

Oxford Metrics

Preliminary Results 2023/24

Imogen O'Connor CEO
Zoe Fox CFO

December 2024

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Agenda

- ▶ Overview
- ▶ Financial highlights
- ▶ Capital allocation
- ▶ Oxford Metrics today
- ▶ Capitalising on growth opportunities
- ▶ Outlook and priorities for FY25

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Oxford Metrics – Smart sensing and software group

- ▶ Established in 1984, IPO April 2001 on AIM
- ▶ Subsidiaries: Vicon Motion Systems. Industrial Vision Systems. The Sempre Group
- ▶ Oxford headquarters, offices in UK, USA and Germany
- ▶ Emmy® Award. Academy Award®. AIM Award
- ▶ We use vision and other sensing technologies to derive value insights into real world applications



A diversified international customer base

Engineering



Entertainment



Life Sciences



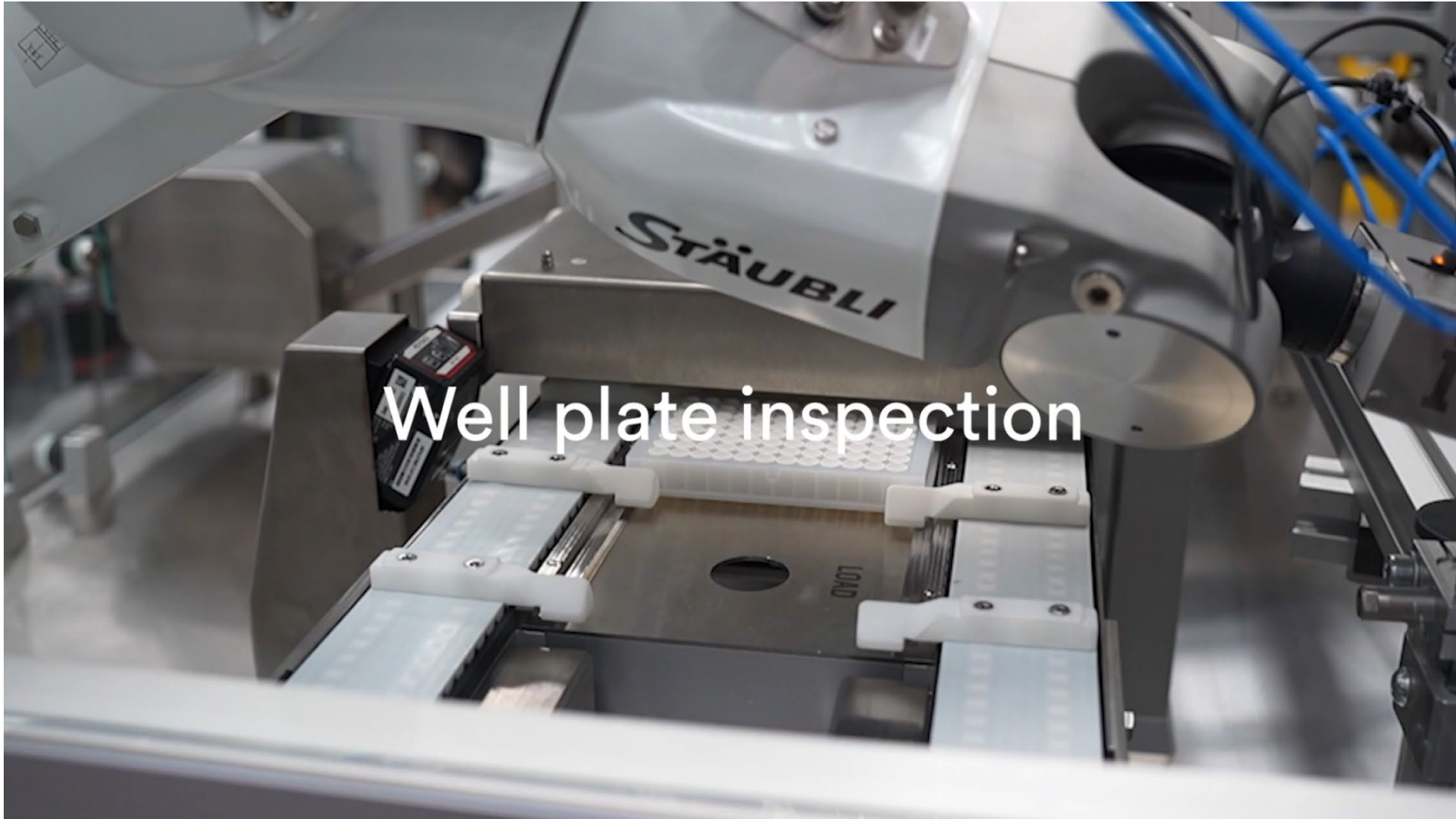
Smart manufacturing



Vicon Motion Systems – motion capture for life sciences, visual effects and engineering



Industrial Vision Systems – AI powered machine vision systems for quality control, sorting, inspection and guidance



Introducing Sempre – metrology specialists for quality control, compliance and lean efficiency



**AS
CONNECTED METROLOGY
LEADERS**

Financials



FY24 financial headlines by continuing operations

Revenue

£41.5m

FY23: £44.2m

Gross profit

£27.6m

FY23: £28.7m

Gross margin %

66.6%

FY23: 65.0%

Statutory PBT*

£2.8m

FY23: £7.3m

Adjusted PBT*

£3.7m

FY23: £7.5m

Earnings per share

2.96p

FY23: 5.29p

Cash position

£50.7m

FY23: £64.8m

R&D capitalised

£3.1m

FY23: £2.1m

Inventory

£7.7m

FY23: £7.2m

Proposed ordinary
dividend paid per
share (p)

