

OXFORD METRICS PLC
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2024

COMPANY NO 03998880

Contents

| | |
|--|----|
| Chair Statement | 2 |
| Strategic Report | 4 |
| Report of the Directors | 16 |
| Corporate Governance Report | 21 |
| Audit Committee Report | 25 |
| Report on Directors' Remuneration | 26 |
| Independent Auditor's Report | 31 |
| Consolidated Income Statement | 39 |
| Consolidated Statement of Comprehensive Income | 39 |
| Consolidated and Company Statement of Financial Position | 40 |
| Consolidated and Company Statement of Cashflows | 41 |
| Consolidated and Company Statement of Changes in Equity | 42 |
| Notes to the Financial Statements | 44 |
| Company Information | 78 |
| Notice of Annual General Meeting | 79 |

CHAIR STATEMENT

Following a solid first half performance driven by strong Vicon execution the Group entered the second half of the year with a growing pipeline. However, as we moved towards the end of the financial year, we saw customers across our markets exercising greater caution with purchasing decisions taking longer to conclude.

This has resulted in the Group reporting revenues of £41.5m (FY23: £44.2m), below initial expectations, and an Adjusted PBT* of £3.7m (FY23: £7.5m), reflecting the trend of extended buying cycles which developed in H2 against an exceptional FY23 comparative.

It is important to note that historically, September has always been the Group's busiest trading month. FY23 was also an exceptionally strong year following the well-documented global supply chain challenges and with the team successfully delivering on pent-up demand post-pandemic.

The Entertainment segment was impacted most reflecting the widely reported slowdown in the global games industry and subsequent content creation contraction along with delays in academic funding in both the Engineering and Life Sciences segments. The Group is taking a prudent approach to optimising the cost base, increasing efficiencies and reallocating resources to high-impact areas in order to drive growth.

While the closing months produced a disappointing result overall for Oxford Metrics, this year the Group has made clear operational progress – getting markerless ready for launch and establishing our new growth area, smart manufacturing and positioning the business for future success.

Since its inception, Oxford Metrics has provided a bridge between the physical and digital world. We have always said our technology has many use cases across multiple industries and in November 2023, we made the move to establish a presence in smart manufacturing with the acquisition of Industrial Vision Systems ("IVS"). IVS brings specialised machine learning AI technology for automated quality control to the Group.

Post period end, we were pleased to announce the acquisition of the Sempre Group ("Sempre"), a measurement specialist solving manufacturing challenges across multiple industries. Immediately earnings enhancing, Sempre is a good strategic fit for the Group. It strengthens our smart manufacturing division, has clear commercial and technical synergies with IVS and brings us a deep pool of industry knowledge, an established sales and services organisation plus access to new customers, partners and products as well as taking us into new markets.

Looking ahead, with a strong balance sheet Oxford Metrics is well placed to capture much more of this new growth area.

Staying ahead of the curve, we revealed the fruits of our innovation efforts over the past few years to unveil our new markerless technology which is now a reality. With great feedback from blue chip partners, we remain on track for commercial delivery in FY25. We believe markerless provides the Group with new market opportunities and existing customers with the next generation motion capture technology.

With a continued focus on cost and efficiency the Group is actively reallocating resources to high-impact areas. Markerless will soon be in our customers hands and new Vicon products are in the pipeline to stimulate growth. In smart manufacturing we are well positioned with a healthy cash position to execute on our M&A ambitions to build out this growth opportunity in addition to the clear synergies we are already seeing with the latest Sempre acquisition.

Dividend

The Board remains committed to our progressive dividend policy and proposes a 18.2% increase to our final dividend to 3.25p per share (FY23 final dividend £2.75p) this year.

Share buyback programme

Post period end, we were pleased to announce a return of up to £6m of cash to shareholders through the means of an on-market share buyback programme. Given the Group's cash balance, the Board believes this will deliver further value for shareholders, while maintaining its ability to pursue future opportunities. As of 29th November 2024, the total number of voting rights in ordinary shares of 0.25 pence per share of Oxford Metrics was 129,791,684. The Board will keep under review the possibility of further buybacks.

Board changes

On behalf of the board, colleagues and our shareholders, I want to thank our former CFO, David Deacon. David did an outstanding job helping the Group grow and prosper throughout his 15-year tenure and we wish him well in his future endeavors. We are delighted to have appointed Zoe Fox as new CFO of Oxford Metrics who joins us at a pivotal moment in our five-year plan. Having worked as an AIM CFO and with a global corporation, Zoe brings invaluable experience and has the right skill set, financial rigour and tenacity that will drive us forward on our growth plan.

Post period end, David Quantrell retired from the board as Senior Independent Non-Executive Director. We would like to thank David for his valuable input over the past six years and wish him well for the future. Naomi Climer is now our Senior Independent Non-Executive Director.

We welcomed Dr Ian Wilcock as a Non-Executive Director and member of the Audit and Remuneration Committees. Ian brings over 30 years' experience, has a proven track record of growing businesses organically and through acquisition and held senior positions at smart sensor businesses that delivered ambitious growth plans.

Sustainability

We are committed to working ethically and in an environmentally and socially responsible way, and believe sustainable working practices are an important enabler of our growth strategy. In the last twelve months we have focused on aligning IVS onto our sustainability model as appropriate for its size and operations. We have also taken steps to strengthening our understanding of ESG risks in our supply chain across the Group. Our Environmental, Social and Governance initiatives are available here oxfordmetrics.com/sustainability and progress is updated throughout the year.

Lastly, I want to thank everyone involved in supporting our business, our customers, shareholders, partners and employees. A special thanks to our brilliant teams across the world who have worked tirelessly throughout the year and are playing a valuable role in positioning the Group for future success.

Roger Parry
Chair

** Profit Before Tax adjusted for share-based payments, acquisition costs and amortisation of intangibles arising on acquisition.*

STRATEGIC REPORT

Imogen O'Connor CEO

Trend of more extended buying cycles developed in H2 against an exceptional FY23 comparative

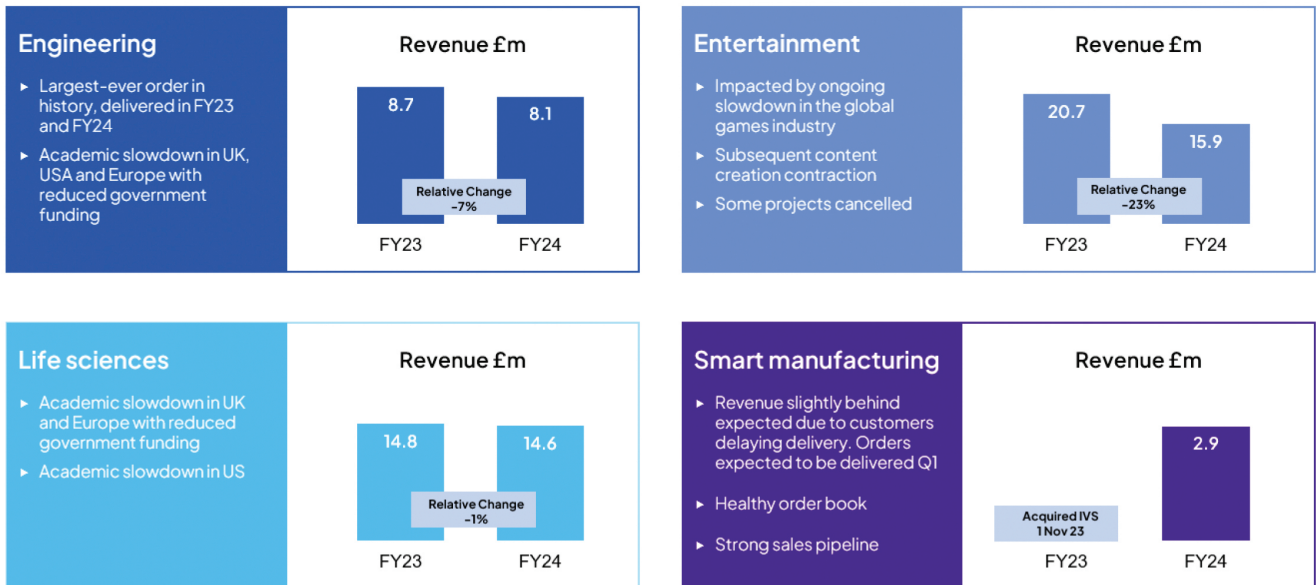
In my report this time last year, I talked about it being a year of ‘powering up’ with our Vicon division delivering a record performance as the Group secured its highest-ever order, and our teams delivered more advanced camera systems than ever before.

At the half year, with post-pandemic disruption, subsequent pent-up demand and supply chain challenges largely behind us, we outlined that Vicon had returned to pre-pandemic trading patterns. Our order book had returned to more normal levels, a trend which continued into the second half. With a consistent pipeline throughout the year, we started to see pipeline movement with extended buying cycles really developing during September - historically the Group’s busiest month with large contributions achieved.

As the Group moved into September, the pipeline conversion into revenue did not happen at the rate expected to deliver the full year number.

Globally, we saw customers across our markets exercising greater caution and purchasing decisions taking longer to conclude. Entertainment was impacted most by the widely reported and ongoing slowdown in the global games industry and subsequent content creation contraction, with some projects cancelled. Both Engineering and Life Sciences, as expected, reported slightly behind the prior year, having been subject to academic funding delays.

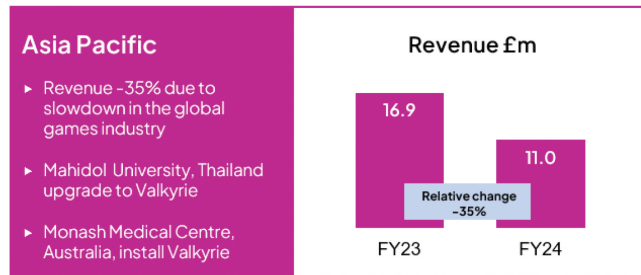
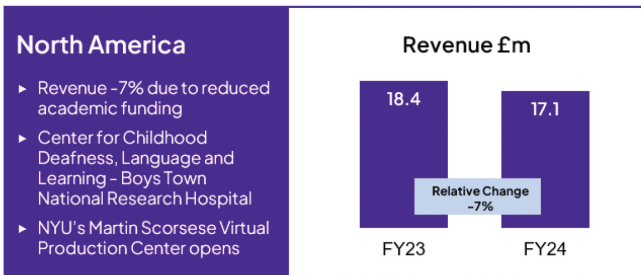
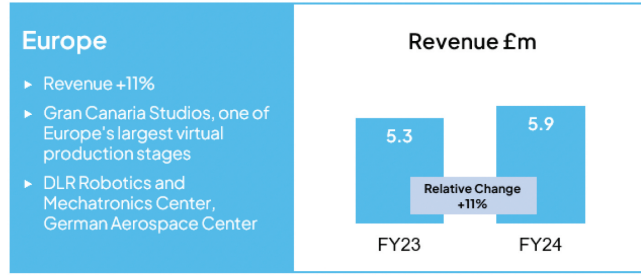
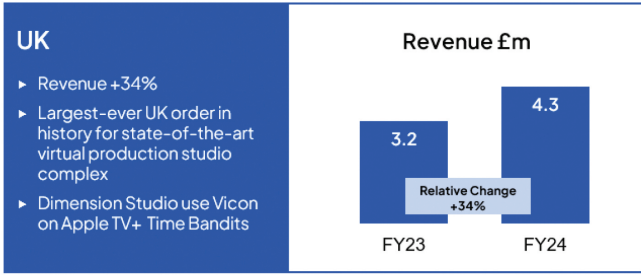
FY24 market factors



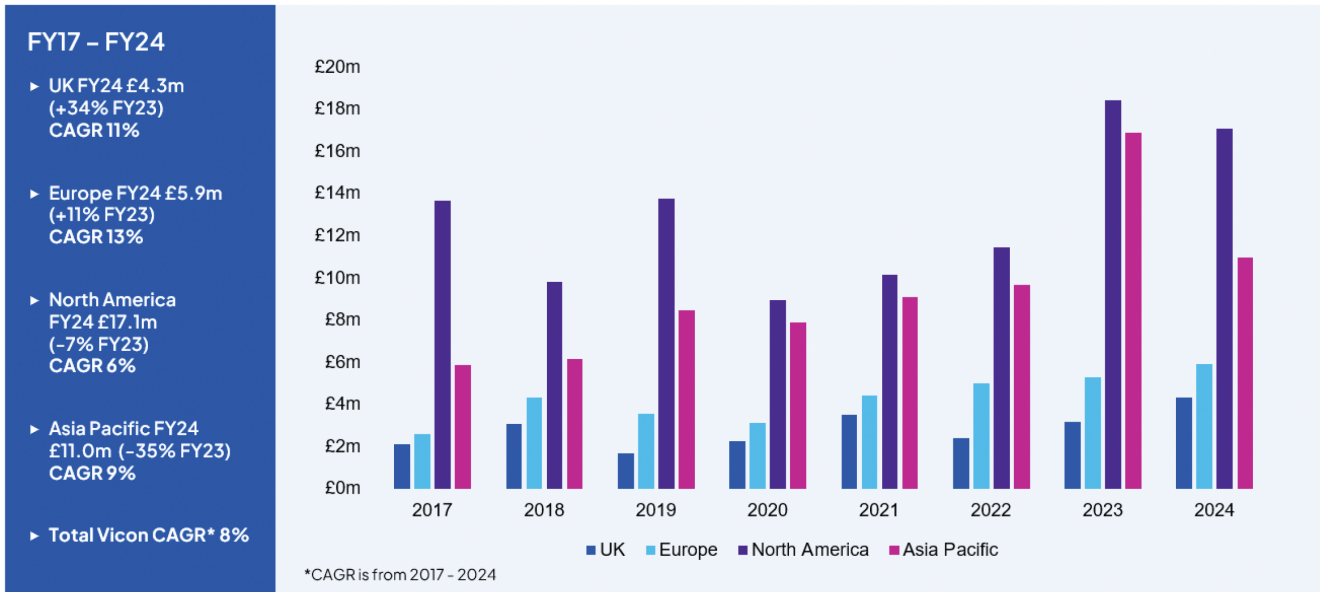
As detailed in the above segmental overview, a number of factors contributed to this shortfall. More detail can be found in the financial and segmental review.

Below outlines Vicon performance in the period by geography. Geographically, the UK (up 34%) and Europe (up 11%) tracked ahead, with North America (down 7%) and APAC (down 35%) behind FY23.

