OXFORD METRICS PLC
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2021

COMPANY NO 03998880

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CHAIRMAN'S STATEMENT

We are pleased to report a strong full year performance in 2020/21 and a return to form following last year's pandemic-impacted trading. The business has demonstrated its resilience during the period and signs of accelerating market trends commented on last year are now being realised. Furthermore, we have emerged from the challenges over the past 18 months with an even stronger financial platform to fund organic growth and expedite potential acquisition opportunities.

Without exception, the key financial metrics of the business have improved for the 12 months to 30 September 2021 with the Group reporting revenue of £35.6m (FY20: £30.3m), a statutory PBT of £3.2m (FY20: £1.6m), an Adjusted PBT* of £4.8m (FY20: £2.6m), cash generated from operating activities £14.5m (FY20: £7.0m – restated) and a cash position of £23.0m (FY20: £14.9m). We also continued to enhance the quality of our earnings by increasing our Annual Recurring Revenue ('ARR') to £7.4m (FY20: £6.8m).

In the light of the financial performance and confidence in the ongoing resilience of the business, the Board proposes increasing our final dividend to 2.00p per share (FY20 Final Dividend: 1.80p) this year. Our dividend policy remains to make the pay-out progressive with the aim of maintaining an average dividend cover of approximately two-times Adjusted* Earnings per Share.

Having successfully navigated a challenging period, our focus is now firmly on the future. We are embarking on our growth plan for the next five years designed to augment our capabilities to sense, analyse and apply our technology and increase our addressable markets with the goal of creating a substantially larger business and shareholder value.

Board

On October 1 2021, we appointed Paul Taylor to replace Adrian Carey as Chair of the Audit Committee. Paul brings over 20 years of boardroom experience as an Executive and Non-Executive Director, and throughout his career has been involved with growth-oriented 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 of a number of technology businesses in a Non-Executive capacity supporting Executive teams in delivering strong stakeholder returns. I welcome Paul to our Board and look forward to working with him and the rest of Board as we further grow the business.

Furthermore, following Paul Taylor assuming Audit Committee Chair responsibilities, Adrian Carey will stand down as a Non-Executive Director and Senior Independent Director at the company's next AGM, expected to be held in February 2022. During Adrian's near 10 years of continuous service to the group, he has been instrumental in guiding the business as we grew into the strong position we stand today. I would like to take this opportunity on behalf of the Board to thank Adrian for his insight and valuable contributions, and wish him well in his future endeavours.

Lastly, I want to thank the stakeholders in our business for all their contributions over the past year – our outstanding team in our offices worldwide, our shareholders, our partners and most importantly our customers.

Roger Parry
Chair

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation and impairment of intangibles arising on acquisition, impairment of Pimloc investment and exceptional costs.*

STRATEGIC REPORT

Nick Bolton, CEO

To use a meteorological metaphor, we have seen all types of weather over this past 12 months. We started the year with the winter of on-going, multiple lockdowns and we finished it in the sunshine of greater than pre-pandemic levels of demand, albeit with a squeezed supply chain. As you can see from the headline results, it was a year of clear trading progress and we now stand on our strongest ever platform. We have over 10,000 customers worldwide in over 70 different countries, including all 10 of the world's top 10 games companies and all of the top 20 universities worldwide. We even have around half the UK street lighting assets managed using our software. It was also a year where the macro changes we have been tracking for several years started to accelerate and it is this acceleration that indicates the path we must take to drive further future growth through our new five-year plan.

STRATEGIC REVIEW – OUR NEW FIVE-YEAR PLAN

Ever since 1984, Oxford Metrics has been enabling the interface between the real world and its virtual twin. It was in that year we introduced our first motion capture system and we have been providing a bridge between the physical and digital world ever since.

We started our journey in healthcare, we expanded into entertainment, winning an OSCAR® and an Emmy®, then we moved into defence and engineering. We have a track record of creating value by incubating, growing and then augmenting through acquisition, unique technology businesses.

Accelerated Augmentation

As we emerge from the pandemic, something fundamental is changing in our markets and in our opportunity. We are seeing an acceleration of the Augmented Age – an era where machines and humans partner to achieve what neither can do alone. We were already seeing this in many of the markets we serve, including robotics, healthcare, sports and entertainment – but now it's been brought forward by the pandemic. Look at the faster adoption of tele-medicine, remote management, and virtual production.

For this augmented partnership between human and machine to work, we need technologies which have the ability to perceive us and our surroundings. They must be able to capture and understand every dimension of our world in real-time – humans, objects, movements, environments. This requires smart sensing systems, where cameras and other sensors are deeply coupled with powerful software to enable machines to transparently enhance our lives.

No longer will it be sufficient for a company's solution to just stop at the image or sensed data. Integrated smart sensing solutions, such as the ones we offer, look after the full life cycle of the data – sense, analyse, apply. From imagery to insight; from pixel to purpose; from sensing to sense-making, we aim to lead this important and expanding category in those end markets we already understand well.

The expansion of this market opportunity is being driven by two recent and still on-going underlying technology trends. Firstly, improvements in sensing capability – lower cost, higher resolution, better imagers, which can be readily combined with other also rapidly improving sensors (e.g. inertial, LIDAR and environmental sensors). Secondly, improvements in processing capability – both in terms of hardware (GPUs and now Neural Processing Units and other forms of specialised processors) and software (especially in Machine Learning).

Rise of Smart Sensing

These improvements mean smart sensing can be applied to a much wider set of problems and markets, and this represents a significantly expanded opportunity for Oxford Metrics. But one which requires us to both broaden and adapt our own offering to access the significantly larger marketplace than we operate in today.

We cannot serve all these end markets directly because we lack the necessary whole products, channels and other resources to be successful. Where we can generate significant value, however, is in providing both the tools for the R&D departments in these markets and then go on to embed our technology in those firms who do hold the requisite end-market elements and thus gain indirect access to this profit pool.

Three growth levers

To achieve this vision, capture the opportunity and drive growth over the life of this five-year plan, we will focus on three key initiatives:

1. Extend the sensing capabilities our integrated smart sensing systems through R&D, M&A and fostering key supplier partnerships. Currently, our solutions utilise a wide range of sensors from environmental monitors to force plates, from inertial sensors to cameras – some we own and some we just integrate with. These existing sensing mechanisms can be improved, and we can also add other sensing mechanisms to broaden the applicability of our integrated solutions.

2. Enhance the analysis we can undertake to broaden the range of applications to which our systems can be applied. Our most recent acquisition, Contemplas, competed in August 2021, and their experience with tracking and measuring from video, is a great example of this.

3. Embed our Intellectual Property (IP) in other firms' solutions by opening up our technology through R&D, M&A and investing in dedicated embedding sales and support resources. Here we will expand the ability to integrate our sensing and analysis IP to specific application domains with the aim to provide a stream of visible licensing revenues. We already have 13 partners who integrate our technologies as part of their end-market solutions; for example, in Pavement Management Services PTY Ltd at Yotta and in the Location-based Entertainment (LBE) market at Vicon.

Given the importance of M&A to drive growth, it is worth describing the strict criteria we employ to identify ideal targets. We look for IP-rich, hard-to-replicate technology companies with attractive actual or potential cashflow metrics, good-to-high revenue visibility or a dominant position in a niche market, proven market acceptance of their technology, and able management teams who share our cultural values. We do not need all these things at the point of acquisition but, where this is not possible, a pathway to how they can be achieved must be clear.

Our aim is to identify latent value in asset, buy at a fair price and then improve performance through clear strategy, technology transfer and careful investment in R&D. Sometimes we will integrate the firm into one of our existing subsidiaries and sometimes the acquired company will stand as a separate division. We seek acquisitions both in public and private markets. We employ people directly in deal origination, assessment and execution, and we leverage our strong network of advisors.

Aims

Through these growth mechanisms we have two specific financial aims. Firstly, we seek to increase revenues to 2.5 times their 2020/21 levels by the end of the five-year period. Secondly, although some of the organic investment we need to make will reduce Return on Sales ('ROS') in the early years of the plan we expect this investment, amplified through M&A activity, to return the group to our historic 15% adjusted profit before tax by the end of the plan. By the end of this plan, we will be a bigger business both in terms of revenues and profits.

OPERATIONAL REVIEW

2020/21 represented a return to form with both Yotta and Vicon reporting much improved performances despite residual challenges arising from the COVID-19 pandemic.

Motion Measurement Division – Vicon

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY21	FY20	**FY21**	FY20	**FY21**	FY20
Motion measurement	**£27.6m**	£22.8m	**£3.5m**	£2.7m	**£6.8m**	£4.8m

Vicon's growth trajectory was restored in FY21 reporting an increase in revenues of 21.1% to £27.6m (FY20: £22.8m). This growth was underpinned by a buoyant Entertainment segment, up 76.5% and Engineering, up 39.2%. The Life Sciences segment declined by 14.9%, so still relatively subdued post pandemic and as expected, Location Based Entertainment ('LBE') also declined by 31.9% due to the pandemic but towards the end of the financial year signs of a recovery had commenced.

Gross margin on reported revenue was 72.6% (FY20: 73.6%) reflecting a slightly higher prevalence of larger deals during the year, partly driven by the continuing adoption of virtual production. The overall cost base increased in line with activity levels which gave rise to an overall increase in Vicon reported Adjusted PBT* of £6.8m (FY20: £4.8m). The above performance includes recently acquired Contemplas GmbH which contributed revenues of £0.2m in the last two months of the financial year and a small profit.

The Contemplas acquisition, completed in August 2021, brings a number of benefits to Vicon including adding a video-based movement analysis to our offering, bringing a dominant position in the niche market of swimming analysis and strengthening our presence in Europe. Complementing Vicon's strong heritage and leadership position in motion measurement, the acquisition also brings valuable IP which over time, will assist with Vicon's broader product development plans.

Entertainment's particularly strong year was driven by a buoyant video games sector and the adoption of Virtual Production by several large production houses. Virtual Production is a digitally led way of working, merging real and virtual worlds, which incorporates a range of techniques and innovations that have been developed across the past 20 years. This includes motion capture solutions pioneered by Vicon, combined with cutting edge visual effects techniques and game engine technology, utilising tools such as LED screens and high-resolution digital film cameras. The power of this approach is when these techniques are used in concert. Crucially, it blends the filming and post-production stages. Instead of shooting against the classic green screen and then waiting to see their vision come to life, directors can now see digital characters, effects, and environments in real-time, in-camera and on set. To respond to this clear market need, Vicon introduced Shōgun 1.6 during the year with additional features targeted specifically to address the needs of high-end Virtual Production. These include a low latency object tracker, the ability to calibrate specific cameras and exportable lens maps. During the period Vicon also closed a deal with Dimension Studios, a leading virtual production studio, to provide 56 of Vicon's Vantage cameras and Vicon's Shōgun software to enable Dimension Studio's ground-breaking work, including with leading visual effects company DNEG for several high-profile virtual production projects. All-in-all Virtual Production added £1.7m (FY20: £1.3m) in revenues during the year and represents another exciting growth opportunity for the business.

Through the second half of the year, we gradually saw Location-based Entertainment (LBE) partners restart their facilities and, in some cases, their rollouts. We now have 8 LBE partners globally, offering a wide array of unique entertainment experiences. We remain confident that once momentum has been restored in this market it will represent a significant revenue growth opportunity going forward.

Asset Management Division – Yotta

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY21	FY20	**FY21**	FY20	**FY21**	FY20
Asset Management	**£8.1m**	£7.5m	**(£0.4m)**	(£1.3m)	**£0.8m**	(£0.1m)

Our Asset Management division, Yotta, reported its highest level of ARR of £7.4m on 30 September 2021 (30 September 2020: £6.8m). Yotta achieved gross additions to the ARR base of £1.3m (FY20: £1.0m) during the year so continued to benefit from ongoing Digital Transformation initiatives. Customer retention remained largely unchanged at 90.1% (FY20: 91.7%).

Reported headline revenue increased by 7.0% to £8.1m (FY20: £7.5m) and the division reported an Adjusted PBT* of £0.8m (FY20 Loss: £0.1m) so delivering a full year of profitability which, after a period of investment and losses, represents a major milestone.