3.25p

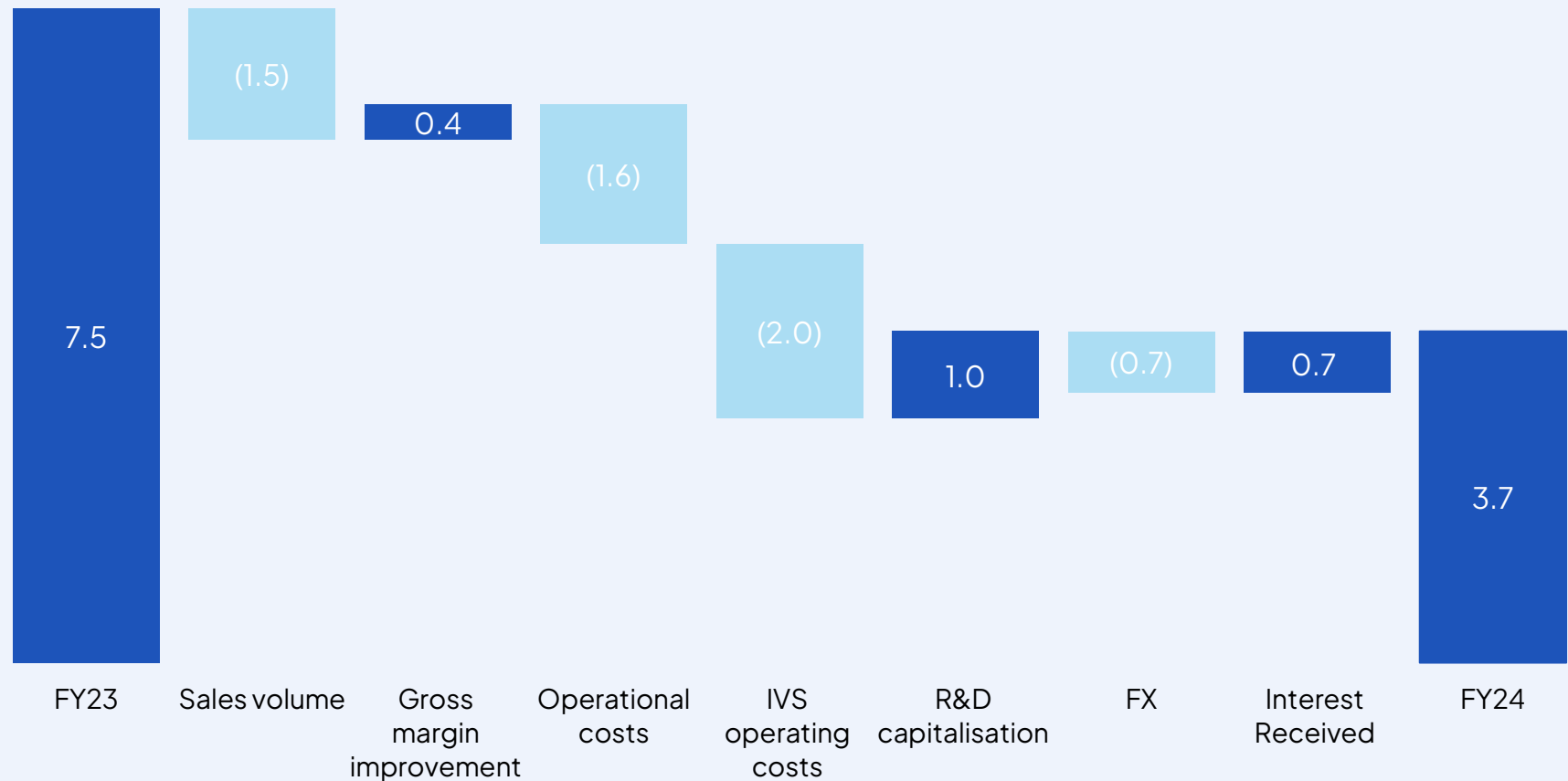
FY23: 2.75p

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

Adjusted PBT* bridge £m

Resilient margins

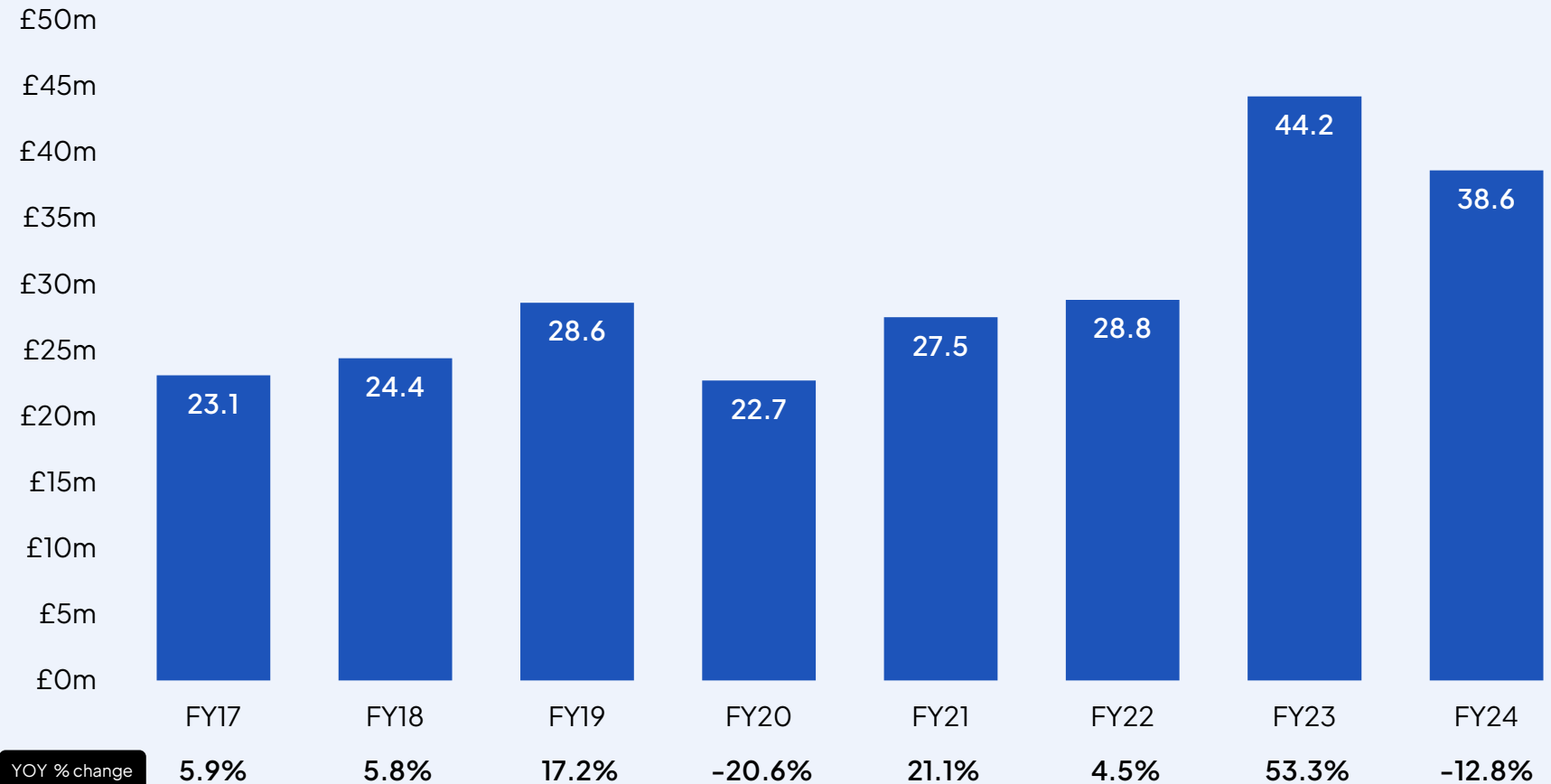
- ▶ Gross margin improved to 66.6% (FY23: 65.0%) increase of 1.6 percentage points on prior year
- ▶ Lower product costs partially offset revenue decrease.
- ▶ Operational cost increase due to investment in Group for growth
- ▶ R&D spend increased for markerless and other Vicon products due for delivery in FY25 and beyond
- ▶ Interest income benefitting from higher interest rates



Our track record

Vicon Revenue £m and annual growth %

- ▶ FY20 H2 Covid lockdowns start
 - US sales contraction
- ▶ FY21 – FY23 severe supply chain issues lead to significant order book building
 - Buying behaviour changed
 - Customers pre-ordered to get in the queue
 - Largest order in Group history added to order book in October FY23