FY23 vs FY24 Vicon Revenue



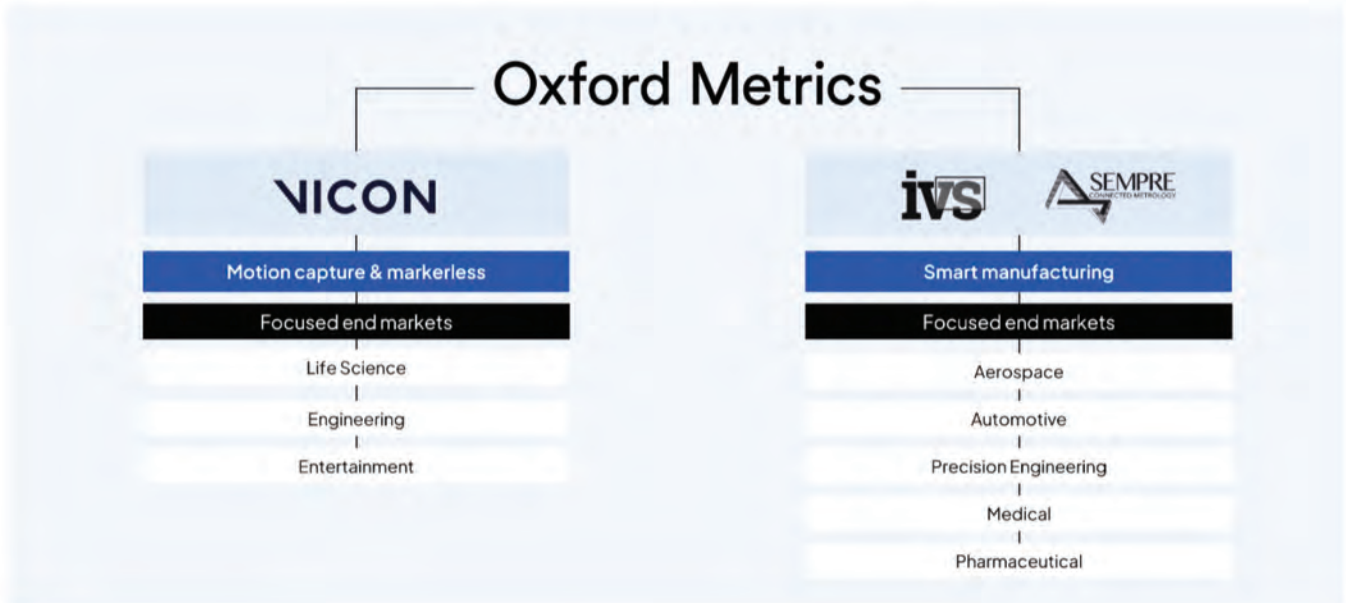
Vicon Revenue by geography £m



Oxford Metrics today

Markerless is on track for commercial delivery with revenues expected in FY25. We intend to be the gold standard as we are in marker based, winning more market share alongside our existing customer base and building a quality software and services revenue stream on top of the marker-based business.

Divisional structure

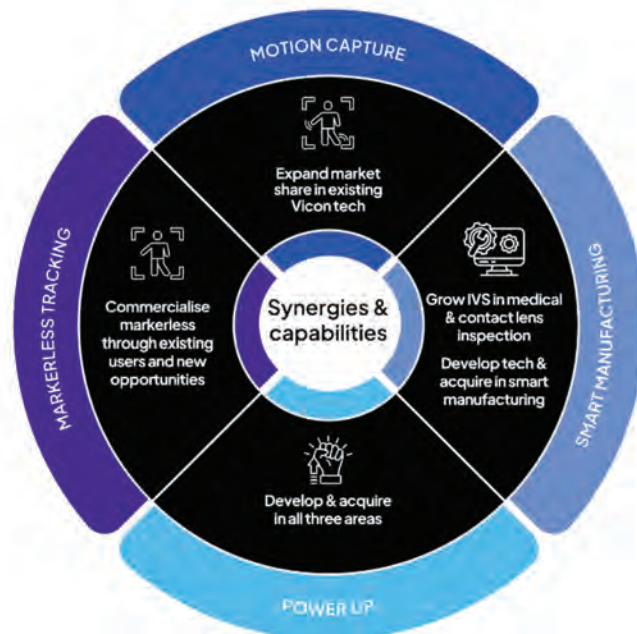


This year, we have successfully extended our sensing capabilities into a new growth area and market – smart manufacturing – acquiring Industrial Vision Systems (“iVS”). iVS has integrated well into Oxford Metrics, adding an impressive client roster to our well-established, international customer base. Our plan is to build out our smart manufacturing offering via a targeted M&A programme, so we were delighted to welcome measurement specialists, Sempre into the fold post period end, helping us to capture more of this important growth market.

After 15 years’ service David Deacon stepped down as CFO with the half year being his last. I would like to thank David for everything over the years and for a smooth handover with our new CFO, Zoe Fox, who joined us on 1 July and culturally is a fantastic fit with the financial rigour to take this business forward.

Well positioned to capitalise on growth opportunities ahead

As part of our sense, analyse and apply strategy, we continue to make progress across the Group to extend our sensing capabilities, enhance the analysis we can perform and apply our IP by embedding into other companies’ solutions.



Markerless

At our Capital Market's Day in April, attendees got to experience first-hand our markerless technology in action, showcased in Dreamscape's 'The Clockwork Forest' VR experience and in a smart manufacturing demo. You can watch the positive reactions to the demos [here](#).

Extending our sensing capabilities, our team continues to work hard optimising the future of motion capture, setting the gold standard. Following positive feedback and demand for this next generation technology, we have secured three more blue chip partners to enter the beta programme, taking the total to 10 cornerstone customers. Taking into consideration invaluable feedback from our dedicated partners on the beta program, eight updates have been released so far to improve and optimize the technology.

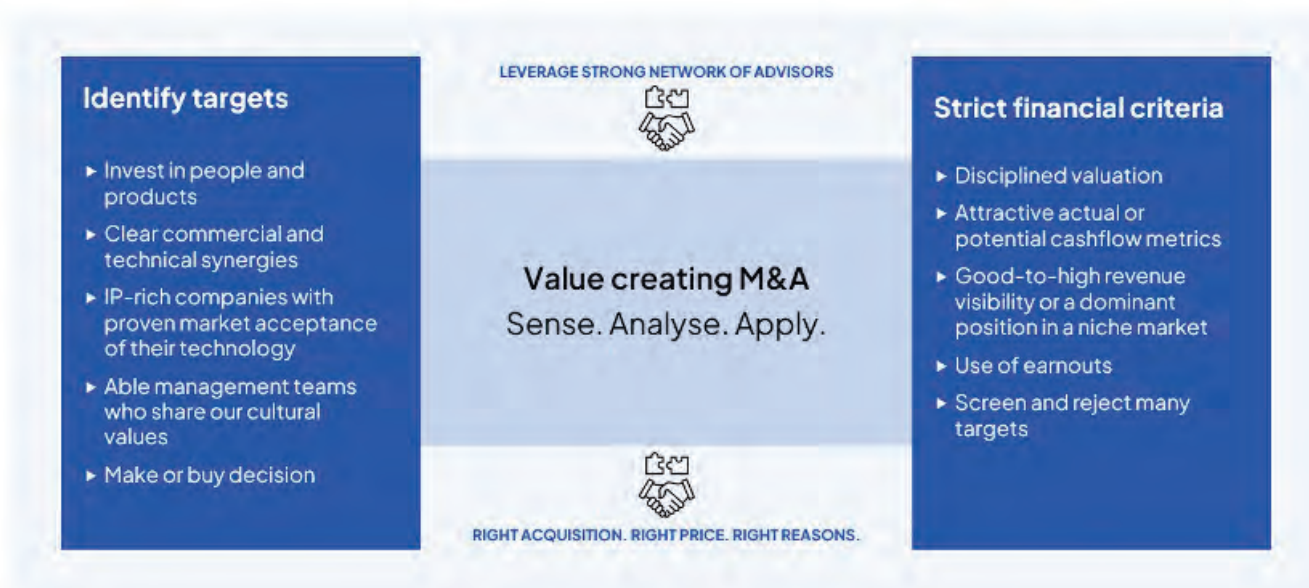
The beta programme is progressing well with customers looking forward to the first iteration of this next generation technology.

M&A – focused on building out our smart manufacturing presence

Having acquired IVS in November 2023, we said we would develop a meaningful presence in the smart manufacturing market and strengthen our offering via a targeted M&A programme.

During the year, we continued to actively pursue M&A opportunities in smart manufacturing and post period end announced the acquisition of the Sempre Group. Sempre, a measurement specialist, helps well known, blue-chip manufacturers improve their productivity and efficiencies in aerospace, automotive, medical and precision engineering industries.

Immediately earnings enhancing, Sempre has clear commercial and technical synergies with IVS, and with a proven management team not only strengthens our offering, it emboldens our growing sales bench with its established sales and services organisation. We are excited about the opportunities as highly accurate, error-proof production is mission critical and our measurement solutions solves manufacturing challenges across a range of industries – both existing and new to us.



Oxford Metrics has a disciplined and consistent approach to M&A. We are actively pursuing a number of M&A opportunities to drive more applications into the smart manufacturing space, building the Group's position in this important market and growth area. With a healthy pipeline, we will continue to pursue opportunities that align with our strict criteria and mantra; to find the right acquisitions, at the right price, for the right reasons.

Alongside our markerless development throughout the year, FY24 saw the release of software updates across all of our existing markets. Regular software updates ensure solutions stay relevant for our customers applications, ensuring the best experience.

AI

At Oxford Metrics we have always provided a bridge between the physical and digital world. Computer vision and machine learning is simply an application of AI – enabling continued learning and improving.

Across the Group, machine learning has for many years played a role and continues to as we make technological advancements.

For example, markerless uses the latest machine learning and AI techniques to process video imagery to create 3D visualisations. In smart manufacturing IVS brings specialised machine learning AI technology for automated quality control to the Group. With an ongoing commitment to efficiency and quality control, IVS is using AI to test and develop AI-powered automated inspection for the contact lens industry. These advancements could soon support large-scale rollouts, furthering quality control and precision in vision care.

Across Vicon and smart manufacturing, our teams continue to develop specialist machine learning programs resulting in faster deployment and greater productivity.

CURRENT TRADING AND OUTLOOK

Trading in the first months of the financial year has started in line with management expectations with a continuation of the normalised trading patterns and buying behaviour seen in the latter part of FY24.

Our Vicon division has started the year with a good spread of opportunities across all main markets and a pipeline of new products, in addition to markerless being released throughout the year.

Our smart manufacturing division made a strong start to the year. IVS closed a number of large deals in excess of £1.3m, contributing to its healthy order book. Sempre has a good pipeline and we are already seeing sales synergies with IVS opportunities.

The Group has made clear operational progress in FY24 - getting markerless ready for launch and establishing our new growth area, smart manufacturing - positioning the business for future success.

Markerless is now in the final stages of commercialisation, ready to realise modest revenues within the new financial year.

The Group enters FY25 with a strong balance sheet with a cash position of £46.7m at close of business 30 November 2024. This provides the flexibility needed to build out our smart manufacturing division via a targeted M&A programme as we seek to extend our capabilities into yet more areas and capture more of this important growth market.

With a continued focus on cost and efficiency, actively reallocating resources to high-impact areas, we are well positioned to capitalise on the growth opportunities, setting the business up for success in 2025 and beyond.

Imogen O'Connor
CEO

FINANCIAL REVIEW

Zoe Fox, CFO

GROUP PERFORMANCE

| | FY24 | | | FY23 | | |
|---|---------------|-----------|---------------|---------------|-----------|---------------|
| | Revenue £m | PBT £m | Adj PBT £m | Revenue £m | PBT £m | Adj PBT £m |
| Vicon | 38.6 | 1.1 | 4.9 | 44.2 | 5.7 | 9.2 |
| IVS | 2.9 | (0.3) | 0.3 | - | - | - |
| Plc | - | 2.0 | (1.4) | - | 1.5 | (1.7) |
| Total Group Continued Operations | 41.5 | 2.8 | 3.7 | 44.2 | 7.2 | 7.5 |
| Discontinued Operations | - | (2.2) | (0.9) | - | (1.0) | (0.9) |
| Total Group Including Discontinued Operations | 41.5 | 0.6 | 2.8 | 44.2 | 6.2 | 6.6 |

INCOME STATEMENT

As we moved towards the end of the financial year, we saw customers across our markets exercising greater caution with purchasing decisions taking longer to conclude. The Group has reported revenues of £41.5m (FY23: £44.2m), a decrease of 6% and below expectations.

The Group reports an Adjusted PBT* from continuing operations of £3.7m (FY23: £7.5m), reflecting the trend of extended buying cycles which developed in H2 against an exceptional FY23 comparative. Historically, September has always been the Group's busiest trading month. FY23 was an exceptionally strong year following the well-documented global supply chain challenges and with the team successfully delivering on pent-up demand post-pandemic.

The year-on-year FX effects were modest: on the average FY24 USD to GBP exchange rate of 1.27 vs average FY23 USD to GBP exchange rate of 1.23 the revenues decreased by 1.6% for the Group.

Vicon reported revenues of £38.6m (FY23: £44.2m) a decrease of 13% year on year (FY23: increase of 53%), based off a very strong prior year comparator.

Having acquired IVS in November 2023 to establish our smart manufacturing offering, it delivered revenues of £2.9m for the 11 months under our ownership. Whilst revenues were behind expectation IVS exited the year with a strong order book which has continued to grow in Q1 FY25.

From a geographical perspective, Asia Pacific had a weaker year based off a very strong comparative year with a decline of 35% (FY23: increase 75%). UK and Europe both saw growth of 91% and 20% respectively (FY23: UK 33% and Europe 7%). The UK increased 91% which included the contribution of our smart manufacturing division and acquisition of IVS plus our largest UK Vicon order in history. Excluding smart manufacturing the UK growth was 36% (FY23: 33% Vicon only) and Europe growth was 11% (FY23: 7%).

Gross margin improved to 66.6% (FY23: 65.0%), up 1.6 percentage points on prior year, reflecting the utilisation of the higher cost components acquired during the supply chain challenge of the last few years and a return to more normal supply.

The gross profit for the Group was £27.6m (FY23: £28.7m), a decrease of £1.1m.

As we explained in our FY24 interim results, the decision was taken to discontinue IMeasureU (IMU), our New Zealand operation, to focus on growth areas of the business such as building out our smart manufacturing division and working hard to commercialise markerless. This has resulted in discontinued losses of £2.2m including the write off of goodwill and IP of £1.3m.

At a divisional level, vertical market segments performance and operational progress was as follows:

VICON

Life Sciences

Life Sciences reported revenues of £14.6m (FY23: £14.8m) representing a slight decline of 1%, as expected, due to an academic slowdown and reduced government funding.