The growth in ARR driven by digital transformation led to notable Alloy wins at Derbyshire, English Heritage, SSE Devon, London Borough of Newham, London Borough of Havering, Walsall, Calderdale, Northumberland and Ubico (West Oxfordshire). Revenue recognition was increased by a host of go-lives including National Highways, London Borough of Hackney, Chorley, Bury, North Somerset, Huntingdonshire, Bristol Waste, Glasgow, West Lancashire and Hillingdon. Our customers clearly appreciate Alloy's capability to expand into new areas with one system and play a role in the wider system ecosystem.

We continued to invest in product development. Alloy added finance and accounting, Street Manager compatibility and enhanced reporting functionality and Horizons now includes emissions monitoring functionality. Horizons also benefitted from collaboration with our new partner Vaisala, (a Finnish company that develops, manufactures and markets products and services for environmental and industrial measurement), which allows the user to consume data from Vaisala's mobile phone-based surveying application to analyse asset condition. This ability was instrumental in the selection of Horizons by the aforementioned Northumberland, Calderdale and Brent customers.

CURRENT TRADING AND OUTLOOK

Both divisions have experienced a strong start to the new fiscal year with key demand metrics pointing to a positive outlook.

Turning first to Vicon, they start the new financial year with a revenue pipeline for the first half which is at least 20% ahead of this time last year and includes unprecedented level of orders in hand of £5.9m. However, as in many industries, Vicon continues to experience some short-term supply chain challenges arising from the well-publicised global semiconductor shortage. Whilst there has been some improvement in recent months the Board believe revenues in the first half may be affected. We remain well prepared to meet and manage this industry-wide challenge and anticipate that any impact will result in revenue being delayed into the second half of the year rather than being lost. Overall, the fundamentals at Vicon remain positive and they remain well placed to capitalise on the substantial market opportunity in the year ahead. As part of the new five-year strategic plan, Vicon will also be increasing investment in the year ahead, to augment our capabilities to sense, analyse and apply our technology, by £2.3m on an annualised basis going forward.

Yotta has a strong ARR sales pipeline for the full year, consistent with adding at least another £1.2m gross additions to ARR during the financial year. With this anticipated growth in ARR and a stable cost base, Yotta can look forward to another full year of profitability.

The Group starts the year in good financial health and in a strong position to invest in its future and expedite acquisition opportunities that will accelerate our strategy. The board look forward to an exciting year ahead that will be the first step in our new five-year plan delivering further shareholder value.

Nick Bolton
CEO

FINANCIAL REVIEW

David Deacon, CFO

INCOME STATEMENT

The Group reported revenue of £35.6m (FY20: £30.3m) representing a headline increase of 17.6%, and on a constant FX basis the increase was 19.9%. From a geographical perspective, Vicon USA, which had suffered the most during the pandemic, recorded a headline year-on-year improvement of 11.7%, on a constant FX basis the improvement was 19.3%.

Gross Profit margin improved to 70.7% (FY20: 69.0%), reflecting a slight change in the mix of revenue. In real terms Gross Profit improved year on year by £4.3m to £25.2m.

Reviewing the cost base within the Income Statement:

- Sales, Support and Marketing costs increased by £0.5m which was largely due to marketing and operational activity returning to near normal levels together with additional sales commissions arising from higher revenues.
- Research & Development expensed through the Income Statement was £5.0m (FY20: £4.2m). The overall increase was due to the R&D amortisation and impairment charge of £2.2m (FY20: £1.8m). The continual investment and innovation in product and services is necessary to maintain the Group's competitive position which included a number of the new products and services released during the financial year, some of which are described in the CEO review.
- Administration expenses increased by £1.3m which was largely due to the impairment of the IMeasureU acquired intangible by £1.0m and acquisition costs relating to Contemplas of £0.1m.

Adjusted PBT* of £4.8m (FY20: £2.6m) has been determined after adding back to the Statutory PBT £3.2m (FY20: £1.6m) non-cash items such as amortisation and impairment of acquired intangibles, share option charge, impairment of investment in Pimloc and non-recurring exceptional items which this year included M&A costs of £0.1m. A full reconciliation is available in note 7.

ACQUISITION OF CONTEMPLAS GMBH

The acquisition contributed revenues of £0.2m in the final month of the financial year and a small profit.

In accordance with IFRS 3 any future earn out payments will be recognised in the Income Statement as deemed remuneration given certain conditions associated with the acquisition. The amount recognised as consideration in excess of the fair value of net assets acquired has been attributed to software IP.

STATEMENT OF FINANCIAL POSITION

Goodwill and intangibles

The increase this year includes the acquisition of Contemplas GmbH Acquired Intangibles of £1.9m. The remainder of the increase represents the net effect of capitalised R&D of £2.8m (FY20: £2.5m), amortisation and impairment of development costs £2.2m (FY20: £1.8m) and the amortisation and impairment of acquired intangibles of £1.5m (FY20: £0.6m) including the partial impairment of the IMeasureU acquired intangible.

Property, plant and equipment

A small decline is reported to £1.8m (FY20: £1.9m). Additions, including Contemplas, were £0.3m (FY20: £0.3m) during the year and the depreciation charge was £0.5m (FY20: £0.6m).

Right of use assets (IFRS16)

Additions of £0.3m and an amortisation of £0.5m resulted in a net decline to £2.0m (FY20: £2.2m).

Investments

The investment of £0.2m relates to minority interest in Trensl Inc. which provides training VR solutions for the military and healthcare (rehabilitation). The investment comes back-to-back with an exclusive Supply Agreement to provide all systems. The year-on-year change relates to Contemplas which is now a 100% owned subsidiary.

Inventories

The inventory position at the end of the financial year was £2.5m (FY20: £3.4m). Overall, inventory levels have reduced due to a combination of high demand during the year and slower replenishment due to current supply chain challenges.

Trade and other receivables

At the year-end trade and other receivables decreased to £6.1m (FY20: £9.2m). The overall decrease is largely due to lower Trade receivables of £4.6m (FY20: £7.7m) reflecting a revenue performance this year that was less weighted towards the end of the financial year.

Current liabilities

The year-on-year increase in trade and other payables is accounted for by an increase in trade payables at the year-end to £2.5m (FY20: £2.0m), higher accruals £2.9m (FY20: £1.6m) and an increase in Contract liabilities to £6.6m (FY20: £5.2m) which reflects ARR growth. These increases were offset by the withdrawal of VAT Covid payment relief (FY20: £0.8m) not available in FY21.

The lease liabilities balance reported at £0.6m (FY20: £0.4m) represents the value of lease payments due within one year relating to right of use assets.

Non-current liabilities

The £0.3m increase in Other liabilities is due to contract liabilities.

The lease liabilities balance reported of £1.6m (FY20: £1.9m) represents the value of lease payments due greater than one year relating to right of use assets.

STATEMENT OF CASHFLOWS

The Group finished the year with cash of £23.0m (FY20: £14.9m).

Cash generated from operating activities was £14.5m (FY20: £7.0m – Restated) which included a working capital inflow arising from a reduction in inventory of £1.1m (FY20: £0.2m increase), a decrease in accounts receivables of £3.1m (FY20: £2.2m) and an increase in payables of £2.2m (FY20: £0.2m decrease).

The deployment of this cash included continued investment in development giving rise to a purchase of intangibles of £2.8m (FY20: 2.5m), consideration paid for Contemplas of £1.1m and payment of dividends of £2.3m (FY20: £2.3m)

TAX

The Group tax charge this year was £0.3m (FY20: £0.0m). This increase for the most part is due to improved overseas trading. The level of Group R&D activities in the UK where the marginal rate of tax is 19% (FY20: 19%) continues to have a beneficial effect on the level of corporation tax payable in the UK given the reliefs available.

The deferred tax asset increased to £1.9m (FY20: £1.0m) largely due to an increase in unrelieved losses and an increase in the UK tax rate to 25% from 1st April 2023. The deferred tax liability increased to £3.1m (FY20: £2.0m) largely due to the Contemplas acquisition and the aforementioned increase in UK tax rate.

KEY PERFORMANCE INDICATORS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Group monitors these risks on a continual basis through the use of a risk register and through market intelligence provided by operational management and determines mitigation plans and actions accordingly. During the financial year under review the risk profile of the Group has not changed significantly. The key business risks affecting the Group's ability to deliver on its strategic objectives are set out below:

Product and technology risk

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

Suppliers

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

Employee retention

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

Market

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

The Group operates in multiple service and product segments with specific risks and uncertainties including:

- Vicon Group

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

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

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

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

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

- Yotta Group

  Infrastructure (including Highways, Street works and Street lighting) – The majority of our customers are ultimately funded by the UK Government so spending is subject to National Budgetary decisions and priorities. In mitigation, the business secures long-term service contracts and recurring annual support contracts whenever possible.

Financial

The business has outlined its principal financial risks in note 19 to the accounts. These are broadly summarised as foreign currency and credit risks. Typically, a third 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.

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.

Covid-19

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

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 customer 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 8. 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, in response to the COVID-19 pandemic, to ensure that we remained a trusted and safe employer.
- The Board regularly received updates on feedback from investors from the Chairman, CEO and CFO who met frequently (in person or remotely) with institutional investors to discuss and provide updates about – and seek feedback on – the business, strategy, long-term financial performance, directors' remuneration policy and dividend policy to the extent appropriate. Members of the Board also met Shareholders at the Capital Markets Day and facilitated a virtual Q&A session at the last AGM.
- Through professional services and support functions who engage directly with customers through on-site and remote meetings the Executive Team continued to foster good customer engagement and receive valuable feedback to ensure customer satisfaction and retention.
- Through professional Supply Chain Management who engage directly with suppliers through on-site and remote meetings, the Executive Team ensured the interests of suppliers were regularly considered and provided demand forecasts where appropriate.
- Throughout the year, the Board continued to oversee the management and operation of worldwide business activities in conformity with applicable laws and regulations whilst maintaining the Company's reputation for integrity and fairness in business dealings with third parties.

Aware of the interests of all stakeholders the directors were focussed on developing annual recurring revenues across the Group whilst leveraging the core IP across the business during the year. The directors continued to evaluate numerous merger and acquisition opportunities that would support growth and amplify the effectiveness of the existing operations of the Group. During the year the acquisition of Contemplas GmbH was successfully completed. 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 2021 and Board governance, see pages 14 to 17 and the Board Committee reports thereafter. Key activities of the Board included considering the new five year plan launched in October 2021 and the decision to acquire Contemplas, these are discussed further on pages 3 to 6.

On behalf of the Board

Nick Bolton
Chief Executive and Director
1 December 2021

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 2021.

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 10. Its subsidiary undertakings are shown in note 15. 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 2020/21 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 23 to the financial statements. Details of employee share options are set out in note 24.

Dividends

The directors are proposing a final dividend in respect of the financial year ended 30 September 2021 of 2.0 pence per share which will absorb an estimated £2,539,000 of shareholders' funds. This dividend, if approved, will be paid on 23 February 2022 to shareholders on the register of members at close of business on 10 December 2021.

Research and development

During the year, the Group's continuing operations expensed £4,951,000 (2020: £4,213,000) in research costs. In addition, £2,775,000 (2020: £2,511,000) 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 2021 are disclosed in the Report on Directors' Remuneration.

The directors who served during the year were as follows:

Roger Parry
Adrian Carey
David Quantrell
Naomi Climer
Nick Bolton
David Deacon
Catherine Robertson

At the Annual General Meeting of the Company David Quantrell and Naomi Climer representing one third of the Board, will retire and, being eligible, offer themselves for re-election. Adrian Carey will also retire.

Financial instruments

Information about the Group's management of financial risk can be found in note 19 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.

In the early months of 2020, a global pandemic had broken out causing governments around the world to impose various restrictions on economies and human populations. This has continued to lesser degree during the past financial year. The going concern review considered the ongoing impact of the pandemic on the following keys areas:

Market considerations

The Group's primary markets are life sciences, entertainment, engineering, elite sports and local government asset management. The directors have assessed the ongoing impact of Covid-19 on these markets and consider that they have largely continued to operate through the pandemic. Whilst the Life Science and LBE sectors have been relatively subdued, Engineering and in particular, the Entertainment sector have recovered strongly. The Group has continued to trade through this period and achieved revenues similar to FY19 which was not affected by the pandemic.

Operational readiness

The manufacturing facilities have remained operational with the Company implementing government advice in 'social distancing' and other measures, including the introduction of a two-shift pattern to reduce the risk of transmission. The Group has also successfully transitioned the non-manufacturing roles to remote working during this period. The Group has not been immune to the well-publicised global semi-conductor shortage caused by the pandemic. Despite extended lead times for inventory replenishment the Group has successfully managed the supply chain challenge during the past year and expect the situation to improve during the next financial year though the Board recognise the potential risk that revenues maybe more second half weighted.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances of £23.0 million. The financial strength of the Group has enabled it to trade through the pandemic and remains in a relatively strong position to navigate any further disruption.