- ▶ Order book depleted by end of H1 FY24
- ▶ Return to pipeline execution

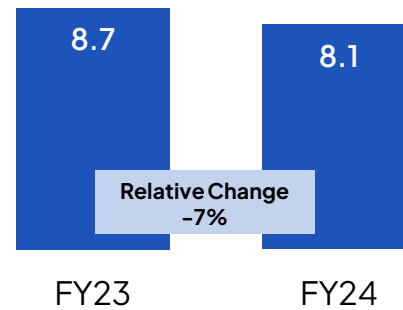


FY24 market factors

Engineering

- ▶ Largest-ever order in history, delivered in FY23 and FY24
- ▶ Academic slowdown in UK, USA and Europe with reduced government funding

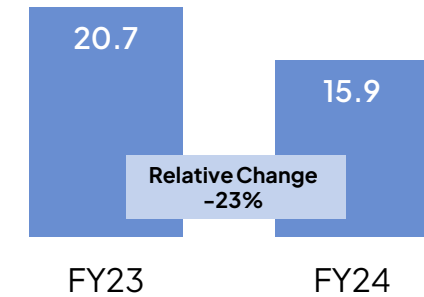
Revenue £m



Entertainment

- ▶ Impacted by ongoing slowdown in the global games industry
- ▶ Subsequent content creation contraction
- ▶ Some projects cancelled

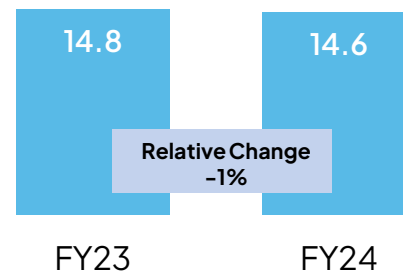
Revenue £m



Life sciences

- ▶ Academic slowdown in UK and Europe with reduced government funding
- ▶ Academic slowdown in US

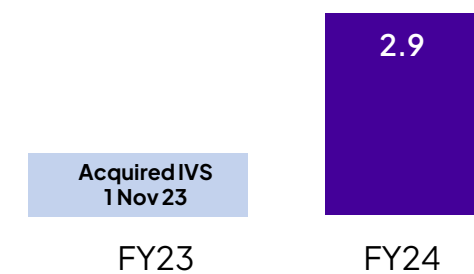
Revenue £m



Smart manufacturing

- ▶ Revenue slightly behind expected due to customers delaying delivery. Orders expected to be delivered Q1
- ▶ Healthy order book
- ▶ Strong sales pipeline