Several customers of note upgraded to our premier Valkyrie system in the year, including:

- Long-standing customer, PING, one of the world's leading golf club manufacturers. Our Valkyrie system is aiding their club fitting process, helping to improve golfers' performance. Watch PING in [action](#).
- Liverpool John Moores University's School of Sport and Exercise Sciences upgraded, enabling students, researchers and partners to use state-of-the-art equipment to enhance their understanding of the science behind human performance and behaviour.

New customer, Center for Childhood Deafness, Language and Learning at Boys Town National Research Hospital invested in a Vicon system to look into how toddlers and preschoolers develop their language and speech motor skills required for language production.

Entertainment

Entertainment (which now includes Location-based Entertainment) reported revenues of £15.9m (FY23: £20.7m), representing a 23% decline, largely due to the ongoing slowdown in the global games industry and subsequent content creation contraction. This segment was impacted most.

- Our partner, Dimension Studio used Vicon to help build over a dozen worlds for Apple TV+ Time Bandits. Our Vicon system enabled them to track the position of all elements on their virtual production stage including a large number of fast-moving objects.
- Through our customer and partner, Arri Solutions, Vicon has been installed at one of Europe's largest virtual production stages to date, Gran Canaria Studios.
- NYU's newly opened facility, Martin Scorsese Virtual Production Center, fitted with our Shogun software and 40 Vicon cameras, is providing students with an immersive, hands-on education in the emerging field of storytelling through virtual production.

Engineering

Engineering reported revenues of £8.1m (FY23: £8.7m) representing a slight decline of 7%, as expected with delays witnessed in academic funding.

High accuracy and low latency tracking are key in the Engineering market. Contracts were secured across automotive, aerospace, metrology and research sectors with common applications being Unmanned Aerial Vehicle (UAV) and other autonomous vehicle tracking.

- DLR Robotics and Mechatronics Center, German Aerospace Center, invested in a Valkyrie system so researchers could track exploration robots on a test site that simulates Mars and Moon test sites for robotic missions.
- Worcester Polytechnic Institute added cameras to their existing Vicon system which they use to track robots who are learning to navigate complex environments at speed and scale, tackling real-world challenges from pollination to autonomous search & rescue. Watch their small, smart and fast robots in [action](#).

SMART MANUFACTURING – OUR NEW GROWTH AREA, ESTABLISHED IN 2023

Smart manufacturing reported first time revenues of £2.9m, slightly behind expectations as some customers delayed placing orders, deferring production to FY25. These orders have now been partially delivered, with the remainder orders expected to be delivered in Q1.

Multiple new contracts have been secured as demand continues for automated vision inspection and quality control.

The medical sector saw the largest growth in the year, of note were the following applications:

- A prominent inhaler manufacturer invested in our state-of-the-art vision inspection technology to ensure rigorous quality control for critical components within the inhaler sub-assembly, setting a new standard for reliability and patient safety.
- A new medical client invested in six inspection systems, three units for integration within existing production lines and three high-speed standalone pellet inspection machines.
- A leading London hospital invested in a semi-automatic inspection system to verify if particulates are present in fluid filled glass containers that would otherwise contaminate the chemical-based product.

Multiple contracts were secured worldwide for inspection systems for high speed contact lens production lines including an automated inspection system for a new Spanish-based contact lens manufacturer.

A major initiative in automotive battery safety is underway with a well-known, UK-based, blue chip automotive manufacturer, focusing on safeguarding and automatically inspecting precision connectors on batteries to ensure strict adherence to quality and specification standards.

Overheads

Sales, Support and Marketing costs were £8.8m (FY23: £8.2m) an increase of £0.6m which is due to investment in sales, sales support and marketing structure to build for growth.

Research & Development expensed through the Income Statement was £5.2m (FY23: £5.9m). The continual investment and innovation in product and services is necessary to maintain the Group's competitive position; this included the continued development of, the markerless project, which was expensed during FY23 and capitalised in FY24 reflecting the stage and the commercialisation of the project.

Administration expenses were £12.9m (FY23: £8.8m). The large increase of £4.1m year on year is mainly due to the £2.1m costs attributable to IVS, £0.8m new markerless offices and facility, £0.3m one off investment in cloud-based ERP system to drive efficiencies and £0.3m improving of quality assurance.

The Group is taking a prudent approach to managing the cost base, increasing efficiencies and reallocating resources to high-impact areas in order to drive growth.

Adjusted PBT* of £3.7m (FY23: £7.5m) has been determined after adding back to the Statutory PBT £2.8m (FY23: £7.3m) 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.

STATEMENT OF FINANCIAL POSITION

The net assets of the Group amounted to £79.0 million (FY23: £81.2 million) and can be summarised as follows:

Goodwill and intangibles

The balance increased to £18.7m (FY23: £10.2m) reflecting the acquisition of Industrial Vision Systems Limited for £8.8m and £3.1m (FY23: £2.1m) of capitalised development in the year less amortisation of development costs £1.6m (FY23: £1.7m) and the amortisation of acquired intangibles of £0.5m (FY23: £0.3m). During FY24 there was a disposal of £1.1m of goodwill relating to discontinuing operations.

Property, plant and equipment

The value of fixed assets increased to £3.3m (FY23: £2.5m). The movement arising mainly due to investment of £1.6m (FY23: £1.5m) in the year which included leasehold improvements and furniture and fixtures for the new office in Botley, UK, a variety of IT and demonstration related equipment. Depreciation charge for the year of £1.0m (FY23: £0.6m).

Right of use assets (IFRS16)

The value of right of use assets increased to £3.5m (FY23: £3.1m) during the year which reflected the commencement of a new lease for our new markerless UK offices based in Botley, Oxford and £0.5m relating to IVS leases.

Inventories

The inventory position at the end of the financial year was £7.7m (FY23: £7.2m). This has decreased from £9m at H124 and given the normalisation of the supply chain now seen the Group is expecting to continue to drive inventory down to optimise working capital but ensuring we have sufficient inventory for growth. An additional provision of £0.3m was provided at the year end to cover inventory which was at risk of end of life or excess.

Trade and other receivables

At the year-end Trade and other receivables were £8.9m (FY23: £9.9m). The net overall decrease is due to lower Vicon Trade receivables £6.7m (FY23: £7.6m), which reflected the pattern of trading seen in 2H24. There is no change in accrued interest year on year at £0.6m (FY23: £0.6m).

Current liabilities

At the year-end, Trade and other payables were £7.3m (FY23: £11.3m). The decrease is reflective of the trade payables decreased at the year-end to £1.4m (FY23: £3.8m), accruals were lower at £2.6m (FY23: £3.5m) and support contract liabilities and deferred income were lower at £2.9m (FY23: £3.7m) due in part to exceptional level of customer deposits last year and trade payables reduced due to the actions to reduce the inventory within the Group.

The lease liabilities balance reported at £1.2m (FY23: £0.7m) represents the value of lease payments due within one year relating to right of use assets. The increase is due to IVS and the new facilities for Vicon, previously mentioned.

STATEMENT OF CASHFLOWS

The Group finished the year with net cash of £50.7m (FY23: £64.8m) including Fixed Term deposits of £30.0m (FY23: £42.0m). The amount on fixed term deposit was reduced at year-end in readiness for the acquisition of Sempre post year end.

Cash outflow from operating activities was £0.4m (FY23: cash inflow £3.4m).

The cash reserves were utilised in continued investment in development giving rise to a purchase of intangibles of £3.1m (FY23: £2.1m), acquisition of subsidiary undertaking IVS £6.2m, net of £1.1m cash acquired with the business and initial cash consideration paid of £7.3m payment of dividends of £3.6m (FY23: £3.2m) 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 £2.4m (FY23: £1.2m).

TAX

The Group tax credit this year is £0.1m (FY23: Charge £0.6m). The tax credit in the 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 £1.9m (FY23: £1.1m).

** Profit Before Tax adjusted for share-based payments, acquisition costs and amortisation of intangibles arising on acquisition.*

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. 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 and research 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, the cost of recruitment 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 and LBE – Our customers are commercial organisations who produce content for the film, TV, video game marketplace and location-based entertainment. Spending in this market tends to be erratic and ultimately driven by consumer demand for content which by virtue of this marketplace cannot always be guaranteed.

Acquisitions and mergers

The Group strategy to grow the business inorganically through mergers and acquisitions could result in the risk of inefficient or unsuccessful integration and realisation of synergies and the full value of the acquired business. The Group mitigates this risk by having a strong M&A criterion which includes, but is not limited to, acquiring businesses with strong management teams and that are immediately earnings accretive, and a thorough due diligence process prior to acquisition. Upon acquisition risk is mitigated through regular meetings and guidance from senior Group executives.

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. The Group minimises the risk of non-payment from customers through careful management of balances owed and the credit risk associated with holding money on deposit with banks is reviewed on an ongoing basis.

Inflationary pressure

The Group's exposure can be summarised as follows:

Staff costs account for half of the cost base – The ongoing '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 – Global shortages 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.

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 12. 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 Chair, 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.

The director's duties under Section 172 of the Companies Act 2006 are embedded in all decisions made by the Board along with other factors such as aligning the Group strategy and values. The principal decisions made by the Board are summarised below and how the stakeholders interests have been considered:

- The directors continued to evaluate numerous merger and acquisition opportunities that would support growth and amplify the effectiveness of the Group. Consideration is for long term interests of the Group and overall fit with strategy and performance of the Group.
- The Board concluded in the best interest of the Group and Shareholders to acquire IVS 1 November 2023 and start to build out a smart manufacturing division for the Group.
- Approval of final dividend. Stakeholder consideration for long term interest of the Group, need to act fairly between members of the Group including shareholders and maintaining a progressive dividend policy aligning strategy.
- 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. Stakeholder consideration for long term interest of the Group, need to act fairly between members of the Group including shareholders.
- The directors considered succession planning and in particular the selection of a new Group CFO following the resignation of the former Group CFO. Consideration is for long term interests of the Group, maintaining high standards for the interest of all stakeholders.

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 2024 and Board governance, see pages 21 to 24 and the Board Committee reports thereafter.

On behalf of the Board

Imogen O'Connor
Chief Executive and Director
4 December 2024

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 2024.

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 3 to 14. 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 2023/24 performance.

Likely future developments

The Group's likely future developments are discussed within the Strategic Report on page 3.

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 2024 of 3.25 pence per share which will absorb an estimated £4,000,000 of shareholders' funds. This dividend, if approved, will be paid on 5 March 2025 to shareholders on the register of members at close of business on 13 December 2024.

Research and development

During the year, the Group's continuing operations expensed £5,752,000 (2023: £6,599,000) in research costs. In addition, £3,086,000 (2023: £2,127,000) 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 2024 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 (resigned 24 October 2024)
Naomi Climer
Paul Taylor
Ian Wilcock (appointed 7 October 2024)
Zoe Fox (appointed 1 July 2024)
Imogen O'Connor
David Deacon (resigned 30 Sep 2024)
Catherine Robertson

At the Annual General Meeting of the Company Imogen O'Connor, Roger Parry, Naomi Climer, Zoe Fox, Ian Wilcock, Catherine Robertson and Paul Taylor 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 (including smart manufacturing) and location-based entertainment. The directors have assessed the prospects in these markets together with the inflationary environment.

The Life Sciences market segment accounts for around 40% 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 40% of Vicon revenues. These customers are typically commercial organisations in nature. The sector has recently showed signs of contraction following resilience during the pandemic and strong prior years, there is uncertainty on when this demand will return to normal and Vicon is taking a cautious view. However, the new markerless technology and new Vicon products scheduled for release in FY25 are expected to drive additional sales.

The Engineering market segment historically accounts for around 20% 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.

Smart Manufacturing, which includes IVS and post balance sheet acquisition Sempre, serves the manufacturing sector with emphasis on highly regulated markets including pharmaceuticals, medical devices and contact lenses. These customers are typically commercial organisations in nature and may be subject to recessionary factors. Both Sempre and IVS have a healthy pipeline of sales opportunities for the year ahead and IVS has a strong orderbook.

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 FY25 and beyond.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances, including fixed term deposits, of £50.6m (FY24: £64.8m). Future trading performance is likely to see the continuation of the more normalised sales cycles and consumption of the order book seen in the latter part of FY24. However, the financial strength of the Group means that it is capable of trading through significant macro-economic events.

The decision was made to return up to £6m of cash to shareholders through the means of an on-market share buyback programme which commenced 11 October 2024, post balance sheet date, and is progressing as expected.

Further acquisition and merger opportunities are being explored by the Group with the post balance sheet acquisition of The Sempre Group, a measurement specialist solving manufacturing challenges. This has been funded through a cash consideration of £5.0m from existing resources and up to £0.5m through an earnout contingent on Sempre meeting business performance targets. The acquisition is immediately earnings enhancing for the Group.

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.

Streamlined Energy and Carbon Reporting ('SECR')

This is the second 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 2023 to 30 September 2024 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 an office in Denver in the US, focused on US sales and support with a handful of finance, logistics and research and development employees, and a small office in New Zealand which closed during the period. 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. Where data is missing, an estimation model has been used.

Additat was responsible for the GHG calculation. The *UK Government GHG Conversion Factors for Company Reporting*, specifically 'DEFRA 2024' were used to calculate emissions of CO₂, NO₂ and CH₄, which are ultimately expressed in combined a format as tonnes of carbon dioxide equivalent (tCO₂e).

GHG sources & assumptions

Scope 1 covers the Greenhouse Gas (GHG) emissions directly associated with Oxford Metrics through the combustion of fuels in our offices, namely natural gas. For FY24 this also includes the combustion of fuel for transport purposes where Industrial Vision Systems hold leases on a fleet of vehicles.

Scope 2 emissions are those indirectly generated through the consumption of electricity on our sites, using the location-based methodology. Whilst the fleet of leased vehicles are largely electric or plug-in hybrid, charging of vehicles is undertaken on site at Oxford Metrics' premises and therefore the associated Scope 2 emissions are captured in the office purchased electricity energy and emissions.

Scope 3 Category 6 emissions relate to those produced from the use of fuel in personal and hire cars but excluding taxis and any mileage expenses for non-employees in the UK, in line with the SECR regulation.