Stress testing

Continued uncertainty around the scale, timing and impact of the pandemic and associated supply chain situation means that forecasting the impact with any degree of accuracy is difficult. The directors have therefore performed stress testing to model a significant level of sales decline to assess the impact on cash flow. The results 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.

Brexit

The directors have also considered the impact of Brexit on the ability of the Group to continue as a going concern. Based on our assessment Brexit has had an immaterial impact on the Group.

The directors, having prepared cash flow forecasts and given due consideration to the impact of the pandemic and related supply chain challenges and Brexit 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 have elected to prepare the Group and Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

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

Auditors

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

On behalf of the Board

David Deacon
Director
1 December 2021

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

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

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

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

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

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

Risk management and risk register

The Board has embedded an effective risk management framework to identify, evaluate and manage opportunities and risks, in order to execute the strategy and five-year business plan. The principal risks and uncertainties are discussed in the Strategic Report on page 8. 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,
- ISO9001:2015 Quality Management Systems Yotta – 4 times per year,
- ISO14001:2015 Environmental Management Systems Yotta – 4 times per year,
- ISO27001:2013 Information Security Management Systems Yotta – 4 times per year,
- 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 2020 to 30th September 2021.

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

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

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

Roger Parry – Chairman

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

Adrian Carey – Non-executive Director, Senior Independent Director, member of Audit Committee and member of Remuneration Committee

Adrian joined the Board in November 2012 with almost 30 years of boardroom experience in technology, legal and educational service sectors. He has been Chairman and Non-executive director to a number of listed, PE and venture backed businesses. He is currently a Non-executive director of Blacktrace Holdings Ltd. In his earlier career he held a number of other NED positions and was CEO for three companies over 17 years.

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

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

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

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

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

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

Nick Bolton – Chief Executive Officer

Nick joined Oxford Metrics Ltd (pre-IPO OMG) in 1995 and spent four years establishing the Company's motion capture products in the entertainment market. In 1999, he left to pursue a series of successful product management and marketing roles within international technology businesses, including Micromuse and start-up Lexicle. In 2002, he joined AIM-listed Mediasurface, with responsibility for all the company's marketing activities and in 2005, returned to join the Oxford Metrics management team and was subsequently appointed CEO.

David Deacon – Chief Financial Officer

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

Cathy Robertson – Executive Director and Company Secretary

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

Directors are able at the Company's expense to seek independent professional advice as required to support their role either as a member of a Board committee or for any matter within the terms of reference of the Board. A list of the Company's external advisors is available on page 69.

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

The Audit Committee works with the Company's auditor BDO LLP. During the year the Company Secretary was supported by Numis Securities Ltd, Oxford Metrics plc's Nominated Advisor and Sole Broker, and Goodman Derrick LLP.

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

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

An overview of directors' responsibilities can be found within the Report of the Directors' on page 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Remuneration Committee members are Naomi Climer (Chair), David Quantrell and Adrian Carey 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 19.

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 Adrian Carey (Chair), Naomi Climer and David Quantrell. In October 2021 Paul Taylor was appointed as a non-executive director and Chair of the Audit Committee. The Audit Committee meet formally on at least two occasions annually. No director has been absent from a committee meeting. The terms of reference of the Audit Committee is available on page 15 of the Company's Admission Document. The Committee has a calendar of events agreed each year and senior managers and the external auditors (BDO LLP) may attend meetings at the request of the Committee.

The key responsibilities of the Audit Committee are:

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

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

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

Adrian Carey
Chair

1 December 2021

REPORT ON DIRECTORS' REMUNERATION

The Directors' Remuneration Report Regulations are not a requirement for AIM listed companies. However, set out below are certain disclosures relating to directors' remuneration.

Remuneration Committee

The Remuneration Committee is made up of three non-executive directors. The terms of reference of the Committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive directors.

Service agreements

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

Policy on directors' remuneration

Remuneration is set by comparison to market rates at levels to attract, retain and motivate the best staff, recognising that they are key to the ongoing success of the business. The Group's remuneration policy aims to:

- provide market competitive total compensation;
- differentiate on merit and performance;
- emphasise variable performance driven remuneration;
- align senior management with shareholders' interests;
- deliver a clear, transparent and fair process;
- provide an appropriate degree of alignment between executive remuneration and the remuneration policies that apply to the wider workforce; and
- reinforce the Group's culture and values.

Directors' remuneration

The remuneration of directors who served during the year, excluding share option charges, was as follows:

	Salary £'000	Bonus £'000	Benefits in kind £'000	**2021 Total £'000**	**2021 Pension contributions £'000**	2020 Total £'000	2020 Pension contributions £'000
R Parry (Chairman)*	65	-	-	**65**	**-**	65	-
J Reeve (Non Executive Director)	-	-	-	**-**	**-**	12	-
A Carey (Non Executive Director)	37	-	-	**37**	**-**	37	-
D Quantrell (Non Executive Director)	32	-	-	**32**	**-**	32	-
N Climer (Non Executive Director)*	37	-	-	**37**	**-**	24	-
N Bolton (Chief Executive Officer)	260	261	1	**522**	**-**	356	-
C Robertson (Secretary and Executive Director)	133	49	2	**184**	**19**	161	19
D Deacon (Chief Financial Officer)	205	197	1	**403**	**-**	274	-
	769	507	4	**1,280**	**19**	961	19

* Roger Parry's remuneration includes £25,000 (2020: £25,000) of shares issued in satisfaction of salary and Naomi Climer's remuneration includes £11,000 (2020: £nil) of shares issued in satisfaction of salary, see note 23.

Directors' share options

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

	Exercise price	**At 30 September 2021 Number**	At 1 October 2020 Number	Exercise period
C Robertson	59.06p	**400,000**	400,000	September 2019 to July 2027
N Bolton	0.00p	**1,200,000**	1,200,000	December 2019 to December 2026
D Deacon	0.00p	**600,000**	600,000	December 2019 to December 2026
		2,200,000	2,200,000	

The vesting of options takes place proportionally over time which is typically a period of three years. The vesting of options is not subject to any performance criteria, other than remaining in employment.

The average share price for the year was 96.63 pence (2020: 93.41 pence) and the closing share price was 107.50 pence (2020: 82.50 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 2021 and at 1 October 2020 according to the register of directors' interests.

	Ordinary shares of 0.25p		**Percentage of issued share capital**	
	2021 Number	2020 Number	**2021 %**	2020 %
R Parry	**285,580**	257,803	**0.22**	0.21
N Climer	**11,733**	-	**0.01**	-
A Carey	**278,173**	278,111	**0.22**	0.22
D Quantrell	**50,000**	50,000	**0.04**	0.04
C Robertson	**1,439,201**	1,439,201	**1.13**	1.14
N Bolton	**2,383,565**	2,383,565	**1.88**	1.90
D Deacon	**1,146,821**	1,146,821	**0.90**	0.91

By order of the Remuneration Committee

Naomi Climer
Chair

1 December 2021

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 2021 which comprise the Consolidated Income Statement, the 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 for the and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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:

We obtained an understanding of how management undertook their going concern assessment to determine if we considered it 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 management's budgeting and forecasting processes by comparing the actual outturn against previous forecasts. Other procedures included:

- considering the impact of Covid-19, Brexit and global semi-conductor shortage on the Group's operations and results in the forecast period to inform stress testing and sensitivity analysis;
- testing the assessment, including forecast liquidity under base and downside scenarios, for clerical accuracy
- obtaining management's cash flow forecasts and assessing whether assumptions made were reasonable and in the case of the downside scenarios, appropriately incorporated the Group's principal risks and uncertainties and our own assessment of those risks;
- re-performing down-side stress testing and sensitivity analysis on the key assumptions to determine whether a change in assumptions could indicate a material uncertainty;
- 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*	70% (2020: 69%) of Group revenue		
Key audit matters		2021	2020
	Revenue Recognition	✓	✓
	Development expenditure capitalisation and carrying value	✓	✓
	Carrying value of goodwill and other recognised intangibles	✓	✓
Materiality	*Group financial statements as a whole* £330,000 (2020: £280,000) based on 0.9% (2020: 0.9%) 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.

The Group has thirteen components four of which we considered individually significant, being Oxford Metrics Plc (the parent company), Vicon Motion Systems Limited, Vicon Motion Systems Inc and Yotta Limited. The group also has four non-significant trading subsidiaries being; Yotta Pty Limited, IMeasureU Limited, ImeasureU Inc, ImeasureU Ltd; two non-trading subsidiaries and three dormant companies.

The group audit team performed full scope audits of the Parent company, Vicon Motion Systems Limited and Yotta Limited.

Vicon Motion Systems Inc, based in Denver, USA, is a significant component of the group. A full scope audit was performed by a US member firm of the BDO International network.

The group audit team performed selected procedures on material balances and transactions in ImeasureU Ltd and Yotta Pty Limited. In addition, analytical procedures were performed at group level on IMeasureU Inc, IMeasureU Limited and the two non-trading subsidiaries.

Our involvement with component auditors

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

- Group audit instructions were provided to the component auditors detailing the materiality, scoping, procedures to be performed and reporting required;
- The Group audit team held meetings with the component auditors to confirm the scope of the work required and the basis of sampling to be used by the component auditor;
- Regular meetings were held to enable the Group audit team to provide direction and supervision throughout the audit process;
- The component auditor's work and reporting was reviewed in detail by the Group audit team as their work progressed and at its conclusion.

* These are areas which have been subject to a full scope audit by the group engagement 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
Revenue Recognition 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. The Group's revenue is a key performance indicator for the market upon which the results of the Group will be assessed. Management exercises judgement in recognising revenue, including the extent of the impact on deferral of revenue relating to ongoing support and maintenance obligations. There is a risk that revenue may not be recognised in the correct period with inappropriate cut-off being applied around the year-end, or the support and maintenance elements of sales made pre year-end not being appropriately deferred. This 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.	***Response*** We reviewed the revenue recognition policies applied to each of the Group's revenue streams and considered their compliance with IFRS 15 'Revenue from Contracts with Customers'. Our work included corroborating management's identification of performance obligations, transaction price allocation and assessment of compliance to contracts on a sample basis. We tested a sample of revenue transactions for each material income stream to verify that revenue was accurately recorded within the accounting system in the correct accounting period. The testing was performed through agreement to evidence of work performed, and recalculation of revenue recognition based on the identified performance obligations and standalone prices. We tested deferred revenue by re-performing calculations for a sample of deferred balances, and checked that the appropriate revenue deferral for contracts containing multiple performance obligations was made in accordance with the accounting standards. Each included review of underlying contracts and other supporting documentation. A sample of accrued income balances was agreed to supporting documentation such as contracts indicating rates per hour and evidence of work performed. ***Key observations*** Based on the results of our work we consider that revenue has been recognised in accordance with the Group's revenue recognition accounting policy and judgements made in respect of this are reasonable.

Key audit matter	How the scope of our audit addressed the key audit matter
Development expenditure capitalisation and carrying value The Group's accounting policy for capitalisation of development expenditure is included within note 2 and the significant judgements are set out in note 3. Development costs are included in Intangible assets and are presented in note 11. Development costs are a significant expense and asset of the Group. Inappropriate capitalisation of those costs could have a material impact on the profit performance of the group in the current year and going forward. Management exercises judgement in consideration of the carrying value of individual projects, including the expected future economic benefits, the allocation of resources and the period over which they anticipate return. In view of the judgements involved we considered the capitalisation and carrying value of development expenditure to be a key audit matter.	***Response*** 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 each significant development project, 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 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.
Carrying value of goodwill and other recognised intangibles The Group's accounting policy for intangible assets is included in note 2 and the significant judgements are set out in note 3. The components of intangible assets are set out in note 11. In accordance with accounting standards, at the end of the reporting period, management have assessed whether there is any indication that the above assets may be impaired. No impairment was identified as at the balance sheet date. Significant judgement is exercised when determining the variables and assumptions used to calculate the values in use of cash generating units ("CGU's"), which were used to determine whether there is any impairment of goodwill and intangible assets (IP and customer relationships). In view of the judgements involved, we considered that these matters give rise to a key matter.	***Response*** We reviewed the policies and procedures regarding the carrying value of goodwill and intangibles and considered their compliance with the requirements of the accounting standards. For each significant CGU, we: – assessed management's impairment reviews which included discounted cash flow forecasts. We reviewed the detailed forecasts and supporting evidence for management's reviews to substantiate the underlying assumptions including predicted growth rates; – used our own valuations specialists to consider the appropriateness of discount rates used; – re-performed management's sensitivity analysis calculations to assess the impact of changes in assumptions on the forecasts. ***Key Observations*** Based on the results of our work we considered management's assessment of impairment to be appropriate.