Revenue £m

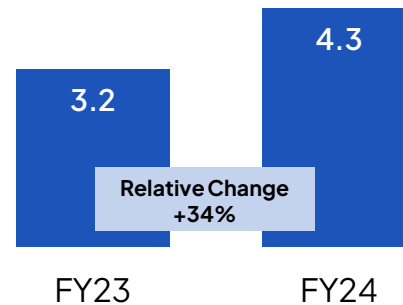


FY23 vs FY24 Vicon Revenue

UK

- ▶ Revenue +34%
- ▶ Largest-ever UK order in history for state-of-the-art virtual production studio complex
- ▶ Dimension Studio use Vicon on Apple TV+ Time Bandits

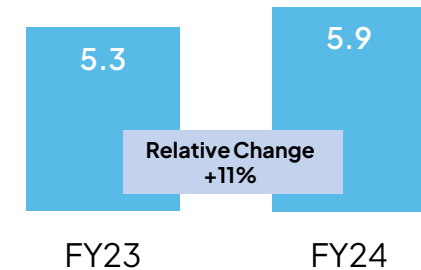
Revenue £m



Europe

- ▶ Revenue +11%
- ▶ Gran Canaria Studios, one of Europe's largest virtual production stages
- ▶ DLR Robotics and Mechatronics Center, German Aerospace Center

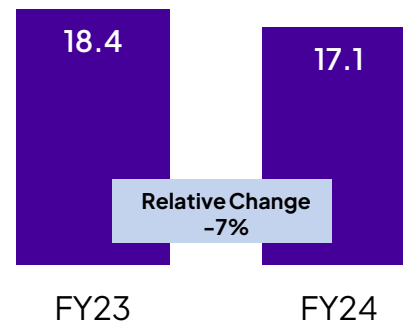
Revenue £m



North America

- ▶ Revenue -7% due to reduced academic funding
- ▶ Center for Childhood Deafness, Language and Learning - Boys Town National Research Hospital
- ▶ NYU's Martin Scorsese Virtual Production Center opens

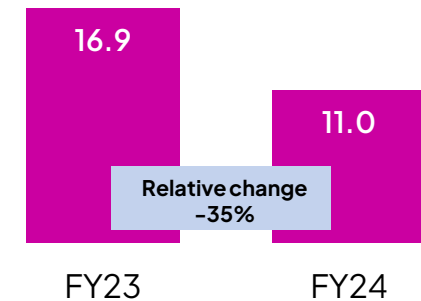
Revenue £m



Asia Pacific

- ▶ Revenue -35% due to slowdown in the global games industry
- ▶ Mahidol University, Thailand upgrade to Valkyrie
- ▶ Monash Medical Centre, Australia, install Valkyrie