Scope 3 Category 3 emissions are those lost as a result of the Transport and Distribution of the electricity purchased by Oxford Metrics, in line with good practice reporting. Please note this year's disclosure includes a correction on reported FY23 emissions included within Scope 3 - category 3.

| UK energy use mWh | 2024 | 2023 |
|-----------------------|---------------|---------------|
| Scope 1 - Gas | 200.49 | 58.25 |
| Scope 2 - Electricity | 572.15 | 316.52 |
| Total | 772.64 | 374.77 |

| UK emissions tCO ₂ e | 2024 | Restated 2023 |
|--|---------------|------------------|
| Scope 1 | | |
| Combustion of gas | 36.64 | 10.66 |
| Combustion of fuel for transport purposes | 17.16 | n/a |
| Scope 2 | | |
| Purchased electricity (location-based method) | 118.46 | 65.54 |
| Total scope 1 and 2 (location-based method) | 172.26 | 76.20 |

Scope 3 - Partial

| | | |
|---|---------------|--------------|
| Category 3: Upstream transport and distribution losses and excavation and transport of fuels (location-based) | 10.47 | 5.67 |
| Category 6: Business travel in personal or rental cars for which Oxford Metrics is responsible for purchase of fuel | 7.39 | 7.16 |
| Total scope 3 | 17.86 | 12.83 |
| Total tCO₂e (location-based) | 190.12 | 89.03 |

| UK GHG emission intensity tCO₂e/£m revenue | 2024 | Restated 2023 |
|--|-------------|--------------------------|
| Scope 1 | 1.30 | 0.24 |
| Scope 2 (location-based) | 2.86 | 1.49 |
| Scope 1 and 2 (location-based) | 4.16 | 1.73 |
| Scope 3: Category 3 and 6 | 0.43 | 0.29 |
| Total | 4.59 | 2.02 |

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
- Increasing the recyclability of our products
- Reducing waste and maximising the recovery of valuable resources from our products
- Using less paper
- Exhibition operations increasingly reuse materials and local suppliers
- Using UK suppliers where possible
- Cycle to work scheme

During the financial year we focused on aligning the acquired Industrial Vision Systems business to the Group's environmental initiatives and performance. We have also taken steps to deepen our understanding of our supply chain and their environmental practices. More details on our sustainability strategy can be found on the sustainability page on our website.

As anticipated and reported last year, energy usage and associated emissions have increased year-on-year. This is primarily due to the addition of two offices, one supporting the expansion of the Vicon operations and a second as part of the Industrial Vision Systems acquisition. The Industrial Vision Systems acquisition also included leased cars, and whilst these are electric and plug-in hybrid models (with one exception), the resulting mileage in the hybrid models has increased Scope 1 emissions significantly.

As a growing business, this trend is likely to continue into the next financial year and in the medium term, as we continue to expand our business in line with our five-year strategy, including for example the recent acquisition of The Sempre Group.

On behalf of the Board

Zoe Fox
 Director
 4 December 2024

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

The Chair 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 five-year plan were launched in October 2021 and set out in the Company's annual report and financial statements. Subsequent annual reports 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 12. 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 2023 to 30th September 2024.

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 – Chair

Roger joined the Board in June 2016 with an extensive career in the media sector. Currently Chair of YouGov plc, Mobile Streams plc plus a number of private companies. He has held a variety of Chair 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 (resigned 24 October 2024)

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 Director at Focusrite plc and Scottish Television Group plc, a Non-Executive Board member at Sony UK Technology Centre and Trustee at the Institute for the Future of Work.

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 Chair of IQGeo plc and Trustee of the CADCentre pension scheme.

Ian Wilcock – Non-Executive Director and member of Audit Committee and Remuneration Committee (appointed 7 October 2024)

Ian joined the Board in October 2024 with over 30 years' experience in high technology, focused on the scientific instrument sectors. He brings executive experience from FTSE 250 and Fortune 500 global technology businesses, including leadership roles at Oxford Instruments, Danaher, Experian and Renishaw. Ian has a proven track record of growing businesses organically and through acquisition and has held senior positions at smart sensor businesses that delivered ambitious growth plans.

Imogen O'Connor – 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.

Zoe Fox – Chief Financial Officer

Zoe has over 18 years' experience in senior financial positions and was appointed CFO of Oxford Metrics in July 2024. Zoe was CFO at AIM listed FireAngel Safety Technology Group plc where she refinanced and transitioned the business, improving margins, efficiencies and working capital. She managed a strategic review of FireAngel which led to the successful disposal of the business. Prior to this, Zoe held the position of Finance Director at both FireAngel and European subsidiaries of US based Jarden Corporation.

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 78.

An 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 Goldman 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 18.

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 Chair's performance by all other non-executive and executive directors. The reviews conducted during the year concluded that the Chair 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, child labour, 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 each year 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 Chair 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) David Quantrell and Paul Taylor 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 26.

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. Post year end, following David Quantrell's retirement from the Board and Audit Committee, Dr Ian Wilcock was appointed on 7 October 2024 to the Board and Audit Committee.

The terms of reference of the Audit Committee are 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 2024

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 2024 ("FY24"). 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.

During FY24, the Committee comprised 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 in decision-making 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 four times during 2024.

The full terms of reference for the Remuneration Committee were last updated on 23 October 2024.

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, as appropriate, other senior executives including fixed pay, bonuses, other incentive payments and share/option awards;
- determine the policy for and scope of any pension arrangements for each Executive Director and, as appropriate, 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 Policy | 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. |

| Element of Remuneration | Purpose and Strategic Relevance | Policy & Approach |
|------------------------------|--|--|
| Benefits | To support the well-being of executives. | Benefits typically include medical insurance, life insurance, and car allowances. Other benefits may be provided in appropriate circumstances, as determined on a case-by-case basis |
| 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 in determining the level of benefit offered. |
| Annual Bonus | To incentivise the achievement of the Company's short-term operational and financial goals whilst promoting long term sustainability. | <p>The maximum bonus is set as a percentage of base salary: 125% for the CEO, 100% for the CFO and 50% for other Executive Directors.</p> <p>Bonuses may be based on a combination of financial and non-financial measures. Currently, the weighting of the scorecard for all Executive Directors is split 80% on financial measures and 20% on operational objectives. However, the Committee retains discretion to vary this split from year to year.</p> <p>Measures are selected, and targets set, annually to ensure these align with the Company's short-term business priorities.</p> |
| 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. | <p>The Company uses the LTIP to underpin the Company's longer-term growth strategy. Inflight LTIP awards vest based on a combination of Total Shareholder Return ('TSR') performance (over up to a five-year period to the end of FY26, to align with the time horizon of our existing Strategic Plan) and Earnings Per Share ('EPS') growth over a three-year period to the end of FY26. Further details of awards granted in the year in review, including for Imogen O'Connor on her appointment as CEO, are set out on page 29.</p> <p>Details of the long-term incentive award granted to Zoe Fox in early FY25 (and in relation to her appointment as CFO) will be published in next year's annual report.</p> <p>Going forward, the Committee is considering moving to an annual grant frequency under the LTIP, of awards based on 3-year performance. Further details will be set out in next year's annual report.</p> |

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 requires all Non-Executive Directors (along with the Executive Directors) to stand for re-election at the first AGM following appointment and every three 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 2023: <table border="0"> <tr> <td>I O’Connor</td> <td>£225,000 (from appointment on 1 October 2023)</td> </tr> <tr> <td>C Robertson</td> <td>£153,300 (+5.0%)</td> </tr> <tr> <td>D Deacon</td> <td>£189,000 (+5.0%)</td> </tr> <tr> <td>Z Fox</td> <td>£197,500 (from appointment on 1 July 2024)</td> </tr> </table> | I O’Connor | £225,000 (from appointment on 1 October 2023) | C Robertson | £153,300 (+5.0%) | D Deacon | £189,000 (+5.0%) | Z Fox | £197,500 (from appointment on 1 July 2024) |
| I O’Connor | £225,000 (from appointment on 1 October 2023) | | | | | | | | |
| C Robertson | £153,300 (+5.0%) | | | | | | | | |
| D Deacon | £189,000 (+5.0%) | | | | | | | | |
| Z Fox | £197,500 (from appointment on 1 July 2024) | | | | | | | | |
| Benefits | No change | | | | | | | | |
| Pension | No change. The maximum contribution level is set at 15% of salary | | | | | | | | |
| Annual Bonus | The annual bonus was based on a combination of financial measures (80%) and personal objectives (20%) The Financial measures were Revenue (40% of total), adjusted PBT (30% of total) and Backlog (10% of total). The thresholds set for the financial measures were not met this year and – notwithstanding the hard work and strong performance of the Executive Directors in meeting their personal objectives – in the light of the financial outcome, the Committee exercised downward discretion on the personal objectives and therefore there were no annual bonus payouts in respect of this year. | | | | | | | | |
| LTIP | Awards were made under the LTIP on 13 February 2024 as set out below. | | | | | | | | |

| Director | Total number of shares over which options granted during the year | Total number of shares under option held following this grant | Total number of shares under option held as % of issued share capital |
|-----------------|---|---|---|
| Imogen O’Connor | 687,653 | 687,653 | 0.52% |
| Cathy Robertson | 93,704 | 492,271 | 0.37% |
| David Deacon* | 115,526 | 608,300 | 0.46% |

* David Deacon retired from the Board on 30 September 2024. The Committee determined good leaver treatment in line with LTIP rules, as a result of which awards will be pro-rated to 30 September 2024 and shall vest on the relevant normal vesting date to the extent the attaching performance conditions have been achieved.

The Options have an exercise price of 0.25 pence per share with a vesting date of 2 December 2026, to align with the vesting date of the five-year LTIP awards made on 2 December 2021 to Executive Directors in role at that time. The Options vest subject to the achievement of the following performance conditions:

TSR (50% weighting for Imogen O’Connor only)

Annualised % TSR over the performance period

| (1 October 2023 to 30 September 2026) | % of award vesting |
|---------------------------------------|---|
| Less than 16% per annum | 0% |
| 16% per annum | 25% |
| At least 34% per annum | 100% |
| Between 16% and 34% | Between 25% and 100% on a straight-line basis |

EPS (100% weighting for Cathy Robertson and David Deacon, 50% for Imogen O’Connor)

| 3-year CAGR from FY23 to FY26 Basic EPS | % of award vesting |
|---|---|
| Less than 11.5% per annum | 0% |
| 11.5% per annum | 25% |
| At least 22.5% per annum | 100% |
| Between 11.5% and 22.5% per annum | 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:

| | Salary £'000 | Bonus £'000 | 2024 Benefits £'000 | Pension £'000 | Other** £'000 | Total £'000 |
|---|-----------------|----------------|---------------------------|------------------|------------------|----------------|
| R Parry (Chair)* | 100 | - | - | - | - | 100 |
| D Quantrell (NED) | 50 | - | - | - | - | 50 |
| N Climer (NED) | 50 | - | - | - | - | 50 |
| P Taylor (NED) | 50 | - | - | - | - | 50 |
| I O'Connor (Chief Executive Officer) | 225 | - | 12 | 23 | - | 260 |
| C Robertson (Secretary and Executive Director) | 153 | - | 10 | 23 | - | 186 |
| D Deacon (Chief Financial Officer – resigned 30 September 2024) | 189 | - | 13 | 28 | - | 230 |
| Z Fox (Chief Financial Officer – appointed 1 July 2024) | 49 | - | 3 | 5 | 48 | 105 |
| | 866 | - | 38 | 79 | 48 | 1,031 |

* Roger Parry's remuneration includes £nil (2023: £25,000) of shares issued in satisfaction of salary, see note 24.

** Relates to the buyout of part of the expected value of an incentive forfeited by Zoe Fox on her joining the Company.

| | Salary £'000 | Bonus £'000 | Benefits £'000 | 2023 Share based £'000 | Pension £'000 | Other £'000 | Total £'000 |
|--|-----------------|----------------|-------------------|---------------------------------|------------------|----------------|----------------|
| R Parry (Chair)* | 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 | - | 482 |
| C Robertson (Secretary and Executive Director) | 146 | 60 | 10 | - | 22 | - | 238 |
| D Deacon (Chief Financial Officer) | 180 | 126 | 14 | - | 27 | - | 347 |
| | 725 | 373 | 45 | 25 | 85 | - | 1,253 |

During 2024 and 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.

Directors' share options

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

| | Exercise price | At 30 September 2024 Number | At 1 October 2023 Number | Exercise period |
|-------------|----------------|-----------------------------------|--------------------------------|--------------------------------|
| I O'Connor | 0.25p | 687,653 | - | December 2026 to February 2034 |
| C Robertson | 0.25p | 492,271 | 398,567 | December 2026 to February 2034 |
| D Deacon | 0.25p | 318,463 | 492,774 | December 2026 to February 2034 |
| | | 1,298,387 | 891,341 | |

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.

In February 2024, an LTIP award was made to Imogen O'Conner in connection with her appointment as CEO, 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 two equally-weighted performance conditions (Total Shareholder Return performance and EPS growth over a period of three financial years to 30 September 2026) are satisfied. On the same date, LTIP awards were made to Cathy Robertson and David Deacon, with an exercise price of 0.25p. These options also vest on 3 December 2026 subject to continued service within the Group. In recognition of Cathy Robertson and David Deacon already being interested in LTIP awards linked to TSR performance (as set out in the paragraph above), the February 2024 awards made to each of them shall vest subject only to the EPS performance condition attaching to the award made to Imogen O'Conner.

David Deacon retired from the Board on 30 September 2024. The Committee determined good leaver treatment in line with LTIP rules, as a result of which awards will be pro-rated to 30 September 2024 and shall vest on the relevant normal vesting date to the extent the attaching performance conditions have been achieved.

The average share price for the year was 97.32 pence (2023: 98.92 pence) and the closing share price was 60.00 pence (2023: 90.50 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 2024 and at 1 October 2023 according to the register of directors' interests.

| | Ordinary shares of 0.25p | | Percentage of issued share capital | |
|---|-----------------------------|----------------|---------------------------------------|-----------|
| | 2024 Number | 2023 Number | 2024 % | 2023 % |
| R Parry | 333,045 | 333,045 | 0.25 | 0.26 |
| N Climer | 20,114 | 20,114 | 0.02 | 0.02 |
| P Taylor | - | - | - | - |
| D Quantrell | 50,000 | 50,000 | 0.04 | 0.04 |
| I O'Connor | 223,703 | 223,703 | 0.17 | 0.17 |
| C Robertson | 503,017 | 603,017 | 0.38 | 0.46 |
| D Deacon – resigned 30th September 2024 | 267,795 | 267,795 | 0.20 | 0.21 |
| Z Fox | - | - | - | - |

Gender Pay Gap

Oxford Metrics plc Group currently has 156 employees (2023: 114) 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 Board for information.