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**	
	2021	2020	**2021**	2020
Materiality	**£330,000**	£280,000	**£100,000**	£100,000
Basis for determining materiality	**0.9% of revenue**	0.9% of revenue	**2% of profit before tax**	4% of profit before tax
Rationale for the benchmark applied	Revenue was considered the most appropriate measure in assessing performance of the Group for the current year due to the year on year volatility in profit before tax compared to previous financial periods		The parent company incurs and recharges group costs to its subsidiaries and receives intergroup dividends. Profit before tax has been selected as the most appropriate benchmark as it reflects the excess of returns from subsidiaries over group costs.	
Performance materiality	**£231,000**	£196,000	**£70,000**	£70,000
Basis for determining performance materiality	**70% of Group materiality**	70% of Group materiality	**70% of Parent Company materiality**	70% of Parent Company materiality
Rationale for the benchmark applied	In setting the level of performance materiality we have considered the level of specific risk associated with the audit, based on historical findings and potential for aggregation and sampling risk across the group.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 30% and 85% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £100,000 to £280,000. In the audit of each component, we further applied performance materiality levels of 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 £9,900 (2020: £8,400). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • 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. 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.
Matters on which we are required to report by exception	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: • 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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

– obtaining an understanding of the legal and regulatory frameworks applicable to the group, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. Our understanding was informed by discussions with management, the Audit Committee and research by the audit team. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework and relevant tax legislation.

- 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;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The engagement partner's assessment of whether the engagement team
- collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. Discussing among the engagement team including the component audit team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls specifically in relation to the posting of journal adjustments and the inappropriate use of estimates.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter. The Key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- performing a detailed review of the Group's year-end adjusting entries;
- reading minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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
1 December 2021

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 2021

All amounts relate to continuing operations

	Note	2021 £'000	2020 £'000
Revenue	4	**35,627**	30,298
Cost of sales		**(10,442)**	(9,400)
Gross profit		**25,185**	20,898
Sales, support and marketing costs		**(7,806)**	(7,341)
Research and development costs		**(4,951)**	(4,213)
Administrative expenses		**(9,105)**	(7,813)
Other operating income	6	**-**	163
Operating profit		**3,323**	1,694
Finance income		**4**	20
Finance expense		**(106)**	(103)
Share of post-tax loss of equity accounted associate		**-**	(29)
Profit before taxation		**3,221**	1,582
Taxation	9	**(286)**	22
Profit attributable to owners of the parent during the year	6	**2,935**	1,604
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	**2.32p**	1.28p
Diluted earnings per ordinary share (pence)	10	**2.30p**	1.26p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Net profit for the year	**2,935**	1,604
Other comprehensive expense		
Items that will or may be reclassified to profit or loss		
Exchange differences on retranslation of overseas subsidiaries	**(129)**	(353)
Total other comprehensive expense	**(129)**	(353)
Total comprehensive income for the year attributable to owners of the parent	**2,806**	1,251

The notes on pages 33 to 68 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

COMPANY NUMBER: 03998880	**Note**	**Group 2021 £'000**	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Non-current assets					
Goodwill and intangible assets	11	**13,543**	12,551	**-**	-
Property, plant and equipment	13	**1,756**	1,937	**86**	30
Right of use assets	14	**1,978**	2,182	**-**	-
Financial asset - investments	15	**236**	305	**14,894**	14,802
Deferred tax asset	20	**1,877**	974	**542**	298
		19,390	17,949	**15,522**	15,130
Current assets					
Inventories	16	**2,494**	3,439	**-**	-
Trade and other receivables	17	**6,099**	9,224	**1,381**	6,173
Current tax debtor		**118**	82	**-**	-
Cash and cash equivalents		**22,957**	14,940	**12,831**	5,049
		31,668	27,685	**14,212**	11,222
Current liabilities					
Trade and other payables	18	**(12,504)**	(9,931)	**(2,852)**	(3,078)
Lease liabilities	14	**(582)**	(426)	**-**	-
		(13,086)	(10,357)	**(2,852)**	(3,078)
Net current assets		**18,582**	17,328	**11,360**	8,144
Total assets less current liabilities		**37,972**	35,277	**26,882**	23,274
Non-current liabilities					
Other liabilities	21	**(883)**	(609)	**-**	-
Lease liabilities	14	**(1,563)**	(1,909)	**-**	-
Provisions	22	**(32)**	(24)	**-**	-
Deferred tax liability	20	**(3,058)**	(1,994)	**(12)**	-
		(5,536)	(4,536)	**(12)**	-
Net assets		**32,436**	30,741	**26,870**	23,274
Capital and reserves attributable to owners of the parent					
Share capital	23	**317**	314	**317**	314
Shares to be issued	25	**65**	65	**65**	65
Share premium account	25	**18,483**	17,763	**18,483**	17,763
Retained earnings	25	**13,538**	12,437	**8,005**	5,132
Foreign currency translation reserve	25	**33**	162	**-**	-
Total equity shareholders' funds		**32,436**	30,741	**26,870**	23,274

The profit of the Company for the year ended 30 September 2021 was £4,810,000 (30 September 2020: profit of £2,126,000).

The financial statements on pages 28 to 68 were approved and authorised for issue by the Board of Directors on 1 December 2021 and signed on its behalf by

Nick Bolton
Director

David Deacon
Director

The notes on pages 33 to 68 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Group 2021 £'000	Group 2020 Restated* £'000	Company 2021 £'000	Company 2020 £'000
Cash flows from operating activities					
Group operating profit/(loss)		**3,323**	1,694	**(33)**	(123)
Depreciation and amortisation		**3,339**	3,448	**38**	18
Impairment of intangible assets		**1,341**	72	**-**	-
Impairment of investment		**-**	-	**-**	98
Increase in fair value of investment		**(68)**	-	**(68)**	-
Share-based payments		**98**	160	**98**	160
Exchange adjustments		**(69)**	(200)	**(127)**	(52)
Decrease/(increase) in inventories		**1,144**	(225)	**-**	-
Decrease in receivables		**3,126**	2,248	**4,769**	2,924
Increase/(decrease) in payables		**2,223**	(177)	**(225)**	(517)
Cash generated from operating activities		**14,457**	7,020	**4,452**	2,508
Tax paid		**(102)**	(157)	**-**	-
Net cash from operating activities		**14,355**	6,863	**4,452**	2,508
Cash flows from investing activities					
Purchase of property, plant and equipment		**(239)**	(310)	**(94)**	(11)
Purchase of intangible assets		**(2,778)**	(2,511)	**-**	-
Purchase of investment		**-**	(236)	**-**	(236)
Proceeds on disposal of property, plant and equipment		**11**	33	**-**	-
Interest received		**4**	20	**1**	19
Dividends received		**-**	-	**5,000**	-
Acquisition of subsidiary undertaking net of cash acquired	26	**(1,149)**	(128)	**-**	-
Net cash used in investing activities		**(4,151)**	(3,132)	**4,907**	(228)
Cash flows from financing activities					
Principal paid on lease liabilities		**(504)**	(594)	**-**	-
Interest paid		**(1)**	(2)	**-**	-
Interest paid on lease liabilities	31	**(105)**	(101)	**-**	-
Issue of ordinary shares		**687**	322	**687**	322
Equity dividends paid	29	**(2,264)**	(2,253)	**(2,264)**	(2,253)
Net cash used in financing activities		**(2,187)**	(2,628)	**(1,577)**	(1,931)
Net increase in cash and cash equivalents		**8,017**	1,103	**7,782**	349
Cash and cash equivalents at beginning of the period		**14,940**	13,837	**5,049**	4,700
Cash and cash equivalents at end of the period		**22,957**	14,940	**12,831**	5,049

*In the prior year the principal paid on lease liabilities was previously included within cash generated from operating activities. The cashflows in the statement above have been restated to correctly include them within cash flows from financing activities, see note 31.

The notes on pages 33 to 68 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

Group	**Share capital £'000**	**Shares to be issued £'000**	**Share premium account £'000**	**Retained earnings £'000**	**Foreign currency translation reserve £'000**	**Total £'000**
Balance as at 30 September 2019	313	65	17,417	12,851	515	31,161
Net profit for the year	-	-	-	1,604	-	1,604
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	(353)	(353)
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	-	-	-	100	-	100
Dividends	-	-	-	(2,253)	-	(2,253)
Issue of share capital	1	-	346	-	-	347
Share based payment charge	-	-	-	135	-	135
Balance as at 30 September 2020	**314**	**65**	**17,763**	**12,437**	**162**	**30,741**
Net profit for the year	**-**	**-**	**-**	**2,935**	**-**	**2,935**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**(129)**	**(129)**
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	**-**	**-**	**-**	**368**	**-**	**368**
Dividends	**-**	**-**	**-**	**(2,264)**	**-**	**(2,264)**
Issue of share capital	**3**	**-**	**720**	**-**	**-**	**723**
Share based payment charge	**-**	**-**	**-**	**62**	**-**	**62**
Balance as at 30 September 2021	**317**	**65**	**18,483**	**13,538**	**33**	**32,436**

The notes on pages 33 to 68 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

Company	**Share capital £'000**	**Shares to be issued £'000**	**Share premium account £'000**	**Retained earnings £'000**	**Total £'000**
Balance as at 30 September 2019	313	65	17,417	5,061	22,856
Net profit for the year	-	-	-	2,126	2,126
Transactions with owners:					
Tax recognised directly in equity in relation to employee share options	-	-	-	63	63
Dividends	-	-	-	(2,253)	(2,253)
Issue of share capital	1	-	346	-	347
Share based payment charge	-	-	-	135	135
Balance as at 30 September 2020	**314**	**65**	**17,763**	**5,132**	**23,274**
Net profit for the year	**-**	**-**	**-**	**4,810**	**4,810**
Transactions with owners:					
Tax recognised directly in equity in relation to employee share options	**-**	**-**	**-**	**265**	**265**
Dividends	**-**	**-**	**-**	**(2,264)**	**(2,264)**
Issue of share capital	**3**	**-**	**720**	**-**	**723**
Share based payment charge	**-**	**-**	**-**	**62**	**62**
Balance as at 30 September 2021	**317**	**65**	**18,483**	**8,005**	**26,870**

The notes on pages 33 to 68 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006, 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.

In the early months of 2020, a global pandemic had broken out causing governments around the world to impose various restrictions on economies and human populations. This has continued to lesser degree during the past financial year.
The going concern review considered the ongoing impact of the pandemic on the following keys areas:

Market considerations

The Group's primary markets are life sciences, entertainment, engineering, elite sports and local government asset management. The directors have assessed the ongoing impact of Covid-19 on these markets and consider that they have largely continued to operate through the pandemic. Whilst the Life Science and Location Based Entertainment (LBE) sectors have been relatively subdued, Engineering and in particular, the Entertainment sector have recovered strongly. The Group has continued to trade through this period and achieved revenues similar to FY19 which was not affected by the pandemic.

Operational readiness

The manufacturing facilities have remained operational with the Company implementing government advice in 'social distancing' and other measures, including the introduction of a two-shift pattern to reduce the risk of transmission. The Group has also successfully transitioned the non-manufacturing roles to remote working during this period. The Group has not been immune to the well-publicised global semi-conductor shortage caused by the pandemic. Despite extended lead times for inventory replenishment the Group has successfully managed the supply chain challenge during the past year and expect the situation to improve during the next financial year though the Board recognise the potential risk that revenues maybe more second half weighted.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances of £23.0 million (2020: £14.9 million). The financial strength of the Group has enabled it to trade through the pandemic and remains in a relatively strong position to navigate any further disruption.

Stress testing

Continued uncertainty around the scale, timing and impact of the pandemic and associated supply chain situation means that forecasting the impact with any degree of accuracy is difficult. The directors have therefore performed stress testing to model a significant level of sales decline to assess the impact on cash flow. The results 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.