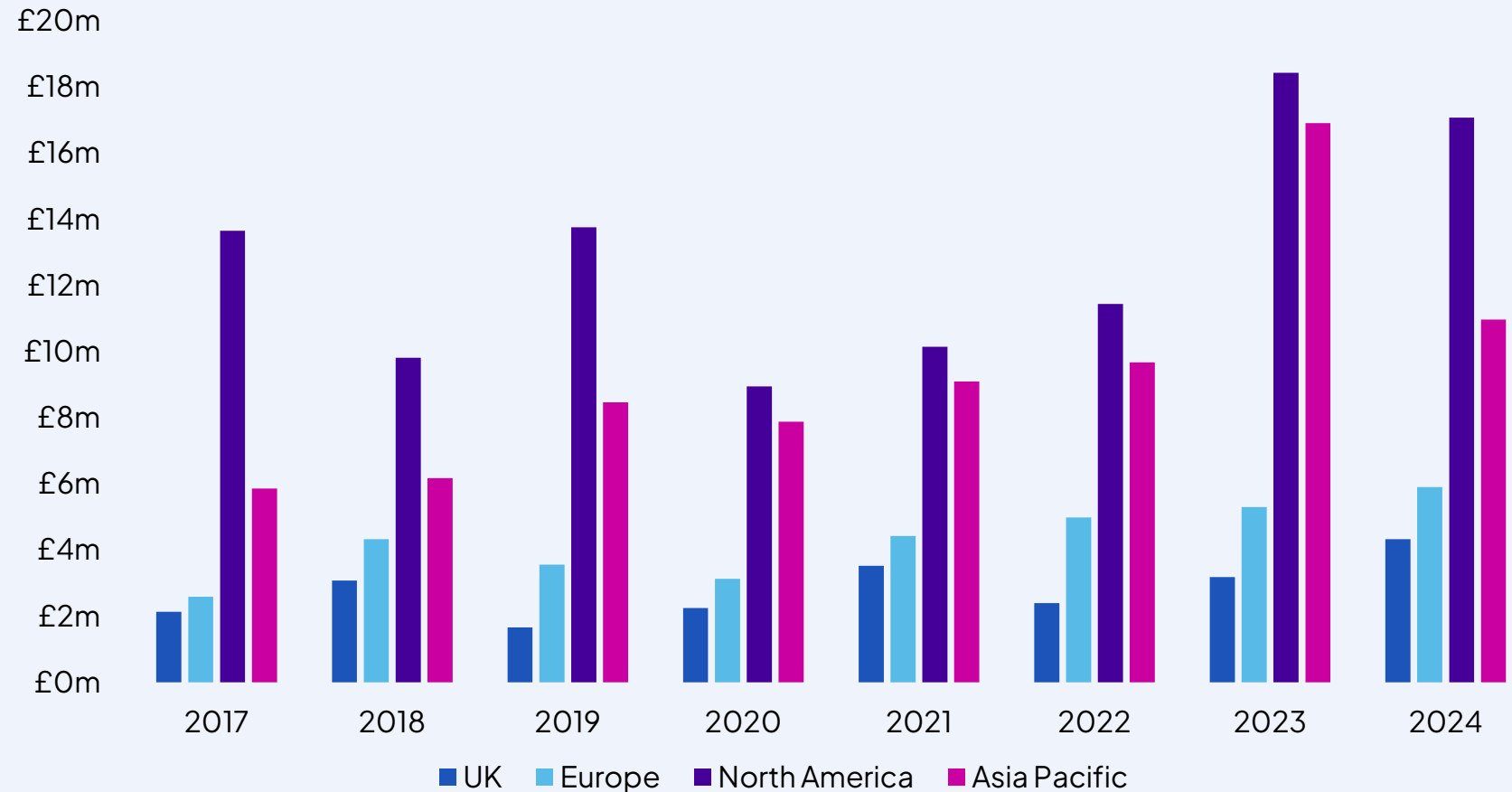
Revenue £m



Vicon Revenue by geography £m

FY17 – FY24

- ▶ UK FY24 £4.3m
(+34% FY23)
CAGR 11%
- ▶ Europe FY24 £5.9m
(+11% FY23)
CAGR 13%
- ▶ North America
FY24 £17.1m
(-7% FY23)
CAGR 6%
- ▶ Asia Pacific FY24
£11.0m (-35% FY23)
CAGR 9%
- ▶ Total Vicon CAGR* 8%



*CAGR is from 2017 - 2024

Capital allocation plans

£46.7m*

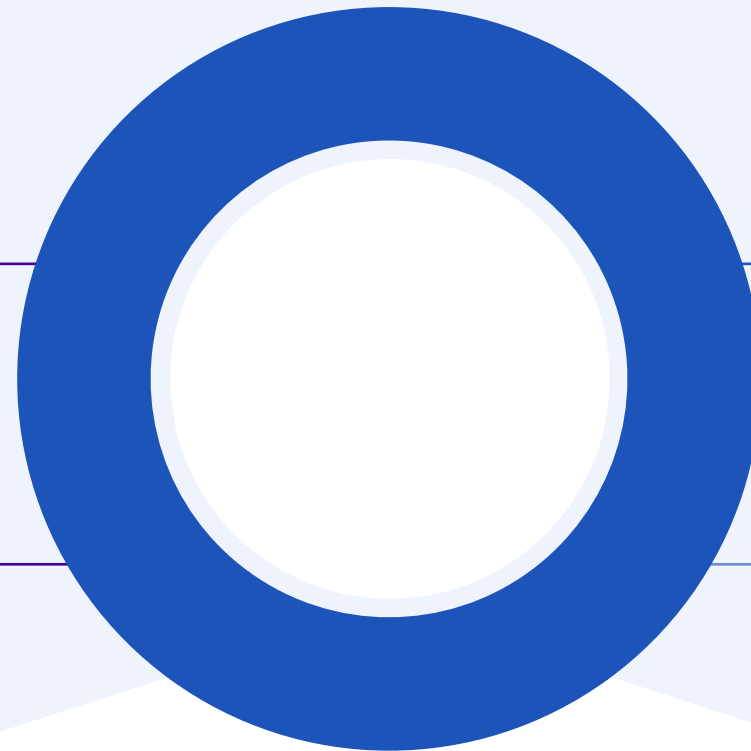
Cash post Sempre acquisition

£15m - £20m**

M&A programme

R&D investment

Remain debt-free



Return capital to shareholders

Share buyback
programme
£6m

Continued progressive
dividend policy
3.25p (FY23: 2.75p)

Positioning the business for future success

Resetting to be a more efficient, agile business while continuing to invest for innovation and growth



Increased efficiencies

Annualised cost savings

£1.2m

Savings to be partially reinvested

- ▶ Streamlining operations
- ▶ Maintaining prudent cost control measures
- ▶ Reducing discretionary spending
- ▶ Optimising inventory



Focused investments

Driving growth in the business

FY25

Innovation and growth

- ▶ Reallocating resources to high-impact areas that drive business growth
- ▶ Growth marketing initiatives
- ▶ New Vicon products to stimulate growth
- ▶ Restructuring Group
- ▶ Annual Recurring Revenue