By order of the Remuneration Committee

Naomi Climer

Chair

4 December 2024

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 2024 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 2024 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 material accounting policy information. 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 Sempre Group in October 2024;
- 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 | 100% (2023: 96%) of Group revenue was subject to full scope audit or specific procedures performed by the group engagement team. | | |
| Key audit matters | | 2024 | 2023 |
| | Revenue recognition | ✓ | ✓ |
| | Development expenditure capitalisation | ✓ | ✓ |
| | Acquisition of Industrial Vision Systems | ✓ | x |
| Materiality | <i>Group financial statements as a whole</i> £500,000 (2023: £500,000) based on 1.2% (2023: 1.1%) 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: Vicon Motion Systems Limited and Vicon Motion Systems Inc. These procedures were performed using component materiality levels determined for each of them.

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

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 therefore a key audit matter.</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. |

Key audit matter

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.

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.

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.

Development expenditure

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.

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

How the scope of our audit addressed the key audit matter

- 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.

Key observations:

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.

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.

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.

Key audit matter

Business combinations- acquisition of Industrial Vision Systems Limited

The accounting policy for business combinations is included within note 2 and significant judgements and estimates in note 3. Business combinations are disclosed within note 27.

During the period the Group purchased 100% of the share capital of Industrial Vision Systems Limited.

Management have identified separable intangible assets valued at £4,238,000 comprising intellectual property, customer relationships and the brand.

There are complexities in the accounting for business combinations including identifying the fair value of the any separable intangible assets acquired as part of the transaction.

Due to the complexity in applying accounting standards, the judgements and estimates relating to the separable intangible assets and the importance of disclosures to explain the acquisition, we consider this to be a key audit matter.

How the scope of our audit addressed the key audit matter

We performed the following audit procedures:

- reviewed management’s assessment of purchase consideration and agreed this to the underlying legal agreements.
- reviewed details of the acquisition to identify which separable intangible assets were acquired as part of the transaction.
- assessed the key judgements and fair value adjustments relating to intangibles to check they were reasonable and in line with the relevant accounting standards with support from our internal valuation experts.
- used our internal valuation experts to assist us in checking the valuation of the intellectual property, customer relationships and the brand which were separately valued by considering appropriateness of the models applied by management, the accuracy of the models and estimates such as the discount rate used within the valuation.
- assessed the reasonableness of underlying assumptions and judgements made by management with reference to historical performance and market conditions.
- tested the reasonability of the projected cash flows by comparing the projected cash flows to the actual outcomes post-acquisition.
- assessed that the disclosures accurately reflect the transaction and are in line with the relevant accounting standards.

Key observations

Based on our work performed, we consider the application of the relevant accounting standards and the judgments and estimates applied, including the related disclosures, to be reasonable.

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 | |
|--|--|--------------------------|---|---------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Materiality | £500,000 | £500,000 | £1,380,000 | £70,000 |
| Basis for determining materiality | 1.2% of revenue | 1.1% of revenue | 2% of net assets | 4.5% 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 is a holding company, therefore net assets is the most appropriate benchmark. Profit before tax had been used previously to reflect that net assets were inflated by large cash and fixed term deposit balances, however this has been consistent for several years and therefore net assets is a more appropriate benchmark. For accounts in the parent company that are relevant to the consolidated financial statements, group performance materiality has been applied. | |
| Performance materiality | £375,000 | £350,000 | £1,035,000 | £49,000 |
| Basis for determining performance materiality | 75% of Group materiality | 70% of Group materiality | 75% of Group materiality | 70% of Group 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 85% (2023: 65% and 80%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £325,000 to £425,000 (2023: £340,000 to £400,000). In the audit of each component, we further applied performance materiality levels of 75% (2023: 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 £20,000 (2023: £15,000). 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 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:
 - 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; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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, including the acquisition of Industrial Vision Systems which has also been identified as a Key Audit Matter above;
- 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 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.

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 2024

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 2024

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|---------------|---------------|
| Revenue | 4 | 41,459 | 44,240 |
| Cost of sales | | (13,868) | (15,497) |
| Gross profit | | 27,591 | 28,743 |
| Sales, support and marketing costs | | (8,795) | (8,169) |
| Research and development costs | | (5,152) | (5,899) |
| Administrative expenses | | (12,920) | (8,797) |
| Operating profit | | 724 | 5,878 |
| Finance income | | 2,334 | 1,561 |
| Finance expense | | (276) | (163) |
| Profit before taxation | | 2,782 | 7,276 |
| Taxation | 9 | 149 | (612) |
| Profit from continuing operations | | 2,931 | 6,664 |
| Loss from discontinued operations net of tax | 11 | (2,173) | (1,008) |
| Profit attributable to owners of the parent during the year | | 758 | 5,656 |
| Earnings per share for profit on continuing operations attributable to owners of the parent during the year | | | |
| Basic earnings per ordinary share (pence) | 10 | 2.24p | 5.13p |
| Diluted earnings per ordinary share (pence) | 10 | 2.22p | 5.10p |
| Earnings per share for profit on total operations attributable to owners of the parent during the year | | | |
| Basic earnings per ordinary share (pence) | 10 | 0.58p | 4.35p |
| Diluted earnings per ordinary share (pence) | 10 | 0.56p | 4.32p |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

| | Group 2024 £'000 | Group 2023 £'000 |
|---|------------------------|------------------------|
| Net profit for the year | 758 | 5,656 |
| Other comprehensive expense | | |
| <i>Items that will or may be reclassified to profit or loss</i> | | |
| Exchange differences on retranslation of overseas subsidiaries | (406) | (110) |
| Tax credit on translation differences | 81 | |
| Total other comprehensive expense | (325) | (110) |
| Total comprehensive income for the year attributable to owners of the parent | 433 | 5,546 |

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

| COMPANY NUMBER: 03998880 | Note | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|--|------|------------------------|------------------------|--------------------------|--------------------------|
| Non-current assets | | | | | |
| Goodwill and intangible assets | 12 | 18,714 | 10,203 | - | - |
| Property, plant and equipment | 14 | 3,257 | 2,480 | 27 | 45 |
| Right of use assets | 15 | 3,534 | 3,135 | - | - |
| Financial asset - investments | 16 | 236 | 236 | 16,238 | 7,564 |
| Deferred tax asset | 21 | - | - | 87 | 107 |
| | | 25,741 | 16,054 | 16,352 | 7,716 |
| Current assets | | | | | |
| Inventories | 17 | 7,737 | 7,240 | - | - |
| Trade and other receivables | 18 | 8,932 | 9,907 | 3,180 | 2,289 |
| Current tax receivable | | 425 | - | 385 | - |
| Fixed term deposits | | 30,000 | 42,000 | 30,000 | 42,000 |
| Cash and cash equivalents | | 20,723 | 23,965 | 21,774 | 20,710 |
| | | 67,817 | 83,112 | 55,339 | 64,999 |
| Current liabilities | | | | | |
| Trade and other payables | 19 | (7,344) | (11,304) | (2,148) | (3,632) |
| Current tax payable | | (124) | (275) | - | (159) |
| Deferred consideration payable | | (436) | - | (436) | - |
| Bank overdraft | | - | (1,174) | - | - |
| Lease liabilities | 15 | (1,174) | (724) | - | - |
| | | (9,078) | (13,477) | (2,584) | (3,791) |
| Net current assets | | 58,739 | 69,635 | 52,755 | 61,208 |
| Total assets less current liabilities | | 84,480 | 85,689 | 69,107 | 68,924 |
| Non-current liabilities | | | | | |
| Other liabilities | 22 | (848) | (820) | - | - |
| Lease liabilities | 15 | (2,601) | (2,498) | - | - |
| Provisions | 23 | (59) | (48) | - | - |
| Deferred tax liability | 21 | (1,879) | (1,118) | (1) | - |
| | | (5,387) | (4,484) | (1) | - |
| Net assets | | 79,093 | 81,205 | 69,106 | 68,924 |
| Capital and reserves attributable to owners of the parent | | | | | |
| Share capital | 24 | 329 | 326 | 329 | 326 |
| Shares to be issued | 26 | 65 | 65 | 65 | 65 |
| Share premium account | 26 | 19,494 | 19,487 | 19,494 | 19,487 |
| Merger reserve | 26 | 870 | - | 870 | - |
| Retained earnings | 26 | 57,865 | 60,451 | 48,348 | 49,046 |
| Foreign currency translation reserve | 26 | 470 | 876 | - | - |
| Total equity shareholders' funds | | 79,093 | 81,205 | 69,106 | 68,924 |

The profit of the Company for the year ended 30 September 2024 was £2,727,000 (30 September 2023: profit of £544,000).

The financial statements on pages 39 to 77 were approved and authorised for issue by the Board of Directors on 4 December 2024 and signed on its behalf by

Imogen O'Connor
Director

Zoe Fox
Director

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| | Note | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|---|------|------------------------|------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | | | |
| Profit for the year from continuing operations | | 2,931 | 6,664 | 2,727 | 544 |
| Loss for the year from discontinued operations | | (2,173) | (1,008) | - | - |
| Total profit for the year | | 758 | 5,656 | 2,727 | 544 |
| Income tax (credit)/expense | | (216) | 594 | (158) | 324 |
| Finance income | | (2,334) | (1,561) | (2,278) | (1,557) |
| Finance expense | | 276 | 163 | - | - |
| Dividends receivable | | - | - | (1,587) | - |
| Depreciation and amortisation | | 4,072 | 2,898 | 22 | 45 |
| Impairment of intangible assets | | 1,273 | 217 | - | - |
| Profit on sale of property, plant and equipment | | - | (8) | - | - |
| Share-based payments | | 211 | 59 | 211 | 59 |
| Increase in inventories | | (285) | (2,799) | - | - |
| Decrease/(increase) in receivables | | 1,108 | (2,274) | (2,314) | 2,462 |
| (Decrease)/increase in payables | | (4,540) | 205 | (135) | 240 |
| Cash generated from operating activities | | 323 | 3,150 | (3,512) | 2,117 |
| Tax (paid)/received | | (755) | 209 | (385) | - |
| Net cash from operating activities | | (432) | 3,359 | (3,897) | 2,117 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (1,611) | (1,499) | (7) | (55) |
| Purchase of intangible assets | | (3,086) | (2,127) | - | - |
| Acquisition of subsidiary undertaking, net of cash acquired | 27 | (6,231) | - | (7,349) | - |
| Proceeds on disposal of property, plant and equipment | | 12 | 8 | 3 | - |
| Dividends received | | - | - | 1,587 | - |
| Cash placed on fixed term deposits | | (57,968) | (67,000) | (57,968) | (67,000) |
| Fixed term deposits maturing | | 69,968 | 80,000 | 69,968 | 80,000 |
| Interest received | | 2,388 | 1,219 | 2,332 | 1,215 |
| Net cash generated from/(used in) investing activities | | 3,472 | 10,601 | 8,566 | 14,160 |
| Cash flows from financing activities | | | | | |
| Principal paid on lease liabilities | 15 | (825) | (579) | - | - |
| Interest paid | | (3) | (4) | - | - |
| Interest paid on lease liabilities | 15 | (291) | (159) | - | - |
| Issue of ordinary shares | | 10 | 370 | 10 | 370 |
| Equity dividends paid | 29 | (3,615) | (3,246) | (3,615) | (3,246) |
| Net cash used in financing activities | | (4,724) | (3,618) | (3,605) | (2,876) |
| Net (decrease)/increase in cash and cash equivalents | | (1,684) | 10,342 | 1,064 | 13,401 |
| Cash and cash equivalents at beginning of the period | | 22,791 | 12,679 | 20,710 | 7,309 |
| Exchange loss on cash and cash equivalents | | (384) | (230) | - | - |
| | | 20,723 | 22,791 | 21,774 | 20,710 |
| Cash and cash equivalents included in current assets | | 20,723 | 23,965 | 21,774 | 20,710 |
| Bank overdraft included in current liabilities | | - | (1,174) | - | - |
| | | 20,723 | 22,791 | 21,774 | 20,710 |

The notes on pages 44 to 74 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

| Group | Share capital £'000 | Shares to be issued £'000 | Share premium account £'000 | Merger Reserve £'000 | Retained earnings £'000 | Foreign currency translation reserve £'000 | Total £'000 |
|--|------------------------|------------------------------|--------------------------------|-------------------------|----------------------------|---|----------------|
| 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 |
| Net profit for the year | - | - | - | - | 758 | - | 758 |
| Exchange differences on retranslation of overseas subsidiaries | - | - | - | - | - | (406) | (406) |
| Tax credit on translation differences | - | - | - | - | 81 | - | 81 |
| Transactions with owners: | | | | | | | |
| Tax recognised directly in equity in relation to employee share option schemes | - | - | - | - | (21) | - | (21) |
| Dividends | - | - | - | - | (3,615) | - | (3,615) |
| Issue of share capital | 3 | - | 7 | 870 | - | - | 880 |
| Share based payment charge | - | - | - | - | 211 | - | 211 |
| Balance as at 30 September 2024 | 329 | 65 | 19,494 | 870 | 57,865 | 470 | 79,093 |

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

| Company | Share capital £'000 | Shares to be issued £'000 | Share premium account £'000 | Merger Reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|------------------------|------------------------------|--------------------------------|-------------------------|----------------------------|----------------|
| 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 |
| Net profit for the year | - | - | - | - | 2,727 | 2,727 |
| Transactions with owners: | | | | | | |
| Tax recognised directly in equity in relation to employee share options | - | - | - | - | (21) | (21) |
| Dividends | - | - | - | - | (3,615) | (3,615) |
| Issue of share capital | 3 | - | 7 | 870 | - | 880 |
| Share based payment charge | - | - | - | - | 211 | 211 |
| Balance as at 30 September 2024 | 329 | 65 | 19,494 | 870 | 48,348 | 69,106 |

The notes on pages 44 to 77 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 (including Smart Manufacturing) and Location-Based Entertainment. The directors have assessed the prospects in these markets together with the inflationary environment.

The Life Sciences market segment accounts for around 40% 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 40% of Vicon revenues. These customers are typically commercial organisations in nature. The sector has recently showed signs of contraction following resilience during the pandemic and strong prior years, there is uncertainty on when this demand will return to normal and Vicon is taking a cautious view. However, the new markerless technology and new Vicon products scheduled for release in FY25 are expected to drive additional sales.

The Engineering market segment historically accounts for around 20% 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.

Smart Manufacturing, which includes IVS and post balance sheet acquisition Sempre, serves the manufacturing sector with emphasis on highly regulated markets including pharmaceuticals, medical devices and contact lenses. These customers are typically commercial organisations in nature and may be subject to recessionary factors. Both Sempre and IVS have a healthy pipeline of sales opportunities for the year ahead and IVS has a strong orderbook.

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 FY25 and beyond.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances, including fixed term deposits, of £50.6m (FY24: £64.8m). Future trading performance is likely to see the continuation of the more normalised sales cycles and consumption of the order book seen in the latter part of FY24. However, the financial strength of the Group means that it is capable of trading through significant macro-economic events.