Brexit

The directors have also considered the impact of Brexit on the ability of the Group to continue as a going concern. Based on our assessment Brexit has had an immaterial impact on the Group.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 69.

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

International Accounting Standards (IAS/IFRS)

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

Audit Exemption

IMeasureU Limited and OMG Life Limited, both 100% owned subsidiary undertakings incorporated in England, have claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 30 September 2021. The parent company, Oxford Metrics plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby Oxford Metrics plc will guarantee outstanding liabilities to which IMeasureU Limited and OMG Life Limited are subject as at 30 September 2021.

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 of its subsidiary undertakings drawn up to 30 September 2021.

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

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

Segment reporting

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

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 2021 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Some of the Group's software and 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 Yotta revenue from the sale of software is recognised over the term of the contract on a straight line basis until all performance obligations are fulfilled.

Determining the transaction price and allocating amounts to performance obligations

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

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

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

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants received are included within other operating income in the income statement.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method in accordance with IFRS 3. The consideration for each acquisition is measured at fair value at the date of exchange. Acquisition related costs are recognised in the consolidated income statement as incurred.

Contingent amounts payable to selling shareholders who continue to be employed by the Group, but which is automatically forfeited upon termination of employment, is classified as remuneration for post combination services and is recorded in the consolidated income statement in the period in which it becomes payable. Such cash settled contingent amounts are recognised in accordance with IAS 19 Employee Benefits.

The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date with the exception of deferred tax assets and liabilities which are recognised and measured in accordance with IAS 12 Income taxes.

Goodwill and intangible assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Externally acquired intangible assets

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

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

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

Internally generated intangible assets (research and development costs)

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

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

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed, which is estimated to be 3 - 10 years. The amortisation expense is included within research and development expenses in the consolidated income statement.

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

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

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

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

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

Property, plant and equipment

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

- Computers and equipment 25% - 50%
- Furniture and fixtures 20% or 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Inventories

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

Associates

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

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

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

Leases

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

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

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

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that pre-determines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

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

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

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

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

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

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

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

Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 less than three months.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

Operating leases

Where properties are sublet and designated as operating leases, the rental income received is recognised as other income in the income statement on a straight line basis over the lease term.

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.

Provisions

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

3. Critical accounting estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Estimates, judgements and assumptions

(a) Estimate of useful lives of intangible assets

Intangible assets are amortised over their estimated useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. Within development costs there are a significant number of different projects across the Group. The useful life of each project is assessed on an individual basis. If the remaining useful economic life of each project decreased by 50% at 1 October 2020 the amortisation charge for the year would have increased by £1,644,000. More detail including carrying values is included in note 11.

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

The recoverable amounts of the cash generating units are determined from value in use calculations based on cash flow projections. Changes in the cash flow projections and the discount rates used in these calculations can result in significant variations in the recoverable amounts of the cash generating units. More detail can be found in note 12.

(c) Judgements concerning the determination of the lease term for some contracts where the Group is a lessee, and incremental borrowing rates used to measure lease liabilities

The Group has some property leases which include break clauses and in accordance with IFRS 16 the Group must assess whether, at 30 September 2021, is it reasonably certain that these break clauses will be exercised. Significant judgement is also required to determine the Group's incremental borrowing rate at the date of commencement of the leases recognised under IFRS 16. More detail can be found in note 14.

(d) Judgements concerning the treatment of a sublease as an operating lease

The Group acts as an intermediate lessor on one of its property leases in which part of the right of use asset is sublet to a third party. Management considers that this sublease meets the definition of an operating lease under IFRS 16 and the rental income received is recognised as other income in the income statement on a straight line basis over the sublease term.

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

The fair value of intellectual property acquired in business combinations is based on the royalty relief method. The fair value of the intellectual property acquired with Contemplas GmbH during the year was determined using a discount factor of 14% and royalty rate of 14%. If the estimation of the discount factor had increased by 1% the resulting fair value of the intellectual property at 30 September 2021 would have decreased by £67,000. If the estimation of the discount factor had decreased by 1% the resulting fair value of the intellectual property at 30 September 2021 would have increased by £72,000. If the estimation of the royalty rate had increased/decreased by 1% the resulting fair value of the intellectual property at 30 September 2021 would have increased/decreased by £126,000.

(f) 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

All revenue is from continuing operations.

Revenue	**2021 £'000**	2020 £'000
Vicon UK	**17,260**	13,540
Vicon USA	**10,311**	9,228
Vicon Group	**27,571**	22,768
Yotta	**8,056**	7,530
Oxford Metrics Group	**35,627**	30,298

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021			
	Vicon UK £'000	**Vicon USA £'000**	**Yotta £'000**	**Total £'000**
Timing of the transfer of goods and services				
Point in time	**15,606**	**8,353**	**1,747**	**25,706**
Over time	**1,654**	**1,958**	**6,309**	**9,921**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**
Contract Counterparties				
Direct to consumers	**4,750**	**9,265**	**6,773**	**20,788**
Third party distributor	**12,510**	**1,046**	**1,283**	**14,839**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**
By destination				
UK	**3,519**	**-**	**7,741**	**11,260**
Germany	**1,591**	**-**	**-**	**1,591**
Italy	**484**	**-**	**-**	**484**
Netherlands	**435**	**-**	**22**	**457**
France	**220**	**-**	**-**	**220**
Poland	**355**	**-**	**-**	**355**
Rest of Europe	**1,601**	**-**	**6**	**1,607**
Canada	**-**	**1,221**	**-**	**1,221**
USA	**-**	**8,920**	**-**	**8,920**
Rest of North America	**2**	**104**	**-**	**106**
Australia	**530**	**-**	**269**	**799**
Hong Kong	**1,277**	**-**	**-**	**1,277**
Japan	**3,290**	**-**	**-**	**3,290**
South Korea	**1,364**	**-**	**-**	**1,364**
China	**2,254**	**-**	**-**	**2,254**
Rest of Asia Pacific	**338**	**-**	**-**	**338**
Other	**-**	**66**	**18**	**84**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2020			
	Vicon UK £'000	Vicon USA £'000	Yotta £'000	Total £'000
Timing of the transfer of goods and services				
Point in time	12,240	7,231	1,775	21,246
Over time	1,300	1,997	5,755	9,052
Oxford Metrics Group	13,540	9,228	7,530	30,298

Contract Counterparties				
Direct to consumers	2,831	8,617	6,420	17,868
Third party distributor	10,709	611	1,110	12,430
Oxford Metrics Group	13,540	9,228	7,530	30,298

By destination				
UK	2,248	-	7,227	9,475
Germany	613	-	-	613
Italy	231	-	-	231
Netherlands	449	-	29	478
France	189	-	-	189
Switzerland	294	-	-	294
Russia	350	-	-	350
Rest of Europe	1,003	-	2	1,005
Canada	-	1,006	-	1,006
USA	1	7,706	-	7,707
Rest of North America	6	227	-	233
Australia	1,307	-	256	1,563
Hong Kong	3,205	-	-	3,205
Japan	3,061	-	-	3,061
South Korea	323	-	-	323
Rest of Asia Pacific	260	-		260
Other	-	289	16	305
Oxford Metrics Group	13,540	9,228	7,530	30,298

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Vicon revenue by market		
Engineering	**5,763**	4,139
Entertainment	**11,884**	6,732
Life sciences	**9,106**	10,696
Location based entertainment	**818**	1,201
Vicon Group*	**27,571**	22,768

Yotta revenue by type		
Software	**4**	12
Rendering of services	**2,057**	2,095
SaaS	**3,164**	2,680
Support	**2,831**	2,743
Yotta Group	**8,056**	7,530

Group revenue by type		
Sale of hardware	**22,496**	18,221
Sale of software	**1,666**	1,578
Rendering of services	**4,542**	3,958
SaaS	**3,305**	2,790
Support	**3,618**	3,751
Oxford Metrics Group	**35,627**	30,298

Group revenue by origin		
UK	**24,786**	20,796
Europe	**238**	-
North America	**10,311**	9,228
Asia Pacific	**292**	274
Oxford Metrics Group	**35,627**	30,298

*This additional information is provided to the Chief Operating Decision Maker. Further analysis by market is not available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Contract balances

	2021	
	Contract assets £'000	**Contract liabilities £'000**
At 1 October 2020	**411**	**5,850**
Transfers from contract assets to trade receivables	**(1,525)**	**-**
On acquisition	**-**	**227**
Amounts included in contract liabilities recognised as revenue during the period	**-**	**(13,459)**
Excess of revenue recognised over cash during the period	**1,375**	**-**
Cash received in advance of performance and not recognised as revenue during the period	**-**	**14,926**
Foreign exchange differences	**-**	**(70)**
At 30 September 2021	**261**	**7,474**

	2020	
	Contract assets £'000	Contract liabilities £'000
At 1 October 2019	787	5,370
Transfers from contract assets to trade receivables	(1,518)	-
Amounts included in contract liabilities recognised as revenue during the period	-	(9,498)
Excess of revenue recognised over cash during the period	1,141	-
Cash received in advance of performance and not recognised as revenue during the period	-	10,062
Foreign exchange differences	1	(84)
At 30 September 2020	411	5,850

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 software and 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 for which the practical expedient in paragraph 121(a) of IFRS 15 applies. 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 2021	**2022 £'000**	**2023 £'000**	**2024 £'000**	**2025 £'000**	**2026 £'000**	**2027 £'000**
Support contracts	**2,972**	**414**	**249**	**83**	**22**	**11**
Software contracts	**3,143**	**1,378**	**590**	**199**	**-**	**-**
	6,115	**1,792**	**839**	**282**	**22**	**11**

At 30 September 2020	2021 £'000	2022 £'000	2023 £'000	2024 £'000	2025 £'000	2026 £'000
Support contracts	2,649	604	376	299	281	8
Software contracts	1,477	862	473	301	-	-
	4,126	1,466	849	600	281	8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

The Group comprises 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; and
- Yotta Group: This is the provision of software and services for the management of infrastructure assets for Government Agencies, Local Government and major infrastructure contractors.

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

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

Intra segment sales between Vicon UK and Vicon USA are eliminated prior to management and internal reporting, and hence are not shown separately in the analysis below. The total intra segment sales between Vicon UK and Vicon USA in the year ended 30 September 2021 are £4,439,000 (2020: £3,766,000).

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

	2021				2020			
	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
Vicon UK	**3,229**	**(1,344)**	**1,130**	**3,015**	1,571	(275)	393	1,689
Vicon USA	**3,562**	**-**	**(3,065)**	**497**	3,277	-	(2,218)	1,059
Vicon Group	**6,791**	**(1,344)**	**(1,935)**	**3,512**	4,848	(275)	(1,825)	2,748
Yotta	**793**	**(286)**	**(920)**	**(413)**	(115)	(398)	(758)	(1,271)
Unallocated	**(2,763)**	**30**	**2,855**	**122**	(2,174)	(304)	2,583	105
Oxford Metrics Group	**4,821**	**(1,600)**	**-**	**3,221**	2,559	(977)	-	1,582

Adjusted profit before tax is detailed in note 7.