As we scale multivariable forecasting model needed

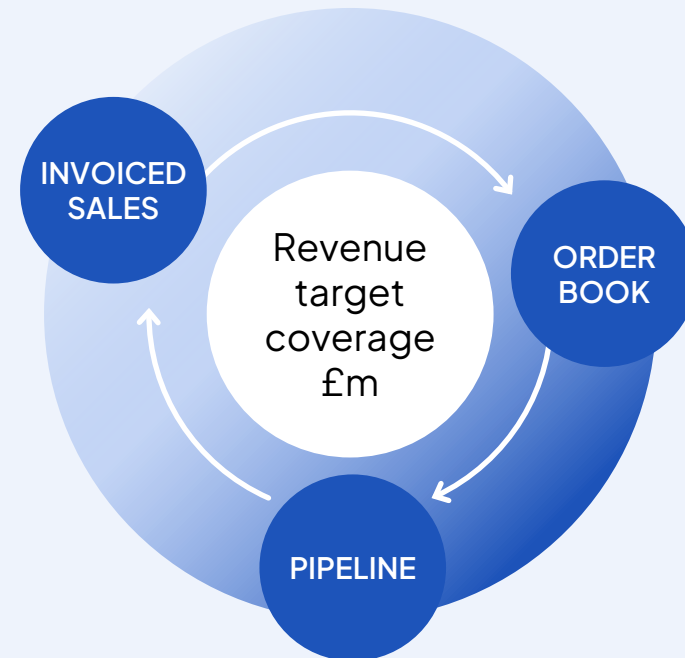
Forecasting method

Historical performance and phasing

Evidence based (MEDICC)
opportunity pipeline stages

Lead generation contribution

Revenue target coverage £m

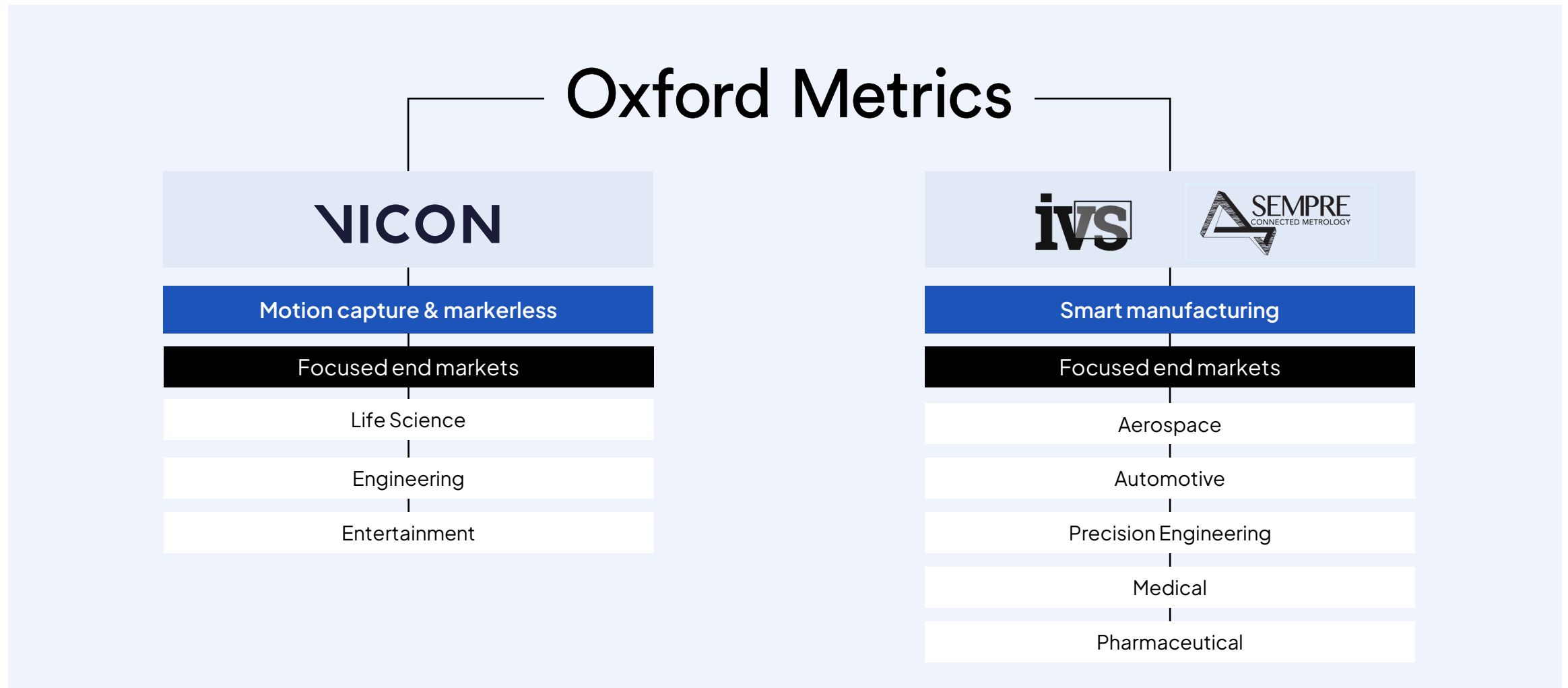


Conversion rates track progress

Oxford Metrics today



Divisional structure



Smart manufacturing divisional synergies



Sales & marketing

Grow sales and services revenues more efficiently

IVS & Sempre joint sales to win more business

Combined IVS & Sempre campaigns and events

IVS benefit from Sempre's dedicated Ireland facility



Product & markets

Reach new customers, partners and markets