The decision was made to return up to £6m of cash to shareholders through the means of an on-market share buyback programme which commenced 11 October 2024, post balance sheet date, and is progressing as expected.

Further acquisition and merger opportunities are being explored by the Group with the post balance sheet acquisition of The Sempre Group, a measurement specialist solving manufacturing challenges. This has been funded through a cash consideration of £5.0m from existing resources and up to £0.5m through an earnout contingent on Sempre meeting business performance targets. The acquisition is immediately earnings enhancing for the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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.

Critical accounting estimates and judgements

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 78.

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)

During the year ended 30 September 2024 the Group applied IAS 1 Presentation of Financial Statements which has been amended to required disclosure of material rather than significant accounting policies.

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, Industrial Vision Systems Limited and OMG Life Limited, all 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 2024. 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, Industrial Vision Systems Limited and OMG Life Limited are subject as at 30 September 2024.

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 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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. In the case of Industrial Vision Systems Limited, which was acquired during the year, this was from 31 October 2023. 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.

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 2024 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.

Within the Smart Manufacturing business segment the majority of revenue is recognised on an over time basis. This is because the design and production of the individual vision inspection systems have no alternative use for the Group and the contracts require payment to be received for the time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the terms of the contract. On partially complete projects revenue is recognised based on the stage of completion of the project which is estimated by comparing the actual costs incurred on the project with the total costs expected to be incurred to complete the project (i.e. an input-based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced based on total anticipated costs to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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.

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 13 years
- Intellectual property over 10-16 years

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised once it can be demonstrated that commercial and technical viability of the product is proven. This is generally when a detailed feasibility study has been undertaken and approved by the Board.

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 which is incurred after the general release of internally generated intangible assets or costs which are incurred in order to enhance existing products are expensed in the period in which they are incurred and included within research and development expense in the financial statements.

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.

During the financial year ended 30 September 2024 the Board approved the discontinuance of IMeasureU (NZ) Limited and it has been presented as a discontinued operation within these financial statements, see note 11.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. 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.

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.

Leases

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.

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.

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 2024

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 in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 2024

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) *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.

(b) *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.

(c) *Determination of fair values of intangible assets acquired in business combinations*

The Group recognises the fair value of intellectual property, customer relationships and brand names as intangible assets arising on acquisition. Intangible assets can only be recognised as part of a business combination where the intangible asset is separable from goodwill, can be reliably measured and is expected to generate future economic benefits. Judgement is required to assess whether these criteria are met and also to subsequently determine the appropriate assumptions which are used to place a value on the intangible asset. Had different assumptions been applied, the valuation of acquired intangible assets could have differed from the amount ultimately recognised. Judgement is also needed to determine the useful economic lives of intangible assets and if a different period had been determined this could have resulted in amortisation charges differing from those recognised.

(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.

4. Revenue from contracts with customers

| Revenue | 2024 £'000 | 2023 £'000 |
|------------------------------|---------------|---------------|
| Continuing operations | | |
| Vicon UK | 21,250 | 25,545 |
| Vicon USA | 17,340 | 18,695 |
| Smart manufacturing | 2,869 | - |
| | 41,459 | 44,240 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| | Smart Manufacturing £'000 | Vicon UK £'000 | 2024 Vicon USA £'000 | Total £'000 |
|---|---------------------------------|-------------------|----------------------------|----------------|
| Timing of the transfer of goods and services | | | | |
| Point in time | 393 | 19,196 | 14,569 | 34,158 |
| Over time | 2,476 | 2,054 | 2,771 | 7,301 |
| Total | 2,869 | 21,250 | 17,340 | 41,459 |
| Contract Counterparties | | | | |
| Direct to consumers | 2,869 | 7,866 | 16,356 | 27,091 |
| Third party distributor | - | 13,384 | 984 | 14,368 |
| Total | 2,869 | 21,250 | 17,340 | 41,459 |
| By destination | | | | |
| UK | 1,761 | 4,326 | - | 6,087 |
| Germany | - | 1,077 | 94 | 1,171 |
| Italy | - | 426 | - | 426 |
| Netherlands | - | 659 | - | 659 |
| France | 3 | 485 | - | 488 |
| Poland | - | 78 | - | 78 |
| Spain | 234 | 149 | - | 383 |
| Ireland | 162 | 30 | - | 192 |
| Czech Republic | 4 | 1,333 | - | 1,337 |
| Switzerland | - | 1,268 | - | 1,268 |
| Rest of Europe | 72 | 339 | - | 411 |
| Total Europe | 475 | 5,844 | 94 | 6,413 |
| Canada | 480 | 6 | 1,527 | 2,013 |
| USA | 6 | 35 | 15,481 | 15,522 |
| Total North America | 486 | 41 | 17,008 | 17,535 |
| Australia | - | 1,344 | 8 | 1,352 |
| Hong Kong | - | 1,223 | 2 | 1,225 |
| Japan | - | 4,009 | - | 4,009 |
| South Korea | 11 | 874 | - | 885 |
| China | - | 1,530 | - | 1,530 |
| India | - | 477 | - | 477 |
| Rest of Asia Pacific | - | 1,500 | 1 | 1,501 |
| Total Asia Pacific | 11 | 10,957 | 11 | 10,979 |
| Other | 136 | 82 | 227 | 445 |
| Total | 2,869 | 21,250 | 17,340 | 41,459 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| | Vicon UK £'000 | 2023 Vicon USA £'000 | Total £'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 |
| | 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 2024

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Group revenue by market – Continuing operations | | |
| Engineering | 8,100 | 8,708 |
| Entertainment | 15,851 | 20,691 |
| Life Sciences | 14,639 | 14,841 |
| Smart Manufacturing | 2,869 | - |
| Total | 41,459 | 44,240 |

| | | |
|--|---------------|---------------|
| Group revenue by type Continuing operations | | |
| Sale of hardware | 33,360 | 36,158 |
| Sale of software | 1,753 | 1,974 |
| Rendering of services | 5,334 | 5,209 |
| Support | 1,012 | 899 |
| Total | 41,459 | 44,240 |

| | | |
|--|---------------|---------------|
| Group revenue by origin Continuing operations | | |
| UK | 22,559 | 23,690 |
| Europe | 1,560 | 1,852 |
| North America | 17,340 | 18,695 |
| Asia Pacific | - | 3 |
| Total | 41,459 | 44,240 |

Contract balances

| | 2024 | |
|---|--------------------------|-------------------------------|
| | Contract assets £'000 | Contract liabilities £'000 |
| At 1 October 2023 | - | (4,528) |
| On acquisition | 18 | (438) |
| Transfers from contract assets to trade receivables during the period | (18) | - |
| Amounts included in contract liabilities recognised as revenue during the period | - | 11,524 |
| Excess of revenue recognised over invoices raised during the period | 144 | - |
| Invoices raised in advance of performance and not recognised as revenue during the period | - | (10,578) |
| Foreign exchange differences | - | 247 |
| At 30 September 2024 | 144 | (3,773) |

| | 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) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 2024 | 2025 £'000 | 2026 £'000 | 2027 £'000 | 2028 £'000 | 2029 £'000 | 2030 and beyond £'000 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------------|
| Support contracts | 2,732 | 480 | 225 | 99 | 23 | 21 |
| Smart Manufacturing contracts | 193 | - | - | - | - | - |
| | 2,925 | 480 | 225 | 99 | 23 | 21 |

| 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 |

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.
- Smart Manufacturing: This is the development, production and sale of vision inspection systems.

Other unallocated costs represent head office expenses not recharged to subsidiary companies and interest received on surplus cash balances.

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.

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 2024

| | 2024 | | | | 2023 | | | |
|--------------------------------|--|--------------------------|--------------------------|-----------------------------------|--|--------------------------|--------------------------|-----------------------------------|
| | 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 Group | 4,919 | (207) | (3,654) | 1,058 | 9,189 | (215) | (3,243) | 5,731 |
| Smart manufacturing | 252 | (262) | (304) | (314) | - | - | - | - |
| Unallocated | (1,431) | (489) | 3,958 | 2,038 | (1,690) | (8) | 3,243 | 1,545 |
| Total continuing operations | 3,740 | (958) | - | 2,782 | 7,499 | (223) | - | 7,276 |
| Discontinued operations | | | | | | | | |
| Vicon UK - IMU | (895) | (1,345) | - | (2,240) | (954) | (72) | - | (1,026) |
| Oxford Metrics Group | 2,845 | (2,303) | - | 542 | 6,545 | (295) | - | 6,250 |

Adjusted profit before tax is detailed in note 7.

| | Non-current assets | | Additions to non-current assets | | Carrying amount of segment assets | | Carrying amount of segment liabilities | |
|----------------------|--------------------|---------------|---------------------------------|---------------|-----------------------------------|---------------|--|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Vicon Group | 16,440 | 15,773 | 4,684 | 5,883 | 35,767 | 41,268 | (11,292) | (16,833) |
| Smart manufacturing | 9,038 | - | 8,858 | - | 10,593 | - | (1,872) | - |
| Unallocated | 263 | 281 | 7 | 55 | 53,250 | 63,950 | (1,301) | (1,128) |
| OMG Life Group* | - | - | - | - | (6,052) | (6,052) | - | - |
| Oxford Metrics Group | 25,741 | 16,054 | 13,549 | 5,938 | 93,558 | 99,166 | (14,465) | (17,961) |

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

6. Profit for the year

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Amortisation of right of use assets (note 15) | 1,021 | 523 |
| Depreciation of property, plant and equipment - owned (note 14) | 955 | 639 |
| Amortisation of intellectual property (note 12) | 394 | 274 |
| Amortisation of customer relationships (note 12) | 124 | - |
| Amortisation of brand (note 12) | 17 | - |
| Amortisation of development costs (note 12) | 1,561 | 1,462 |
| Impairment of development costs (note 12) | - | 217 |
| Impairment of intellectual property (note 12) | 197 | - |
| Impairment of goodwill (note 12) | 1,076 | - |
| Share based payments – equity settled | - | 25 |
| Share option charges (note 25) | 211 | 34 |
| Foreign exchange (gain)/loss | 601 | (108) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements | 132 | 98 |
| Fees payable to the Company's auditor for other services: | | |
| The audit of financial statements of subsidiaries pursuant to legislation | 104 | 104 |
| Tax services | 109 | 72 |
| | 345 | 274 |

Audit services include £15,000 in respect of the Company (2023: £15,000).

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 and acquisition costs.
- 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.

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Profit before tax – continuing operations | 2,782 | 7,276 |
| Share option charges | 211 | 34 |
| Amortisation of intangibles arising on acquisition | 452 | 190 |
| Acquisition costs | 295 | - |
| Adjusted profit before tax – continuing operations | 3,740 | 7,500 |
| Loss before tax – discontinued operations | (2,240) | (1,027) |
| Amortisation of intangibles arising on acquisition | 72 | 72 |
| Impairment of goodwill and intangible assets | 1,273 | - |
| Adjusted profit before tax – discontinued operations | (895) | (955) |
| Adjusted profit before tax – total operations | 2,845 | 6,545 |

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

| | | |
|------------------------------------|-------|-------|
| Basic earnings per share (pence) | 2.96p | 5.29p |
| Diluted earnings per share (pence) | 2.93p | 5.26p |

8. Directors and employees

Staff costs during the year were as follows:

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|-----------------------|------------------------|------------------------|--------------------------|--------------------------|
| Wages and salaries | 15,698 | 14,297 | 1,716 | 1,692 |
| Share-based payments | 211 | 59 | 194 | 33 |
| Social security costs | 1,637 | 1,597 | 224 | 208 |
| Other pension costs | 830 | 656 | 68 | 56 |
| | 18,376 | 16,609 | 2,202 | 1,989 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

| | 2024 Number | 2023 Number |
|------------------------------------|----------------|----------------|
| Development | 88 | 52 |
| Sales and customer support | 61 | 54 |
| Production and production services | 27 | 24 |
| Management and administration | 36 | 37 |
| | 212 | 167 |

The average number of employees of the Company during the year was 12 (2023:13) 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.

Directors (key management personnel) compensation:

| | 2024 £'000 | 2023 £'000 |
|--------------------------|---------------|---------------|
| Wages and salaries | 914 | 1,098 |
| Share option charges | 194 | 8 |
| Share based remuneration | - | 25 |
| Social security costs | 127 | 93 |
| Other pension costs | 79 | 85 |
| Benefits in kind | 38 | 45 |
| | 1,352 | 1,354 |

The number of directors accruing benefits under Group pension schemes was 2 (2023:1).

Exercise of directors' share options

During the year no directors (2023: no directors) exercised share options.

Additional details can be obtained from the Report on Directors' Remunerations on page 26.

9. Taxation

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| United Kingdom corporation tax at 25.0% (2023: 22.0%) | 1 | 218 |
| Overseas taxation | 288 | 143 |
| Adjustments in respect of prior year | (140) | 15 |
| Current taxation | 149 | 376 |
| Deferred taxation (note 21) | (365) | 218 |
| Total taxation (credit)/expense | (216) | 594 |

In the prior year UK corporation tax was 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 prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Continuing and discontinued operations:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Income tax (credit)/expense from continuing operations | (149) | 612 |
| Income tax credit from discontinued operations excluding gain on sale (note 11) | (67) | (18) |
| Total tax (credit)/ expense | (216) | 594 |

At 30 September 2024, the Group had an undiscounted deferred tax asset of £2,266,000 (2023: £1,618,000). 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 (2023: 25%) and are detailed in note 21.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 25.0% (2023: lower than the blended rate of 22%).