	Segment depreciation and amortisation	
	2021 £'000	2020 £'000
Vicon UK	**3,436**	2,263
Vicon USA	**208**	208
Vicon Group	**3,644**	2,471
Yotta	**998**	1,031
Unallocated	**38**	18
Oxford Metrics Group	**4,680**	3,520

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Non-current assets		Additions to non-current assets		Carrying amount of segment assets		Carrying amount of segment liabilities	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Vicon UK	**10,324**	9,581	**2,137**	3,221	**22,962**	23,320	**(8,702)**	(5,827)
Vicon USA	**941**	1,071	**33**	317	**6,971**	5,938	**(2,989)**	(2,802)
Vicon Group	**11,265**	10,652	**2,170**	3,538	**29,933**	29,258	**(11,691)**	(8,629)
Yotta Group	**7,262**	6,664	**1,078**	1,806	**13,193**	16,511	**(5,952)**	(5,856)
Unallocated	**863**	633	**94**	247	**13,984**	5,917	**(979)**	(408)
OMG Life Group*	**-**	-	**-**	-	**(6,052)**	(6,052)	**-**	-
Oxford Metrics Group	**19,390**	17,949	**3,342**	5,591	**51,058**	45,634	**(18,622)**	(14,893)

* 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):

	2021	2020
	£'000	£'000
Amortisation of right of use assets (note 14)	**522**	528
Depreciation of property, plant and equipment - owned (note 13)	**495**	610
Amortisation of customer relationships (note 11)	**249**	312
Amortisation of intellectual property (note 11)	**261**	245
Amortisation of development costs (note 11)	**1,812**	1,753
Impairment of development costs (note 11)	**360**	72
Impairment of intellectual property (note 11)	**981**	-
Share based payments – equity settled	**36**	25
Share option charges (note 24)	**62**	135
Operating lease charges – land and buildings	**3**	-
Foreign exchange gain/(loss)	**10**	(24)
Grant income receivable	**-**	(163)

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

	2021	2020
	£'000	£'000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	**87**	73
Fees payable to the Company's auditor for other services:		
The audit of financial statements of subsidiaries pursuant to legislation	**66**	60
Tax services	**53**	63
	206	196

Audit services include £13,500 in respect of the Company (2020: £13,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. Reconciliation of adjusted profit before tax

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

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

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

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

	2021 £'000	2020 £'000
Profit before tax	**3,221**	1,582
Share option charges	**62**	135
Amortisation of intangibles arising on acquisition	**507**	541
Impairment of intangible arising on acquisition	**981**	-
Reorganisation costs	**32**	74
Aborted transaction costs	**-**	198
Costs associated with the acquisition of Contemplas	**86**	-
Adjustment to fair value of investment	**(68)**	-
Share of post-tax loss of equity accounted associate	**-**	29
Adjusted profit before tax	**4,821**	2,559

Adjusted earnings per share for profit on total operations attributable to owners of the parent during the year		
Basic earnings per share (pence)	**3.59p**	2.05p
Diluted earnings per share (pence)	**3.56p**	2.02p

The adjusted profit before tax for the Vicon and Yotta business segments which are included within the Group's continuing operations is shown in detail below;

	Vicon Group	
	2021 £'000	2020 £'000
Profit before tax	**3,512**	2,748
Share option charges	**13**	33
Amortisation of intangibles arising on acquisition	**258**	242
Impairment of intangible arising on acquisition	**981**	-
Reorganisation costs	**6**	-
Costs associated with the acquisition of Contemplas	**86**	-
Reapportion Group overheads	**1,935**	1,825
Adjusted profit before tax	**6,791**	4,848

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Yotta Group	
	2021	2020
	£'000	£'000
Loss before tax	**(413)**	(1,271)
Share option charges	**11**	25
Amortisation of intangibles arising on acquisition	**249**	299
Reorganisation costs	**26**	74
Reapportion Group overheads	**920**	758
Adjusted profit/(loss) before tax	**793**	(115)

8. Directors and employees

Staff costs during the year were as follows:

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Wages and salaries	**14,560**	13,424	**1,666**	1,335
Share-based payments	**98**	160	**74**	102
Social security costs	**1,439**	1,290	**207**	160
Other pension costs	**675**	634	**60**	56
	16,772	15,508	**2,007**	1,653

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

	2021 Number	2020 Number
Development	**66**	69
Sales and customer support	**72**	70
Production and production services	**49**	50
Management and administration	**27**	26
	214	215

The average number of employees of the Company during the year was 10 (2020:10) all of which are classified as management and administration.

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

Key management personnel compensation:

	2021 £'000	2020 £'000
Wages and salaries	**1,276**	957
Share-based payments	**34**	69
Social security costs	**130**	112
Other pension costs	**19**	19
Benefits in kind	**4**	4
	1,463	1,161

The number of directors accruing benefits under Group pension schemes was 1 (2020: 1).

Exercise of directors' share options

During the year no directors (2020: no directors) exercised share options.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Taxation

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

	2021 £'000	2020 £'000
United Kingdom corporation tax at 19.0% (2020: 19.0%)	**60**	89
Overseas taxation	**228**	297
Adjustments in respect of prior year	**(3)**	(56)
Current taxation	**285**	330
Deferred taxation (note 20)	**1**	(352)
Total taxation expense/(credit)	**286**	(22)

At 30 September 2021, the Group had an undiscounted deferred tax asset of £1,877,000 (2020: £974,000). 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, respectively (2020: 19% and 25%, respectively) and are detailed in note 20.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2020: lower than the standard rate of 19%).

The differences are explained as follows:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	**3,221**	1,582
Expected tax expense based on the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**612**	300
Effect of:		
Expenses not deductible for tax purposes	**255**	90
Recognition of previously unrecognised deferred tax asset	**-**	(37)
Unrelieved current year losses	**(161)**	90
Utilisation of losses brought forward	**(32)**	(14)
Adjustments to tax charge in respect of prior year current tax	**(8)**	(56)
Adjustments to tax charge in respect of prior year deferred tax	**(62)**	-
Higher rates on overseas taxation	**42**	86
Research and development tax credit	**(310)**	(621)
Effect of tax rate change	**(50)**	140
Total tax expense/(credit)	**286**	(22)

During the year the UK Government substantively enacted an increase in the corporation tax rate to 25.0% effective from 1 April 2023. The deferred tax asset and liability as at 30 September 2021 has been calculated based on the rate of 25.0% unless the asset/liability is expected to be realised or settled before the rate increase in which case the rate of 19.0% has been used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. Earnings/(loss) per share

	2021			2020		
	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 and total operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**2,935**	**126,437**	**2.32**	1,604	125,568	1.28
Dilutive effect of employee share options	**-**	**993**	**(0.02)**	-	2,083	(0.02)
Diluted earnings per share	**2,935**	**127,430**	**2.30**	1,604	127,651	1.26

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. Goodwill and intangible assets

Group	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost					
At 1 October 2020	2,456	3,235	21,330	3,629	30,650
Additions	-	3	2,775	-	2,778
On acquisition (note 26)	-	1,898	-	-	1,898
Translation difference	(3)	-	-	(21)	(24)
At 30 September 2021	**2,453**	**5,136**	**24,105**	**3,608**	**35,302**
Amortisation					
At 1 October 2020	2,207	1,586	14,306	-	18,099
Charge for the year	249	261	1,812	-	2,322
Impairment	-	981	360	-	1,341
Translation difference	(3)	-	-	-	(3)
At 30 September 2021	**2,453**	**2,828**	**16,478**	**-**	**21,759**
Net book value at 30 September 2021	**-**	**2,308**	**7,627**	**3,608**	**13,543**
Net book value at 30 September 2020	249	1,649	7,024	3,629	12,551

All development costs are internally generated.

The partial impairment of intellectual property during the year relates to intellectual property originally recognised on the acquisition of IMeasureU Limited (New Zealand). The impairment of development costs during the year relates to IMU Step.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Group	Customer relationships £'000	Intellectual property £'000	Development costs £'000	Goodwill £'000	Total £'000
Cost					
At 1 October 2019	2,455	3,234	18,819	3,655	28,163
Additions	-	-	2,511	-	2,511
Translation difference	1	1	-	(26)	(24)
At 30 September 2020	**2,456**	**3,235**	**21,330**	**3,629**	**30,650**
Amortisation					
At 1 October 2019	1,893	1,340	12,481	-	15,714
Charge for the year	312	245	1,753	-	2,310
Impairment	-	-	72	-	72
Translation difference	2	1	-	-	3
At 30 September 2020	**2,207**	**1,586**	**14,306**	**-**	**18,099**
Net book value at 30 September 2020	**249**	**1,649**	**7,024**	**3,629**	**12,551**
Net book value at 30 September 2019	562	1,894	6,338	3,655	12,449

None of the goodwill included in the tables above has been internally generated.

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

Intellectual property	6-10 years
Development costs	1-10 years
Goodwill	Indefinite

12. 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 **2021** **£'000**	2020 £'000
Vicon:		
Vicon USA cash generating unit (Peak)	**518**	539
Vicon UK cash generating unit (IMeasureU)	**1,076**	1,076
Yotta:		
Yotta cash generating unit	**2,014**	2,014
	3,608	3,629

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 2022 and 30 September 2023.

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

- Vicon UK (IMeasureU) exceeds its carrying amount by £2.8m (2020: £8.3m); and
- Yotta (previously known as Mayrise) exceeds its carrying amount by £23.1m (2020: £26.5m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 2023 and assumes a perpetuity based terminal value).

	Peak 2021 %	**IMU 2021 %**	**Yotta 2021 %**
Pre tax discount rate	**12.5**	**13.0**	**11.5**
Average operating margin	**39.9**	**35.0**	**11.0**
Growth rate	**3.0**	**3.0**	**3.0**

	Peak 2020 %	IMU 2020 %	Yotta 2020 %
Pre tax discount rate	15.0	22.0	11.0
Average operating margin	38.0	5.0	15.0
Growth rate	1.0	5.0	4.0

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

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. All discount rates would have to move significantly in order for the carrying values to be impaired. A growth rate of 0% would not result in any of the carrying values being impaired. The operating margins would have to move significantly in order for goodwill carrying values to be impaired.

13. Property, plant and equipment

Group	**Computers and equipment £'000**	**Furniture and fixtures £'000**	**Demonstration equipment £'000**	**Leasehold improvements £'000**	**Total £'000**
Cost					
At 30 September 2020	2,429	423	781	1,389	5,022
Additions	212	1	12	14	239
On acquisition	32	59	-	2	93
Disposals	(1,047)	(29)	(108)	-	(1,184)
Translation differences	(10)	-	(9)	-	(19)
At 30 September 2021	**1,616**	**454**	**676**	**1,405**	**4,151**
Depreciation					
At 30 September 2020	2,106	313	131	535	3,085
Charge for the year	281	57	17	140	495
Disposals	(1,043)	(29)	(101)	-	(1,173)
Translation differences	(9)	-	(3)	-	(12)
At 30 September 2021	**1,335**	**341**	**44**	**675**	**2,395**
Net book value at 30 September 2021	**281**	**113**	**632**	**730**	**1,756**
Net book value at 30 September 2020	323	110	650	854	1,937

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Group	**Computers and equipment £'000**	**Furniture and fixtures £'000**	**Demonstration equipment £'000**	**Leasehold improvements £'000**	**Total £'000**
Cost					
At 1 October 2019	2,489	425	742	1,527	5,183
Additions	171	2	77	60	310
Disposals	(221)	(3)	(28)	(198)	(450)
Translation differences	(10)	(1)	(10)	-	(21)
At 30 September 2020	**2,429**	**423**	**781**	**1,389**	**5,022**
Depreciation					
At 1 October 2019	2,019	262	110	512	2,903
Charge for the year	309	55	26	220	610
Disposals	(215)	(3)	(2)	(197)	(417)
Translation differences	(7)	(1)	(3)	-	(11)
At 30 September 2020	**2,106**	**313**	**131**	**535**	**3,085**
Net book value at 30 September 2020	**323**	**110**	**650**	**854**	**1,937**
Net book value at 30 September 2019	470	163	632	1,015	2,280

Company	**Computers and equipment £'000**
Cost	
At 1 October 2020	155
Additions	94
Disposals	(3)
At 30 September 2021	**246**
Depreciation	
At 1 October 2020	125
Charge for the year	38
Disposals	(3)
At 30 September 2021	**160**
Net book value at 30 September 2021	**86**
Net book value at 30 September 2020	30

Company	**Computers and equipment £'000**
Cost	
At 1 October 2019	214
Additions	11
Disposals	(70)
At 30 September 2020	**155**
Depreciation	
At 1 October 2019	177
Charge for the year	18
Disposals	(70)
At 30 September 2020	**125**
Net book value at 30 September 2020	**30**
Net book value at 30 September 2019	37

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. 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 2020	2,158	24	2,182
Additions	326	-	326
Amortisation	(512)	(10)	(522)
Translation differences	(8)	-	(8)
At 30 September 2021	**1,964**	**14**	**1,978**

Lease liabilities

Group	Land and buildings £'000	Motor Vehicles £'000	Total £'000
At 1 October 2020	2,312	23	2,335
Additions	326	-	326
Interest expense	104	1	105
Lease payments	(598)	(11)	(609)
Translation differences	(12)	-	(12)
At 30 September 2021	**2,132**	**13**	**2,145**

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

Group	**2021 £'000**	2020 £'000
Within 1 year	**603**	480
Between 1-2 years	**510**	443
Between 2-3 years	**411**	346
Between 3-4 years	**411**	325
Between 4-5 years	**398**	338
Over 5 years	**147**	492
	2,480	2,424
Effect of discounting	**(335)**	(89)
Lease liability	**2,145**	2,335

The Group sometimes negotiates break clauses in its property leases. On a case by case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term; and
- The economic stability of the environment in which the property is located.