More competitive offering with combined product range

IVS & Sempre to collaborate on bespoke products

Sempre selling IVS products & taking into new markets



Head office

Benefit from Group back-office synergies

Human Resources & IT

Financial

Legal

Marketing



Research & development

Grow and develop IP rich products

IVS R&D adds new technology & value to Sempre offering

IVS IP improves divisional customer end solution quality

Collaborative product opportunities identified

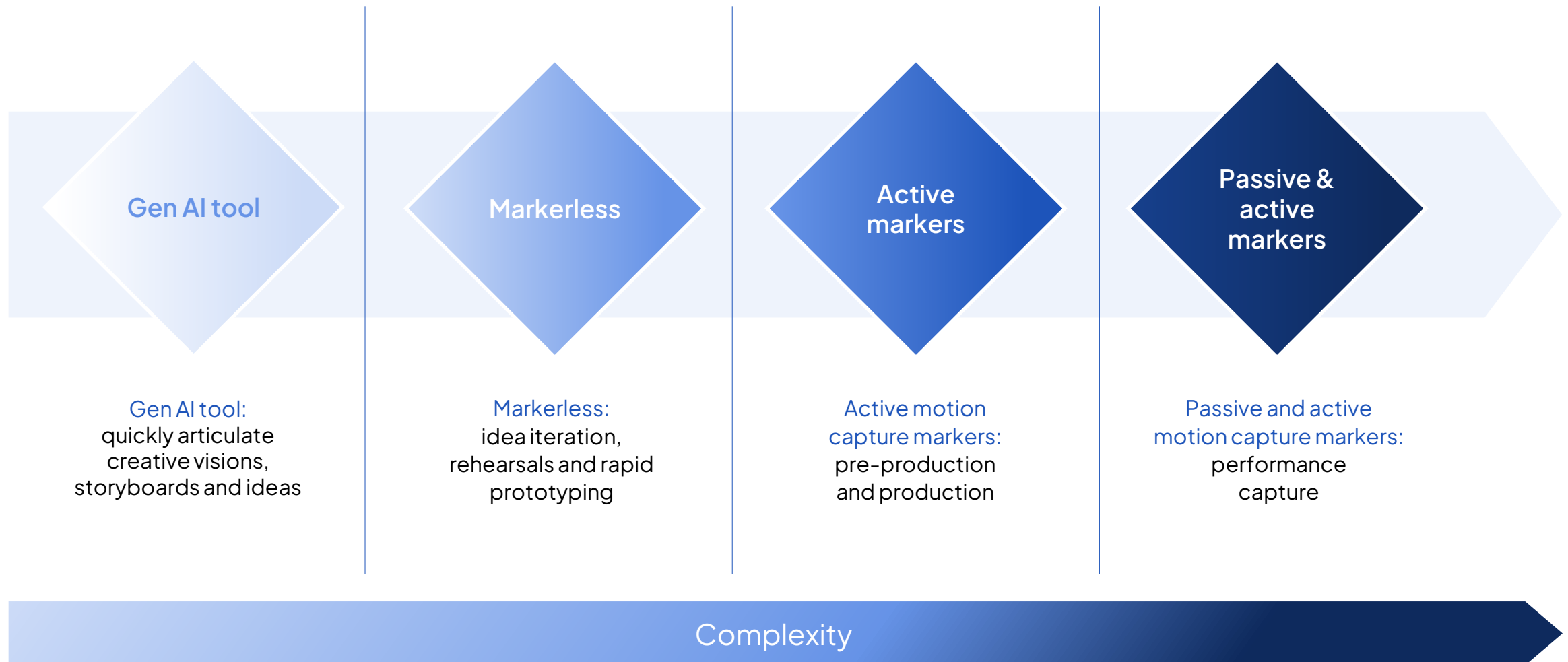
Opportunity & threat of AI



Opportunity and threat of AI



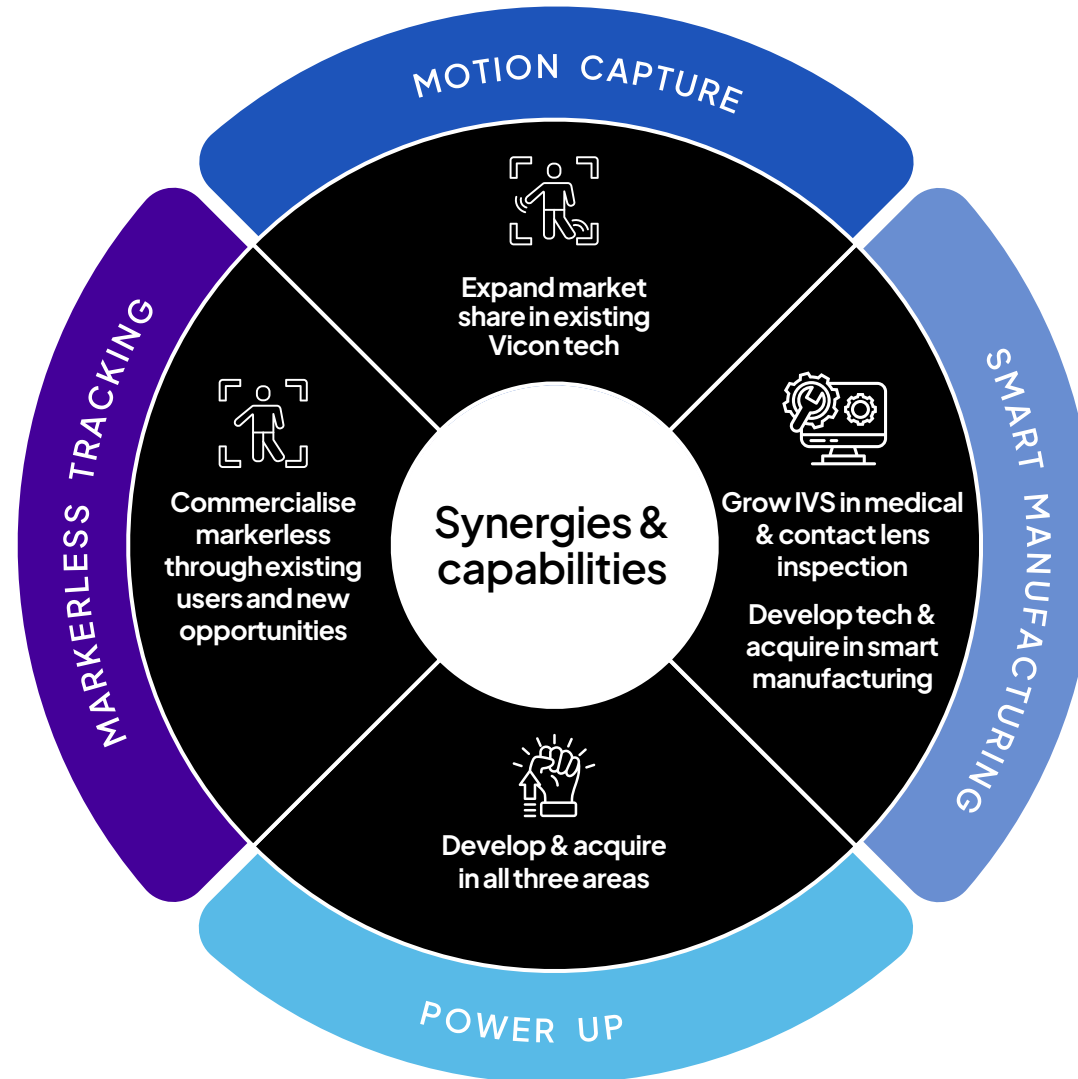
How Vicon see GenAI tools being used in Entertainment industry