The differences are explained as follows:

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Profit for the year | 758 | 5,656 |
| Income tax (credit)/expense including discontinued operations | (216) | 594 |
| Profit on ordinary activities before tax | 542 | 6,250 |
| Expected tax expense based on the rate of corporation tax in the UK of 25.0% (2023: 22.0%) | 136 | 1,375 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 436 | 82 |
| Movement in unrecognised deferred tax asset | 281 | 149 |
| Adjustments to tax charge in respect of prior year current tax | (140) | 15 |
| Adjustments to tax charge in respect of prior year deferred tax | (84) | (309) |
| Higher rates on overseas taxation | (70) | 44 |
| Research and development enhanced deduction | (775) | (682) |
| Effect of tax rate change | - | (80) |
| Total tax (credit)/expense | (216) | 594 |

10. Earnings/(loss) per share

| | 2024 | | | 2023 | | |
|--|-------------------|--|------------------------------|-------------------|--|------------------------------|
| | 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 | 2,931 | 131,338 | 2.24 | 6,664 | 130,162 | 5.13 |
| Dilutive effect of employee share options | - | 1,504 | (0.02) | - | 904 | (0.03) |
| Diluted earnings per share | 2,931 | 132,842 | 2.22 | 6,664 | 131,066 | 5.10 |
| Discontinued operations | | | | | | |
| Basic earnings per share | | | | | | |
| Earnings attributable to ordinary shareholders | (2,173) | 131,338 | (1.66) | (1,008) | 130,162 | (0.78) |
| Dilutive effect of employee share options | - | 1,504 | - | - | 904 | - |
| Diluted earnings per share | (2,173) | 132,842 | (1.66) | (1,008) | 131,066 | (0.78) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| | 2024 | | | 2023 | | |
|--|-------------------|--|------------------------------|-------------------|--|------------------------------|
| | 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 | 758 | 131,338 | 0.58 | 5,656 | 130,162 | 4.35 |
| Dilutive effect of employee share options | - | 1,504 | (0.02) | - | 904 | (0.03) |
| Diluted earnings per share | 758 | 132,842 | 0.56 | 5,656 | 131,066 | 4.32 |

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 year the decision was made to discontinue operations within IMeasureU (New Zealand) Limited.

Result of IMeasureU (New Zealand) Limited

| | 2024 £'000 | 2023 £'000 |
|-----------------------------------|---------------|---------------|
| Expenses other than finance costs | (2,240) | (1,026) |
| Tax credit | 67 | 18 |
| Loss for the year | (2,173) | (1,008) |

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Operating activities | 54 | 159 |
| Investing activities | (2) | (13) |
| Financing activities | (56) | (64) |
| Net cash flow from discontinued operations | (4) | 82 |

12. Goodwill and intangible assets

| Group | Intellectual property £'000 | Customer relationships £'000 | Brand £'000 | Development costs £'000 | Goodwill £'000 | Total £'000 |
|-----------------------------|-----------------------------------|------------------------------------|----------------|-------------------------------|-------------------|----------------|
| Cost | | | | | | |
| At 1 October 2023 | 4,532 | - | - | 20,590 | 1,650 | 26,772 |
| Additions | - | - | - | 3,086 | - | 3,086 |
| On acquisition (note 27) | 3,316 | 810 | 112 | - | 4,610 | 8,848 |
| Disposal | - | - | - | (3,918) | - | (3,918) |
| Translation difference | (2) | - | - | - | (52) | (54) |
| At 30 September 2024 | 7,846 | 810 | 112 | 19,758 | 6,208 | 34,734 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| Group | Intellectual property £'000 | Customer relationships £'000 | Brand £'000 | Development costs £'000 | Goodwill £'000 | Total £'000 |
|--|--------------------------------|---------------------------------|----------------|----------------------------|-------------------|----------------|
| Amortisation | | | | | | |
| At 1 October 2023 | 2,743 | - | - | 13,826 | - | 16,569 |
| Charge for the year | 473 | 57 | 5 | 1,561 | - | 2,096 |
| Impairment | 197 | - | - | - | 1,076 | 1,273 |
| Disposal | - | - | - | (3,918) | - | (3,918) |
| Translation difference | - | - | - | - | - | - |
| At 30 September 2024 | 3,413 | 57 | 5 | 11,469 | 1,076 | 16,020 |
| Net book value at 30 September 2024 | 4,433 | 753 | 107 | 8,289 | 5,132 | 18,714 |
| Net book value at 30 September 2023 | 1,789 | - | - | 6,764 | 1,650 | 10,203 |

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 £3,306,000 at 30 September 2024 (2023: £3,933,000). 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 2024 is £1,942,000 (2023: £1,990,000). Its useful economic life is 6 years and it is subject to a process of continuing ongoing development.

During the year the Group began capitalising development costs relating to our new Markerless technology. The total value of costs capitalised at 30 September 2024 is £1,653,000. This technology is still in its development phase and has therefore not begun amortising. It is subject to a mandatory impairment review at the year-end because of this which did not result in any impairment being deemed necessary.

| 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 |

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

| | |
|------------------------|------------|
| Intellectual property | 4-15 years |
| Customer relationships | 12 years |
| Brand | 19 years |
| Development costs | 1-7 years |
| Goodwill | Indefinite |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 | |
|---|-------------------------|--------------|
| | 2024 | 2023 |
| | £'000 | £'000 |
| Vicon: | | |
| Vicon USA cash generating unit (Peak) | 522 | 574 |
| Vicon UK cash generating unit (IMeasureU) | - | 1,076 |
| Smart manufacturing (IVS) | 4,610 | - |
| | 5,132 | 1,650 |

During the year ended 30 September 2024 the goodwill relating to IMeasureU (NZ) Limited allocated to the Vicon UK cash generating unit was fully impaired.

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 2025 and 30 September 2026.

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

- Smart manufacturing (IVS) exceeds its carrying amount by £1.5m.

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 2026 and assumes a perpetuity based terminal value).

| | Smart Manufacturing 2024 % |
|--------------------------|-------------------------------------|
| Pre-tax discount rate | 16.5 |
| Average operating margin | 23.3 |
| Terminal growth rate | 2.0 |

Short term growth rates have been applied based on order book and sales pipeline with reducing growth rates into perpetuity. 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. The approximate pre-tax discount rate is disclosed in the table above.

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. A 1.0% increase in the discount rate applied to IVS would result in £0.9m reduction in its recoverable amount. A terminal growth rate of 0% would not result in the carrying value being impaired. The operating margin would have to move significantly in order for the goodwill carrying value to be impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 2023 | 32 | 2,206 | 644 | 1,031 | 1,162 | 5,075 |
| Additions | - | 220 | 204 | 628 | 559 | 1,611 |
| On acquisition | 9 | 27 | 19 | - | 133 | 188 |
| Disposals | - | (118) | - | (7) | - | (125) |
| Translation differences | (1) | (33) | (13) | (30) | (15) | (92) |
| At 30 September 2024 | 40 | 2,302 | 854 | 1,622 | 1,839 | 6,657 |
| Depreciation | | | | | | |
| At 30 September 2023 | 5 | 1,389 | 418 | 145 | 638 | 2,595 |
| Charge for the year | 8 | 435 | 96 | 180 | 236 | 955 |
| Disposals | - | (111) | - | (2) | - | (113) |
| Translation differences | - | (21) | (5) | (8) | (3) | (37) |
| At 30 September 2024 | 13 | 1,692 | 509 | 315 | 871 | 3,400 |
| Net book value at 30 September 2024 | 27 | 610 | 345 | 1,307 | 968 | 3,257 |
| Net book value at 30 September 2023 | 27 | 817 | 226 | 886 | 524 | 2,480 |

| 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 2024

| Company | Computers and equipment £'000 |
|--|--|
| Cost | |
| At 1 October 2023 | 298 |
| Additions | 7 |
| Disposals | (110) |
| At 30 September 2024 | 195 |
| Depreciation | |
| At 1 October 2023 | 253 |
| Charge for the year | 22 |
| Disposals | (107) |
| At 30 September 2024 | 168 |
| Net book value at 30 September 2024 | 27 |
| Net book value at 30 September 2023 | 45 |
| | |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 2023 | 3,135 | - | 3,135 |
| Additions | 1,121 | - | 1,121 |
| On acquisition | 286 | 169 | 455 |
| Amortisation | (950) | (71) | (1,021) |
| Translation differences | (156) | - | (156) |
| At 30 September 2024 | 3,436 | 98 | 3,534 |

| 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 |

Lease liabilities

| Group | Land and buildings £'000 | Motor Vehicles £'000 | Total £'000 |
|-----------------------------|-----------------------------|-------------------------|----------------|
| At 1 October 2023 | 3,222 | - | 3,222 |
| Additions | 1,109 | - | 1,109 |
| On acquisition | 286 | 169 | 455 |
| Interest expense | 283 | 8 | 291 |
| Lease payments | (1,037) | (79) | (1,116) |
| Translation differences | (186) | - | (186) |
| At 30 September 2024 | 3,677 | 98 | 3,775 |

| 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 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

| Group | 2024 £'000 | 2023 £'000 |
|---------------------------|-----------------------------|---------------|
| Within 1 year | 1,174 | 724 |
| Between 1-2 years | 1,092 | 707 |
| Between 2-3 years | 825 | 716 |
| Between 3-4 years | 428 | 562 |
| Between 4-5 years | 199 | 212 |
| Over 5 years | 859 | 1,159 |
| Effect of discounting | (802) | (858) |
| Total greater than 1 year | 2,601 | 2,498 |
| Lease liability | 3,775 | 3,222 |

16. Investments

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|---|---|------------------------|---|--------------------------|
| Shares in subsidiary undertakings - cost | | | | |
| At 1 October | - | - | 7,191 | 7,165 |
| Capital contribution | - | - | 17 | 26 |
| Addition | - | - | 8,657 | - |
| At 30 September | - | - | 15,865 | 7,191 |
| Other investments – cost and fair value | | | | |
| At 1 October and 30 September | 236 | 236 | 373 | 373 |
| Total financial assets - investments | 236 | 236 | 16,238 | 7,564 |

During the year the Company acquired 100% of the share capital of Industrial Vision Systems Limited, see note 27.

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 |
| Industrial Vision Systems Limited | Development, production and sale of vision inspection systems | England | Genesis Building, Library Ave, Harwell Campus, Didcot, Oxfordshire, OX11 0SG |
| Vicon Motion Systems, Inc.* | Sales, marketing and customer support | USA | 7388 South Revere Parkway, Suite 901, Centennial, Colorado |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

| Name of entity | Principal activity | Country of incorporation | Registered office |
|--------------------|---|--------------------------|--|
| 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, Industrial Vision Systems 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 cost which is not materially different to fair value through profit or loss.

There were no movements in the fair value of this investment during the year ended 30 September 2024 or 2023.

17. Inventories

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|-----------------|------------------------|------------------------|--------------------------|--------------------------|
| Finished goods | 1,288 | 2,339 | - | - |
| Component parts | 6,449 | 4,901 | - | - |
| | 7,737 | 7,240 | - | - |

The cost of inventories recognised as an expense and included in cost of sales is £12,251,000 (2023: £14,044,000).

During the year £441,000 of inventories were impaired (2023: £261,000). Inventories written off and included within cost of sales were £166,000 (2023: £53,000).

18. Trade and other receivables

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Trade receivables | 7,118 | 7,616 | - | - |
| Provision for impairment of trade receivables | - | (54) | - | - |
| Net trade receivables | 7,118 | 7,562 | - | - |
| Amounts owed by other Group undertakings | - | - | 2,362 | 1,372 |
| Other debtors | 34 | 844 | 10 | 50 |
| Prepayments | 1,070 | 881 | 242 | 247 |
| Contract assets | 144 | - | - | - |
| Accrued interest | 566 | 620 | 566 | 620 |
| | 8,932 | 9,907 | 3,180 | 2,289 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Amounts owed by other Group undertakings are repayable on demand and do not carry interest (see note 31).

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 2024. The Group has a history of customers with extremely good credit rating and no instances of customers defaulting. This results in the lifetime expected credit loss for trade receivables and contract assets being immaterial to the Group.

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

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|-----------|---------------------------------|------------------------|-----------------------------------|--------------------------|
| Sterling | 5,770 | 3,641 | 1,825 | 917 |
| Euro | 227 | 329 | - | 450 |
| US Dollar | 2,924 | 5,879 | 1,355 | 922 |
| NZ Dollar | - | 58 | - | - |
| | 8,921 | 9,907 | 3,180 | 2,289 |

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

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|---|---------------------------------|------------------------|-----------------------------------|--------------------------|
| At 1 October | 54 | - | - | - |
| Charged/(credited) during the year | (6) | 54 | - | - |
| Receivables written off during the year | (48) | - | - | - |
| 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.

19. Trade and other payables

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|---------------------------------------|---------------------------------|------------------------|-----------------------------------|--------------------------|
| Trade payables | 1,373 | 3,786 | 96 | 231 |
| Amounts payable to Group undertakings | - | - | 1,379 | 2,728 |
| Social security and other taxes | 362 | 332 | - | - |
| Other creditors | 142 | 19 | - | - |
| Accruals | 2,542 | 3,460 | 673 | 673 |
| Contract liabilities | 2,925 | 3,707 | - | - |
| | 7,344 | 11,304 | 2,148 | 3,632 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 4.94% (2023: 3.16%).

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

| | 2024 | | | | |
|---------------------------|---------------|---------------|---------------|---------------|----------------|
| | GBP £'000 | Euro £'000 | US\$ £'000 | NZ\$ £'000 | Total £'000 |
| Group | | | | | |
| Cash and cash equivalents | 15,948 | 310 | 4,355 | 110 | 20,723 |
| Fixed term deposits | 30,000 | - | - | - | 30,000 |
| | 45,948 | 310 | 4,355 | 110 | 50,723 |
| | | | | | |
| | 2023 | | | | |
| | GBP £'000 | Euro £'000 | US\$ £'000 | NZ\$ £'000 | Total £'000 |
| Group | | | | | |
| 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 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.

| | 2024 | | |
|---------------------------|---------------|---------------|----------------|
| | GBP £'000 | US\$ £'000 | Total £'000 |
| Company | | | |
| Cash and cash equivalents | 20,930 | 844 | 21,774 |
| Fixed term deposits | 30,000 | - | 30,000 |
| | 50,930 | 844 | 51,774 |
| | | | |
| | 2023 | | |
| | GBP £'000 | US\$ £'000 | Total £'000 |
| Company | | | |
| Cash and cash equivalents | 20,710 | - | 20,710 |
| Fixed term deposits | 42,000 | - | 42,000 |
| | 62,710 | - | 62,710 |

The fixed term deposits of £30,000,000 held at 30 September 2024 (FY23 £42,000,000) 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 2024

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 2024 would increase by £789,000/decrease by £938,000 (2023: increase by £1,032,000/decrease by £983,000). 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 2024 and 30 September 2023. These investments are measured at cost in the Statement of Financial Position which is not materially different to fair value through profit or loss.

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 was 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 in the prior year.

Risk management

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

Liquidity risk

At 30 September 2024 the Group's cash and short term deposits amounted to £50,613,000 (2023: £64,791,000). 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 5.8% (2023: 9.1%). If Sterling had strengthened against the dollar at year end by 10% it would have decreased the Group profit by £293,000 (2023: decreased the Group profit by £580,000). If Sterling had weakened against the dollar at year end by 10% it would have increased the Group profit by £358,000 (2023: increased the Group profit by £709,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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: | 2024 | | | | |
|-----------------------------------|-------------------|---------------|---------------|---------------|----------------|
| | Sterling £'000 | US\$ £'000 | NZ\$ £'000 | Euro £'000 | Total £'000 |
| Sterling | - | 1,052 | (5,458) | 1,606 | (2,800) |
| US dollar | 4,084 | - | - | - | 4,084 |
| NZ dollar | (2,359) | (18) | - | - | (2,377) |

| 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) |

Fair value of financial assets and financial liabilities

Fair value measurement

The Group should measure the following item at fair value which is classified as Level 3: Unobservable inputs (i.e. not derived from market data).