At 1 October 2020 the carrying amount of lease liabilities are reduced by the amount of payments that would be avoided from exercising break clauses because at this date it was not considered reasonably certain that the Group would not exercise its right to break the leases.

At 30 September 2021 the total future minimum sublease payments expected to be received under non - cancellable subleases was £52,000 (2020: £45,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Investments

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Shares in subsidiary undertakings – cost				
At 1 October	**-**	-	**14,497**	14,537
Capital contribution	**-**	-	**24**	58
Impairment	**-**	-	**-**	(98)
At 30 September	**-**	-	**14,521**	14,497
Investment in associate – equity accounted				
At 1 October	**-**	29	**-**	29
Share of post-tax loss of equity accounted associate	**-**	(29)	**-**	(29)
At 30 September	**-**	-	**-**	-
Other investments – cost and fair value				
At 1 October	**305**	69	**305**	69
Increase in fair value of investment	**68**	-	**68**	-
Transfer to subsidiary undertakings	**(137)**	-	**-**	-
Addition	**-**	236	**-**	236
At 30 September	**236**	305	**373**	305
Total financial assets - investments	**236**	305	**14,894**	14,802

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 Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Yotta Limited	Provision of computer software, hardware and maintenance contracts	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Yotta Pty Limited*	Provision of computer software, hardware and maintenance contracts	Australia	Allan Hall Business Advisors Pty Ltd, Suite 126, 117 Old Pittwater Rd, Brookvale NSW 2100
OMG Life Limited	Non trading company	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
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
IMeasureU, Inc.*	Development and sale of computer software and equipment	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Name of entity	Principal activity	Country of incorporation	Registered office
IMeasureU Limited*	Sale of computer software and equipment	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Contemplas GmbH*	Development and sale of computer software and equipment	Germany	Albert-Einstein-Straße 6 D-87437 Kempten Germany
Oxford Metrics Limited	Non trading company	Ireland	6th floor South Bank House, Barrow street, Dublin 4

*Investment held indirectly.

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

Equity investments

During the year ended 30 September 2005 the Company acquired 12% of the equity in Contemplas GmbH, a business start-up incorporated in Germany, in return for a capital injection of €100,000 (£69,000). This investment was previously stated at fair value through profit or loss and an increase in its fair value of £68,000 was recognised during the year. On 31 August 2021 the Group acquired the remaining 88% of the equity, see note 26.

During the year ended 30 September 2020 the Company acquired 3% of the equity in a business start-up incorporated in the US in return for a total consideration of $300,000 (£236,000). This investment is stated at fair value through profit or loss, which is not materially different to cost. There were no movements in the fair value of this investment during the year ended 30 September 2021 or 2020.

Investment in Associate

During the year ended 30 September 2017 the Company acquired 25% of the ordinary share capital of Pimloc Limited, an equity accounted associate incorporated in England, whose registered office is 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU. As at 30 September 2020 the Group's share of post tax losses had reduced the value of this equity accounted investment to £nil and therefore no further losses have been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

16. Inventories

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Finished goods	**1,330**	2,097	**-**	-
Component parts	**1,164**	1,342	**-**	-
	2,494	3,439	**-**	-

The cost of inventories recognised as an expense and included in cost of sales is £7,482,000 (2020: £5,999,000).

During the year £325,000 of inventories were impaired (2020: £444,000). Inventories written off and included within cost of sales were £39,000 (2020: £nil).

17. Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade receivables	**4,621**	7,656	**-**	-
Provision for impairment of trade receivables	**(10)**	(110)	**-**	-
Net trade receivables	**4,611**	7,546	**-**	-
Amounts owed by other Group undertakings	**-**	-	**1,145**	5,918
Other debtors	**146**	65	**18**	43
Prepayments	**1,081**	1,202	**218**	212
Contract assets	**261**	411	**-**	-
	6,099	9,224	**1,381**	6,173

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

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

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to 30 September 2021. The ageing categories used for the provision matrix are: current, up to 30 days past due, 31 to 60 days past due, 61 to 90 days past due, and more than 90 days past due. The historical loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers. At 30 September 2021 the lifetime expected credit loss for trade receivables and contract assets was immaterial to the Group.

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

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Sterling	**3,627**	6,319	**1,604**	6,173
Euro	**453**	123	**-**	-
US Dollar	**1,834**	2,567	**(223)**	-
NZ Dollar	**76**	60	**-**	-
AUS Dollar	**109**	155	**-**	-
	6,099	9,224	**1,381**	6,173

The negative US dollar balance above relates to the foreign currency element of a larger debtor balance due from Vicon Motion Systems Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
At 1 October	**110**	-	**-**	-
Credited during the year	**(110)**	110	**-**	-
On acquisition	**10**	-	**-**	-
At 30 September	**10**	110	**-**	-

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.

18. Trade and other payables

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade payables	**2,506**	2,004	**87**	85
Amounts payable to Group undertakings	**-**	-	**2,074**	2,626
Social security and other taxes	**289**	246	**-**	-
Other creditors	**15**	847	**-**	-
Corporation tax	**162**	-	**-**	-
Accruals	**2,941**	1,593	**691**	367
Contract liabilities	**6,591**	5,241	**-**	-
	12,504	9,931	**2,852**	3,078

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

19. 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 less than three months. The interest rates earned (all of which are variable throughout the year) are compared with those available from other financial institutions of comparable credit status.

The rate of interest earned during the year on cash deposits was 0.01% (2020: 0.19%).

	2021						2020					
	GBP £'000	**Euro £'000**	**US$ £'000**	**NZ$ £'000**	**AUS$ £'000**	**Total £'000**	GBP £'000	Euro £'000	US$ £'000	NZ$ £'000	AUS$ £'000	Total £'000
Group cash at bank and in hand	**13,648**	**596**	**8,599**	**55**	**59**	**22,957**	10,979	186	3,550	79	146	14,940

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

All of the Company's cash at bank and in hand in the current and prior year is held in GBP.

Management considers a 0.75 basis point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 0.75 basis points and all other variables held constant the Group's profit for the year ended 30 September 2021 would decrease by £1,000/increase by £92,000 (2020: decrease by £20,000/increase by £77,000). There would be no impact on other equity reserves.

As disclosed in note 15 the Group has equity investments of £236,000 denominated in US dollars at 30 September 2021 and £305,000 denominated in Euros and US dollars at 30 September 2020. These investments are measured at fair value through profit or loss in the Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement.

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

Borrowing facilities

The Group and Company have no borrowings.

The Group operates a Multi-Currency Balance Management Arrangement between certain Group companies. This arrangement may result in individual accounts of certain entities showing debit balances. However, due to the arrangements in place, such debit balances do not incur interest charges and the Group position must always result in a net deposit balance as there is no borrowing facility. Therefore, such accounts are presented net as cash and cash equivalents on the face of the Consolidated and Company Statement of Financial Position.

Risk management

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

Liquidity risk

At 30 September 2021 the Group's cash and short term deposits amounted to £22,957,000 (2020: £14,940,000). 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 17.

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 7.2% (2020: 10.7%). If Sterling had strengthened against the dollar at year end by 10% it would have increased the Group profit by £119,000 (2020: increased Group profit by £272,000). If Sterling had weakened against the dollar at year end by 10% it would have decreased the Group profit by £145,000 (2020: decreased Group profit by £332,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

	2021				
Functional currency of operation:	**Sterling £'000**	**US$ £'000**	**NZ$ £'000**	**Euro £'000**	**Total £'000**
Sterling	**-**	**1,574**	**(1,171)**	**701**	**1,104**
US dollar	**4,084**	**-**	**-**	**-**	**4,084**
NZ dollar	**(2,697)**	**6**	**-**	**-**	**2,703**

	2020				
Functional currency of operation:	Sterling £'000	US$ £'000	NZ$ £'000	Euro £'000	Total £'000
Sterling	-	(304)	(570)	209	(665)
US dollar	4,084	-	-	-	4,084
NZ dollar	(2,006)	(18)	-	-	(2,024)

Fair value of financial assets and financial liabilities

Fair value measurement

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

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

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

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

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

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

- Equity investment (note 15);

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

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

Financial assets	**Group 2021 £'000**	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Amortised cost				
Trade receivables	**4,611**	7,546	**-**	-
Other debtors	**106**	59	**-**	-
Contract assets	**261**	411	**-**	-
Cash and cash equivalents	**22,957**	14,940	**12,831**	5,049
Fair value through profit or loss				
Equity investment	**236**	305	**373**	305
At 30 September	**28,171**	23,261	**13,204**	5,354

Financial liabilities	**Group 2021 £'000**	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Amortised cost				
Trade payables	**2,506**	2,004	**87**	85
Provision	**32**	24	**-**	-
Accruals	**2,941**	1,593	**691**	367
At 30 September	**5,479**	3,621	**778**	452

Capital management

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

20. Deferred tax

	Group Deferred tax asset £'000	Group Deferred tax liability £'000	Company Deferred tax asset £'000	Company Deferred tax liability £'000
At 1 October 2019	405	(1,797)	250	-
Charged to the income statement (note 9)	560	(208)	12	-
Charged directly to equity	9	11	36	-
At 30 September 2020	**974**	**(1,994)**	**298**	**-**
Charged to the income statement (note 9)	597	(598)	(5)	-
Charged directly to equity	306	9	237	-
On acquisition	-	(475)	-	-
At 30 September 2021	**1,877**	**(3,058)**	**530**	**-**

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

The following table summarises the provided tax asset and liability.

Recognised – asset	**Group 2021 £'000**	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Depreciation in excess of capital allowances	**-**	22	**-**	4
Tax relief on unexercised employee share options	**690**	386	**542**	294
Unrelieved losses carried forward	**1,033**	497	**-**	-
Short term timing differences	**154**	69	**-**	-
	1,877	974	**542**	298
Recognised - liability				
Recognition of intangible asset	**(978)**	(523)	**(12)**	-
Capital allowances in excess of depreciation	**(2,080)**	(1,471)	**-**	-
	(3,058)	(1,994)	**(12)**	-

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 2020: 19% and 25% respectively). 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 2021, the Group has un-provided deferred tax assets of £1,081,000 arising on unrelieved trading losses for which recoverability is not certain (2020: £861,000). The gross amount of these losses is £4,175,000 (2020: £4,025,000).

21. Other liabilities

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Contract liabilities	**883**	609	**-**	-

The contract liabilities above relates to revenue from support contracts which cover a period of more than 12 months from 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

22. Provisions

	Group £'000	Company £'000
At 1 October 2020	24	-
Charged to income statement – leasehold dilapidations	8	-
At 30 September 2021	**32**	**-**

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.

23. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
126,937,668 shares of 0.25p (2020: 125,734,658 shares of 0.25p)	**317**	314

During the year ended 30 September 2021 1,163,500 shares (2020: 568,279 shares) were issued relating to share options that were exercised. In addition 27,777 shares (2020: 28,249 shares) and 11,733 shares (2020: no shares) were issued in satisfaction of salary to the non-executive chairman Roger Parry and the non-executive director Naomi Climer respectively.

At 30 September 2021 options were outstanding over 3,495,000 ordinary shares of 0.25p each (2020: 4,681,000) including those held by directors as follows:

Number of shares over which options granted	**Exercise price**	**Exercise period**
1,800,000	0.00p	December 2019 to December 2026
50,000	33.12p	March 2015 to March 2022
1,645,000	59.06p	September 2019 to July 2027

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

The market price of the ordinary shares at 30 September 2021 was 107.50p (2020: 82.50p) and the range during the year was 74.00p to 112.00p (2020: 71.00p to 125.50p). Shares to be issued are detailed in the Statement of Changes in Equity.

24. 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. 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. Options were valued using the Monte-Carlo option-pricing model. 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 2021

A reconciliation of option movements over the year to 30 September 2021 is shown below:

	2021		2020	
	Number ‘000	**Weighted average exercise price (pence)**	Number ‘000	Weighted average exercise price (pence)
Outstanding at 1 October	**4,681**	**36.07**	5,289	38.45
Exercised	**1,164**	**59.06**	568	56.60
Forfeited	**22**	**59.06**	40	59.06
Outstanding at 30 September	**3,495**	**28.27**	4,681	36.07
Exercisable at 30 September	**3,045**	**32.45**	2,956	40.64

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2021 was 98.57p (2020: 97.58p).