Positioning the business for future success



Well positioned to capitalise on growth opportunities ahead



Outlook and priorities

New Vicon products in the pipeline to stimulate growth



Integration of IVS & Sempre underway to drive growth



On track to commercialise markerless



Build out smart manufacturing division via M&A



Continued focus on cost and efficiency



Restructure business to drive high growth areas



Positioned business for success in 2025 and beyond



Appendix



Disciplined and consistent M&A strategy

Identify targets

- ▶ Invest in people and products
- ▶ Clear commercial and technical synergies
- ▶ IP-rich companies with proven market acceptance of their technology
- ▶ Able management teams who share our cultural values
- ▶ Make or buy decision

LEVERAGE STRONG NETWORK OF ADVISORS



Value creating M&A
Sense. Analyse. Apply.



RIGHT ACQUISITION. RIGHT PRICE. RIGHT REASONS.

Strict financial criteria

- ▶ Disciplined valuation
- ▶ Attractive actual or potential cashflow metrics
- ▶ Good-to-high revenue visibility or a dominant position in a niche market
- ▶ Use of earnouts
- ▶ Screen and reject many targets

Group income statement

	Note	2024 £'000	2023 £'000
Revenue	3	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	7	149	(612)
Profit from continuing operations		2,931	6,664
Loss from discontinued operations net of tax		(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)	8	2.24p	5.13p
Diluted earnings per ordinary share (pence)	8	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)	8	0.58p	4.35p
Diluted earnings per ordinary share (pence)	8	0.56p	4.32p

Group balance sheet

COMPANY NUMBER: 03998880

	Group 2024 £'000	Group 2023 £'000
Non-current assets		
Goodwill and intangible assets	18,714	10,203
Property, plant and equipment	3,257	2,480
Right of use assets	3,534	3,135
Financial asset - investments	236	236
	25,741	16,054
Current assets		
Inventories	7,737	7,240
Trade and other receivables	8,932	9,907
Current tax receivable	425	-
Fixed term deposits	30,000	42,000
Cash and cash equivalents	20,723	23,965
	67,817	83,112
Current liabilities		
Trade and other payables	(7,344)	(11,304)
Current tax payable	(124)	(275)
Deferred consideration payable	(436)	-
Bank overdraft	-	(1,174)
Lease liabilities	(1,174)	(724)
	(9,078)	(13,477)

Net current assets	58,739	69,635
Total assets less current liabilities	84,480	85,689
Non-current liabilities		
Other liabilities	(848)	(820)
Lease liabilities	(2,601)	(2,498)
Provisions	(59)	(48)
Deferred tax liability	(1,879)	(1,118)
	(5,387)	(4,484)
Net assets	79,093	81,205
Capital and reserves attributable to owners of the parent		
Share capital	329	326
Shares to be issued	65	65
Share premium account	19,494	19,487
Merger reserve	870	-
Retained earnings	57,865	60,451
Foreign currency translation reserve	470	876
Total equity shareholders' funds	79,093	81,205

Group cash flow

	Group 2024 £'000	Group 2023 £'000
Cash flows from operating activities		
Profit for the year from continuing operations	2,931	6,664
Loss for the year from discontinued operations	(2,173)	(1,008)
Total profit for the year	758	5,656
Income tax (credit)/expense	(216)	594
Finance income	(2,334)	(1,561)
Finance expense	276	163
Depreciation and amortisation	4,072	2,898
Impairment of intangible assets	1,273	217
Profit on sale of property, plant and equipment	-	(8)
Share-based payments	211	59
Increase in inventories	(285)	(2,799)
Decrease/(increase) in receivables	1,108	(2,274)
(Decrease)/increase in payables	(4,540)	205
Cash generated from operating activities	323	3,150
Tax received/(paid)	(755)	209
Net cash from operating activities	(432)	3,359
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,611)	(1,499)
Purchase of intangible assets	(3,086)	(2,127)
Acquisition of subsidiary undertaking, net of cash acquired	(6,231)	-
Proceeds on disposal of property, plant and equipment	12	8
Dividends received	-	--
Cash placed on fixed term deposits	(57,968)	(67,000)
Fixed term deposits maturing	69,968	80,000
Interest received	2,388	1,219
Net cash generated from/(used in) investing activities	3,472	10,601

Cash flows from financing activities		
Principal paid on lease liabilities	(825)	(579)
Interest paid	(3)	(4)
Interest paid on lease liabilities	(291)	(159)
Issue of ordinary shares	10	370
Equity dividends paid	(3,615)	(3,246)
Net cash used in financing activities	(4,724)	(3,618)
Net (decrease)/increase in cash and cash equivalents	(1,684)	10,342
Cash and cash equivalents at beginning of the period	22,791	12,679
Exchange loss on cash and cash equivalents	(384)	(230)
	20,723	22,791
Cash and cash equivalents included in current assets	20,723	23,965
Bank overdraft included in current liabilities	-	(1,174)
	20,723	22,791