- Equity investment (note 16);

This item is stated at cost which is not materially different to fair value through profit or loss.

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

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

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets | | | | |
| Amortised cost | | | | |
| Trade receivables | 7,118 | 7,562 | - | - |
| Other debtors | 19 | 309 | - | - |
| Fixed term deposits | 30,000 | 42,000 | 30,000 | 42,000 |
| Cash and cash equivalents | 20,723 | 22,791 | 21,774 | 20,710 |
| Equity investment | 236 | 236 | 373 | 373 |
| At 30 September | 58,096 | 72,898 | 52,147 | 63,083 |
| | | | | |
| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
| Financial liabilities | | | | |
| Amortised cost | | | | |
| Trade payables | 1,373 | 3,786 | 96 | 231 |
| Provision | 59 | 48 | - | - |
| Accruals | 2,542 | 3,460 | 673 | 673 |
| At 30 September | 3,974 | 7,294 | 769 | 904 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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.

21. Deferred tax

| | Group Deferred tax asset £'000 | Group Deferred tax liability £'000 | Group Net £'000 | Company Deferred tax asset £'000 | Company Deferred tax liability £'000 | Company Net £'000 |
|---|---|---|-----------------------|---|---|-------------------------|
| At 1 October 2022 | 1,588 | (2,520) | (932) | 229 | - | 229 |
| Charged to the income statement (note 9) | 16 | (234) | (218) | (157) | (5) | (162) |
| Charged directly to equity | 14 | 18 | 32 | 40 | - | 40 |
| At 30 September 2023 | 1,618 | (2,736) | (1,118) | 112 | (5) | 107 |
| Charged to the income statement (note 9) | 701 | (336) | 365 | (4) | 4 | - |
| Charged directly to equity | (53) | 29 | (24) | (21) | - | (21) |
| On acquisition | - | (1,102) | (1,102) | - | - | - |
| At 30 September 2024 | 2,266 | (4,145) | (1,879) | 87 | (1) | 86 |

Amounts charged directly to equity relate to movements in deferred tax balances arising on employee share options and foreign exchange movements. Deferred tax balances arising in the same jurisdiction are offset against one another. The result is a net deferred tax liability in all jurisdictions.

The following table summarises the provided tax asset and liability.

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Recognised – asset | | | | |
| Tax relief on unexercised employee share options | 87 | 78 | 87 | 75 |
| Unrelieved losses carried forward | 223 | 1,314 | - | 37 |
| Short term timing differences | 1,956 | 226 | - | - |
| | 2,266 | 1,618 | 87 | 112 |
| Recognised – liability | | | | |
| Recognition of intangible assets | (1,540) | (619) | - | - |
| Capital allowances in excess of depreciation | (2,605) | (2,117) | (1) | (5) |
| | (4,145) | (2,736) | (1) | (5) |
| Net tax (liability)/asset | (1,879) | (1,118) | 86 | 107 |

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 2023: 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 2024, the Group has un-provided deferred tax assets of £137,000 arising on unrelieved trading losses for which recoverability is not certain (2023: £1,168,000). The gross amount of these losses is £466,000 (2023: £4,484,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

22. Other liabilities

| | Group 2024 £'000 | Group 2023 £'000 | Company 2024 £'000 | Company 2023 £'000 |
|----------------------|------------------------|------------------------|--------------------------|--------------------------|
| Contract liabilities | 848 | 820 | - | - |

The contract liabilities above relates to revenue from support contracts which cover a period of more than 12 months from 30 September 2024.

23. Provisions

| | Group £'000 | Company £'000 |
|---|----------------|------------------|
| At 1 October 2023 | 48 | - |
| Charged to income statement – leasehold dilapidations | 11 | - |
| At 30 September 2024 | 59 | - |

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 131,439,635 shares of 0.25p (2023: 130,420,276 shares of 0.25p) | 329 | 326 |

During the year ended 30 September 2024 12,500 shares (2023: 625,000) were issued relating to share options that were exercised and a further 1,007,000 shares were issued on the acquisition of Industrial Vision Systems Limited. In addition nil shares (2023: 27,624 shares) were issued in satisfaction of salary to the non-executive chairman Roger Parry.

At 30 September 2024 options were outstanding over 1,723,000 ordinary shares of 0.25p each (2023: 1,129,000), including those held by directors, as follows:

| Number of shares over which options granted | Exercise price | Exercise period |
|--|----------------|--------------------------------|
| 1,498,000 | 0.25p | December 2026 to February 2034 |
| 25,000 | 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 2024 was 60.00p (2023: 90.50p) and the range during the year was 58.40p to 115.00p (2023: 80.50p to 119.00p). 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 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 2024

A reconciliation of option movements over the year to 30 September 2024 is shown below:

| | 2024 | | 2023 | |
|-----------------------------|----------------|---|----------------|---|
| | Number '000 | Weighted average exercise price (pence) | Number '000 | Weighted average exercise price (pence) |
| Outstanding at 1 October | 1,129 | 22.09 | 2,657 | 23.36 |
| Granted | 897 | 0.25 | - | - |
| Exercised | (13) | 59.06 | (625) | 59.06 |
| Forfeited | (290) | 0.25 | (903) | 0.25 |
| Outstanding at 30 September | 1,723 | 14.13 | 1,129 | 22.09 |
| Exercisable at 30 September | 225 | 106.56 | 38 | 59.06 |

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2024 was 102.50p (2023: 104.79p).

Share options outstanding at the year end

| Range of exercise prices (pence) | 2024 | | | 2023 | | |
|---|---|-------------------------------|--|---|-------------------------------|--|
| | 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 | 1,498 | 9 | 0.25 | 891 | 9 |
| 59.06 | 59.06 | 25 | 3 | 59.06 | 38 | 4 |
| 112.50 | 112.50 | 200 | 7 | 112.50 | 200 | 8 |

The total charge for the year relating to employee share-based payment plans was £211,000 (2023: £34,000), all of which related to equity-settled share based payment transactions.

The assumptions used in the calculation of the fair value of the options granted during the year ended 30 September 2024 were as follows:

| | LTIP |
|--|------|
| Expected volatility (%) ⁽¹⁾ | 30.0 |
| Expected life (years) ⁽²⁾ | 2.8 |
| Risk free rate (%) ⁽³⁾ | 4.2 |
| Dividend yield (%) | 2.6 |
| Exercise price (pence) | 0.25 |
| Vesting period (years) | 2.8 |
| Option life (years) | 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.

There were no share options granted in the year ended 30 September 2023.

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 2024

26. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on page 42. 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. |
| Merger Reserve | Excess of the fair value of shares issued for the acquisition of Industrial Vision Systems Limited over the aggregate nominal value which qualify for merger relief under Section 612 (2) of the Companies Act 2006. |

27. Business combinations

On 31 October 2023 the Group purchased 100% of the share capital of Industrial Vision Systems Limited, a company registered in England. The principal activity of Industrial Vision Systems Limited is the development, production and sale of vision inspection systems. The acquisition enables the Group to establish a presence in the Smart Manufacturing space which will enable expansion into new markets and customers. The total amount payable, including deferred consideration is £8,656,000. The purchase has been accounted for as an acquisition.

All intangible assets have been recognised at their respective fair values. The residual excess over the net assets acquired, including intangible assets, is recognised as goodwill in the financial statements. The main factors leading to the recognition of goodwill are the presence of certain assets such as the assembled workforce of Industrial Vision Systems Limited that do not qualify for separate recognition.

The fair value of the business assets acquired was as follows:

| | Book value £'000 | Fair valuation £'000 | Fair value £'000 |
|-------------------------------------|---------------------|----------------------------|---------------------|
| Intellectual property | - | 3,316 | 3,316 |
| Customer relationships | - | 810 | 810 |
| Brand | - | 112 | 112 |
| Property, plant and equipment | 188 | - | 188 |
| Right of use assets | - | 455 | 455 |
| Inventory | 261 | - | 261 |
| Accounts receivable | 244 | - | 244 |
| Other debtors | 62 | 18 | 80 |
| Cash | 1,118 | - | 1,118 |
| Accounts payable | (240) | - | (240) |
| Contract liabilities | - | (438) | (438) |
| Other creditors | (191) | - | (191) |
| Lease liabilities | - | (455) | (455) |
| Corporation tax liability | (219) | 107 | (112) |
| Deferred tax liability | (45) | (1,057) | (1,102) |
| Net business assets acquired | 1,178 | 2,868 | 4,046 |

| Consideration: | £'000 |
|------------------------------|--------------|
| Initial cash consideration | 7,349 |
| Shares issued | 871 |
| Deferred cash consideration | 436 |
| Total consideration | 8,656 |
| Provisional goodwill arising | 4,610 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

The initial cash consideration paid, net of cash acquired of £1,118,000 was £6,231,000.

The intangible assets acquired as part of the business combination significantly relate to intellectual property and existing customer relationships.

The deferred consideration is not contingent upon any milestones being achieved.

The acquired business contributed revenues of £2,869,000 and a profit before tax of £252,000 to the Group for the period from 31 October 2023 to 30 September 2024. If the acquisition had occurred on 1 October 2023, Group revenue from continuing operations would have been £41,567,000. Profit before tax from continuing operations would not have been materially different to that reported in these financial statements. These amounts have been calculated using the Group's accounting policies.

The costs associated with the acquisition of Industrial Vision Systems Limited amounted to £151,000 and have been recognised as an expense in the year. They have been included within the income statement as part of administrative expenses.

28. 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 £657,000 (2023: £458,000).

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 £104,000 (2023: £119,000).

29. Dividends

| | 2024 | 2023 |
|--|--------------|-------|
| | £'000 | £'000 |
| Equity – ordinary | | |
| Final 2023 paid in 2024 (2.75 pence per share) | 3,615 | - |
| Final 2022 paid in 2023 (2.50 pence per share) | - | 3,246 |
| | 3,615 | 3,246 |

The directors are proposing a final dividend in respect of the financial year ended 30 September 2024 of 3.25 pence per share (2023: 2.75 pence per share) which will absorb an estimated £4,218,000 of shareholders' funds. This dividend will be paid on 5 March 2025 to shareholders who are on the register of members at close of business on 13 December 2024 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

30. Post balance sheet events

The Group acquired 100% of the share capital of The Sempre Group Holdings Limited on 10 October 2024 for a total consideration of up to £5.5m. The acquisition has been funded through existing cash resources of £5.0m and up to £0.5m through an earnout contingent on certain performance targets being met.

On 11 October 2024 the Company announced the return of up to £6.0m of cash to its shareholders through an on-market share buyback programme. All ordinary shares repurchased by the Company under the programme will be cancelled.

31. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £1,079,000 (2023: £1,253,000) were paid to the directors. In addition, share based payments of £138,000 (2023: £8,000) were charged to the income statement in respect of share options held by the directors and £nil (2023: £25,000) 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 2024

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

| | Outstanding balances | | Transactions in year | |
|-----------------------------------|----------------------|----------------|----------------------|----------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Vicon Motion Systems Limited | 702 | (1,617) | 2,319 | (3,560) |
| Vicon Motion Systems, Inc | 1,355 | 921 | 434 | 1,041 |
| Industrial Vision Systems Limited | 305 | - | 305 | - |
| Contemplas GmbH | - | 450 | (450) | 308 |
| OMG Inc. | (1,379) | (1,110) | (269) | (267) |
| | 983 | (1,356) | 2,339 | (2,478) |

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 £3,980,000 (2023: £3,310,000). 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 (2023: £2,222,000), IMeasureU (NZ) Ltd of £405,000 (2023: £395,000), IMeasureU Inc. of £145,000 (2023: £159,000), Contemplas of £603,000 (2023: £nil) and IMeasureU (UK) Ltd of £152,000 (2023: £152,000) which are fully impaired. The amount recognised as a debit in the year in respect of provisions against receivables from related parties was £598,000 (2023: £56,000).

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

| | 2024 £'000 | 2023 £'000 |
|---------------------|---------------|---------------|
| Roger Parry | 9 | 8 |
| David Quantrell | 1 | 1 |
| Naomi Climer | 1 | 1 |
| Imogen O'Connor | 6 | 6 |
| David Deacon | 7 | 39 |
| Catherine Robertson | 17 | 40 |

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) Ian Wilcock (Non-executive Director) Paul Taylor (Non-executive Director) Imogen O'Connor (Chief Executive Officer) Zoe Fox (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 10 th Floor, 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 19th February 2025 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 2025 annual general meeting of Oxford Metrics plc (the "Company") will be held at 6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU on 19th February 2025 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 2024 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 3.25 pence per share on each of the Company's ordinary shares for the financial year ended 30 September 2024.
4. To re-elect Imogen O'Connor 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 Roger Parry 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.
7. To re-elect Zoe Fox 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.
8. To re-elect Ian Wilcock 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.
9. To re-elect Catherine Robertson 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.
10. To re-elect Paul Taylor 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.

Special business

As special business to consider and, if thought fit, pass resolution 11 as an ordinary resolution and resolutions 12 and 13 as special resolutions. For special resolutions to pass, at least three-quarters of the votes cast must be in favour of the resolution.

11. 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 £108,097

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 18 February 2030 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.

12. **Special Resolution.** That, subject to the passing of resolution 11 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 £32,429

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on 18 February 2030, 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.

13. **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 12,971,678
 - (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

3 December 2024

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 17 February 2025 (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 oxfordmetrics.com/aim-rule-26.

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 3 December 2024, the Company's issued share capital comprised 129,716,782 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 129,716,782. 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 3.25 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 13 December 2024. If approved, the date of payment of the final dividend will be 5 March 2025.

Re-election of directors (Resolutions 4 - 10)

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.

However at this meeting, in accordance with the revised QCA Corporate Governance Code, each member of the Board 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 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 11)

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 30 January 2029. The authority in resolution 11 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 £108,097.

As at 3 December 2024, the Company did not hold any shares in treasury. If the resolution is passed, the authority will expire on 18 February 2030 unless previously revoked, varied or renewed.

Disapplication of pre-emption rights (Resolution 12)

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 12 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 12,971,678 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 18 February 2030.

Authority to purchase own shares (Resolution 13)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 13 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 13 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 2026 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.