Share options outstanding at the year end

	2021			2020		
Range of exercise prices (pence)	**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)
0.00	**0.00**	**1,800**	**5**	0.00	1,800	6
33.12	**33.12**	**50**	**-**	33.12	50	1
59.06	**59.06**	**1,645**	**6**	59.06	2,831	7

The total charge for the year relating to employee share based payment plans was £62,000 (2020: £135,000), all of which related to equity-settled share based payment transactions.

There were no options granted in the year ended 30 September 2021 or 30 September 2020.

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

25. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on page 31. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

26. Business combinations

On 31 August 2021 the Group purchased the remaining 88% of the share capital of Contemplas GmbH, a company registered in Germany, having previously purchased 12% in the year ended 30 September 2005 (see note 15). The principal activity of Contemplas GmbH is the development and sale of computer software. The total amount payable, including contingent amounts which are deemed remuneration, is £2,153,000. The purchase has been accounted for as an acquisition.

All intangible assets have been recognised at their respective provisional fair values. The period of assessment of these provisional values remains open up to a maximum of 12 months from the relevant acquisition date. As at the year end the assessment was not complete and accordingly the fair values presented are provisional. The residual excess over the net assets acquired, including intangible assets, is recognised as goodwill in the financial statements.

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

	Book value £'000	Provisional Fair valuation £'000	**Provisional Fair value £'000**
Intellectual property	-	1,898	**1,898**
Property, plant and equipment	93	-	**93**
Inventory	262	(35)	**227**
Accounts receivable	89	(9)	**80**
Other debtors	25	-	**25**
Cash	(11)	-	**(11)**
Accounts payable	(126)	-	**(126)**
Deferred income	(99)	(128)	**(227)**
Other creditors	(201)	(8)	**(209)**
Deferred tax liability	-	(475)	**(475)**
Net business assets acquired	32	1,242	**1,275**

Consideration:	**£'000**
Cash	**1,138**
Fair value of existing investment	**137**
Provisional goodwill arising	**-**

The cash consideration paid, net of cash overdraft acquired of £11,000 was £1,149,000.

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

The contingent payments are denominated in Euros and are dependent upon certain revenues being achieved in the period commencing on the date of acquisition and ending on 30 April 2025. All contingent payments are deemed remuneration. The fair value of the contingent amounts payable have been measured using a discount rate of 16% and are calculated based on a multiple of revenues achieved. Whilst the range of possible contingent payments is unlimited, the undiscounted value of likely outcomes is between £nil and £1,823,000.

The fair value of the total amounts payable are as follows:

	Non contingent consideration £'000	**Contingent payments £'000**	**Total £'000**
Cash consideration payments made in the current period	**1,138**	**-**	**1,138**
Estimated future cash payments deemed remuneration	**-**	**1,015**	**1,015**
Total consideration	**1,138**	**1,015**	**2,153**

Deemed remuneration amounts of £1,015,000 not accrued at 30 September 2021 will be charged to the income statement in the period in which they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

The acquired business contributed revenues of £239,000 and a profit before tax of £56,000 to the Group for the period from 31 August 2021 to 30 September 2021. If the acquisition had occurred on 1 October 2020, Group revenue from continuing operations would have been £37,255,000 and profit before tax from continuing operations would have been £3,393,000. These amounts have been calculated using the Group's accounting policies.

The costs associated with the acquisition of Contemplas GmbH amounted to £86,000 and have been recognised as an expense in the year. They have been included within the income statement as part of administrative expenses.

27. Pensions

The Company operates a defined contribution pension scheme for the benefit of the UK employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The amount charged under this scheme to the income statement during the year was £559,000 (2020: £534,000).

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 £87,000 (2020: £73,000).

28. Government grants

During the year £nil (2020: £163,000) of Government grants were recognised in the income statement. These grants significantly relate to funding for research projects.

There are no unfulfilled conditions or other contingencies attached to the government grants recognised in the current or prior periods.

29. Dividends

Equity – ordinary	**2021 £'000**	2020 £'000
Final 2019 paid in 2020 (1.80 pence per share)	**-**	2,253
Final 2020 paid in 2021 (1.80 pence per share)	**2,264**	-
	2,264	2,253

The directors are proposing a final dividend in respect of the financial year ended 30 September 2021 of 2.0 pence per share (2020: 1.80 pence per share) which will absorb an estimated £2,539,000 of shareholders' funds. This dividend will be paid on 23 February 2022 to shareholders who are on the register of members at close of business on 10 December 2021 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

30. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £1,264,000 (2020: £954,000) were paid to the directors. In addition share based payments of £34,000 (2020: £69,000) were charged to the income statement in respect of share options held by the directors and £36,000 (2020: £25,000) of shares were issued in satisfaction of salary. For further information see note 8.

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

	Outstanding balances		**Transactions in year**	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Vicon Motion Systems Limited	**42**	1,068	**(1,026)**	(4,438)
Vicon Motion Systems, Inc	**(675)**	(1,331)	**656**	593
Yotta Limited (formerly Mayrise Limited)	**1,103**	4,850	**(3,747)**	1,408
IMeasureU Inc.	**-**	-	**-**	(8)
OMG Inc.	**(1,399)**	(1,295)	**(104)**	2,303
	(929)	3,292	**(4,221)**	(142)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 £2,854,000 (2020: £2,583,000). 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. The amount receivable from IMeasureU Inc. is stated net of a provision of £98,000 (2020: £50,000).

There are also balances due from OMG Life Limited of £2,222,000 (2020: £2,222,000), IMeasureU (NZ) Ltd of £271,000 (2020: £209,000) and IMeasureU (UK) Ltd of £93,000 (2020: £44,000) which are fully impaired. The amount recognised as a debit in the year in respect of provisions against receivables from related parties was £159,000 (2020: credit of £147,000).

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

	2021 £'000	2020 £'000
Roger Parry	**5**	5
Adrian Carey	**5**	4
David Quantrell	**1**	1
Nick Bolton	**43**	43
David Deacon	**21**	21
Catherine Robertson	**26**	26

31. Prior year adjustment

In the prior year the principal paid on lease liabilities was incorrectly included within cash generated from operating activities. The cashflows in the statement have been restated to correctly include them within cash flows from financing activities. The adjustments have been included as follows:

	Group 2020 £'000	**Adjustment £'000**	**Group 2020 Restated* £'000**
Cash flows from operating activities			
Increase/(decrease) in payables	(771)	594	**(267)**
Cash generated from operating activities	6,426	594	**7,020**
Net cash from operating activities	6,269	594	**6,863**
Cash flows from investing activities			
Interest paid	(103)	103	**-**
Net cash used in investing activities	(3,235)	103	**(3,132)**
Cash flows from financing activities			
Principal paid on lease liabilities	-	(594)	**(594)**
Interest paid	-	(2)	**(2)**
Interest paid on lease liabilities	-	(101)	**(101)**
Net cash used in financing activities	(1,931)	(697)	**(2,628)**

COMPANY INFORMATION

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

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 9 February 2022 at 2pm at Oxford Metrics plc, 6 Oxford Industrial 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 2022 annual general meeting of Oxford Metrics plc (the "Company") will be held at 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU on 9 February 2022 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 2021 and the reports of the directors and auditors on those financial statements.

2. To reappoint BDO LLP as auditors of the Company and to authorise the directors to determine the auditors' remuneration.

3. To declare a final dividend of 2.00 pence per share on each of the Company's ordinary shares for the financial year ended 30 September 2021.

4. 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.

5. To re-elect David Quantrell who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.

6. To re-elect Naomi Climer who retires by rotation in accordance with the Company's articles of association and offers herself for re-appointment by general meeting, as a director of the Company.

Special business

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

7. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £104,732.

   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 8 February 2027 save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

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

(a) the allotment of equity securities in connection with an offer or pursuant to a rights issue, open offer or other pro-rata issue made to:

  (i) the holders of shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of shares held by them; and

  (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary, and the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and

(c) the allotment of equity securities, other than pursuant to sub-paragraphs (a) and (b) above of this resolution, up to an aggregate nominal amount of £31,736.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on 8 February 2027, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. **Special Resolution.** That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 0.25 pence each in the capital of the Company ("Ordinary Shares") in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 12,694,766

(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

1 December 2021

Registered office: 6 Oxford Industrial 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:

1. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

2. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the office of the Company's registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, by not later than 48 hours (excluding days that are not a working day) before the start of the meeting (or any adjournment of the meeting) together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority. If you have not elected to receive a hard copy of the Annual Report, and you are not a member of CREST, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code. This is detailed on your share certificate or available from our Registrar, Link Group.

3. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

4. 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 & Ireland 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 2.00pm on 7 February 2022. 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.

5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at close of business on 7 February 2022 shall be entitled to attend and vote at this annual general meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after close of business on 7 February 2022 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6. Copies of the service agreements of the executive directors and the letters of appointment of the non-executive directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available for inspection at the place of the annual general meeting for a period of 15 minutes prior to and during the continuance of the meeting.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not so in relation to the same shares.

8. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by calling our shareholder helpline on 0871 664 0300 (calls cost 12p per minute plus network extras) or, if calling from overseas, on +44 371 664 0300. Lines are open 9.00am – 5.30pm Monday to Friday. No other methods of communication will be accepted.

Explanatory notes

Report and Accounts (Resolution 1)

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

Reappointment and remuneration of auditors (Resolution 2)

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

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 2.00 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 10 December 2021. If approved, the date of payment of the final dividend will be 23 February 2022.

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

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

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

Directors' authority to allot securities (Resolution 7)

Your directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last annual general meeting will expire on the passing of this resolution or, if it is not passed, on 17 February 2026. The authority in resolution 7 will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £104,732.

As at 1 December 2021, the Company did not hold any shares in treasury. If the resolution is passed, the authority will expire on 8 February 2027 unless previously revoked, varied or renewed.

Disapplication of pre-emption rights (Resolution 8)

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

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to allotment of equity securities for cash up to a maximum number of 12,694,766; 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 8 February 2027.

Authority to purchase own shares (Resolution 9)

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

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

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

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

Resolution 9 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2023 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.

Form of Proxy

Notes for completion of the proxy form

1. As a member of the Company you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You must follow the appointment procedures set out in these notes.

2. Completion and return of this proxy form or appointment of a proxy electronically using the CREST electronic proxy appointment service or voting electronically will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box on page 77, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chairman and give them the relevant instructions directly.

4. If you appoint a proxy to vote on your behalf at this annual general meeting, your voting rights will revert to you at the conclusion of the annual general meeting or any adjournment of the annual general meeting.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box on page 77 and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.

6. To direct your proxy how to vote on the resolutions, please indicate how you wish your vote to be cast by placing 'X' in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that 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. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.

7. To be valid, this proxy form must be:

   (a) completed and signed;

   (b) sent or delivered to Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; and

   (c) received by Link Group, no later than 48 hours (excluding days that are not a working day) before the time of the meeting.

   (d) Alternatively, you are able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code. This is detailed on your share certificate or available from our Registrar, Link Group.

8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorised officer of the company or an attorney for the company. A copy of the authorisation of such officer or attorney must be lodged with this proxy form.

9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.

10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding (the first-named being the most senior).

11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. Any alterations made to this form should be initialled.

13. You may not use any fax number or email address or other electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

If you have any queries completing this form, please contact Link Group on telephone number 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).

Oxford Metrics plc
Form of Proxy

For use at the annual general meeting to be held at 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU on 9 February 2022. Before completing this form, please read the explanatory notes opposite.

I/We ....

Of..
being [a] member[s] of Oxford Metrics plc (the "Company"), hereby appoint the chairman of the meeting or (see note 3)

....

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on 9 February 2022 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting.

I/We authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Resolution. (Place X in appropriate box)	**For**	**Against**	**Withheld**	**Discretionary**
Ordinary business				
1. To receive and adopt the financial statements for the year ended 30 September 2021				
2. To re-appoint BDO LLP as auditors and authorise the directors to fix their remuneration				
3. To declare a final dividend				
4. To re-elect Paul Taylor as a director				
5. To re-elect David Quantrell as a director				
6. To re-elect Naomi Climer as a director				
Special business				
7. To authorise the directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act")				
8. To authorise the directors to allot shares pursuant to section 570 of the Act as if section 561 of the Act did not apply				
9. To authorise the Company to make one or more market purchases of ordinary shares in the company				

Signature(s) ....Date ....2022 Signature(s) ....Date 2022

Please return in envelope supplied

Perivan 262547