Chair's statement

Strategic **actions beginning to unlock** the **full potential** of Oxford Instruments

"This has been an excellent year for Oxford Instruments, with strong financial results and significant early progress on the delivery of our strategy."

NEIL CARSON
Chair

It has been a year of positive progress at Oxford Instruments, culminating in an excellent set of results which underline our confidence in the mid-term outcomes set out in last year's strategic update (and in Richard's review on page 12).

A year on, we have streamlined our divisional structure, begun our operational transformation and completed our regional pivot, reducing our exposure in China, while continuing to focus on our core strengths. Through these actions, we are creating a simpler, sharper and more commercially focused organisation, to put ourselves in the best possible shape to fulfil our strong potential. The revenue, profit and margin growth we have achieved demonstrate that we are heading in the right direction.

Our business is driven by supporting academic research and the development of new applications and products, accelerating our customers' progress in our chosen structural growth markets. We anticipate global drivers, connecting academic and commercial researchers, and acting as a catalyst to unlock real world progress. Our unique position provides us with valuable resilience from the usual macro market cyclicality, as we help customers globally to fulfil the ever-present need to innovate.

Over the coming year, we will continue to focus on reshaping Oxford Instruments and deploying our capital on the most value-creating areas of the business, in pursuit of improved outcomes for all our stakeholders.

Our people delivering positive change

I have been impressed with the way teams around the business have embraced our strategic priorities, immediately getting under way with delivery in pursuit of our ambitions. I was pleased to be able to join part of the strategy-focused Leadership conference held last September and hear at first hand some of the plans that were taking shape, many of which have already come to fruition. Our new ways of working, set out on page 61, have proven to be a strong set of guiding principles for teams and individuals as they work to make Oxford Instruments a more customer-led, commercially focused business, and are becoming part of the everyday language of Oxford Instruments, as intended.

Chair's statement continued

I would like to take this opportunity to thank all our employees around the world for their contribution to an excellent set of results. On behalf of the Board, I also wish a warm welcome to new colleagues at our newly acquired business FemtoTools in Zurich, who joined us formally at the end of June 2024. FemtoTools is now fully integrated with Imaging & Analysis, addressing new customers and new markets as part of Oxford Instruments.

Sustainability

This has been a milestone year on our sustainability journey, with the approval of our ambitious science-based net zero plans by the Science Based Targets initiative (SBTi) and the publication of our net zero transition plan, which sets out how we will reach net zero in Scopes 1 and 2 by 2030, and across all three scopes by 2045.

Board changes in the year

It is my pleasure, on behalf of my fellow Directors, to welcome two new members to the Board this year. Paul Fry joined Oxford Instruments in January and took up the roles of Chief Financial Officer and Executive Director on 1 April 2025. Paul brings a wealth of highly relevant experience in business transformation, most recently as CFO at Argenta Group, and previously at Vectura plc, and is already demonstrating the value he will bring to the organisation as he partners with Richard Tyson to drive the company forward and unlock its full potential. We also welcomed Rowena Innocent, who joined us as a Non-Executive Director on 17 February 2025. Rowena holds a number of academic and advisory posts in addition to her role as consultant at AcoustoFab Ltd, and with more than 30 years' experience in high-tech product design and manufacturing, her deep technical understanding and commercial acumen will be an asset to our Board.

I would like to offer our sincere best wishes to Gavin Hill, who stepped down as Chief Financial Officer and Executive Director at the end of the financial year (31 March 2025), and who will leave Oxford Instruments this month.

Gavin has made a very significant contribution to Oxford Instruments over the past nine years, and has been a strong steward of the company's finances throughout his tenure, shaping our growth and building the foundations for ongoing success. We wish Gavin every happiness and success in the future.

Our thanks and best wishes also go to Mary Waldner, who stepped down as Non-Executive Director in February 2025, after nine years of sterling service to the Board, and to Reshma Ramachandran, who stepped down in July 2024 due to her executive role limiting the time available to commit to Oxford Instruments.

Parting ways with NanoScience

This week marks an important moment for Oxford Instruments, with the sale of our quantum-focused business NanoScience. For Oxford Instruments, the decision is consistent with our focus on our three core markets: materials analysis, semiconductor, and healthcare and life science. It aligns with our strategy to focus and invest in the best areas of opportunity to create value for shareholders, and supports progress towards our medium-term margin targets.

For NanoScience, the new owners Quantum Design's desire to lead the business through the next stage of its journey is a testament to its talented team and excellent technology. I wish our departing colleagues every success in the future.

I also want to acknowledge NanoScience's direct connection to the groundbreaking work begun by our founders, Sir Martin and Lady Audrey Wood, with its long history of making advances in low-temperature physics and magnet technology. We will continue to celebrate the vital role of the Woods in our success and carry their innovative ethos with us into the future.

Dividend

In line with our progressive dividend policy and strong trading performance in the year, the Board is proposing a final dividend of 17.1p per share (2024: 15.9p), which is subject to approval at the AGM on 28 July 2025.

"Coping with a constantly changing world requires real agility and resilience, qualities which the people of Oxford Instruments have in abundance."

Looking ahead

In common with all businesses, we are operating in a very complex and fast-moving environment. The world order is shifting, the climate is changing, and rapid and consequential technological advances are taking place – many of them helped along by Oxford Instruments, as we set out in this report. Coping with a constantly changing world requires real agility and resilience, qualities which the people of Oxford Instruments have in abundance.

If recent months and years are any guide, we and others may face unpredictable geopolitical and macroeconomic events through the coming year – but our purpose and strategy give us real clarity as we move forward, and whatever lies ahead on the world stage, there is much positive progress within our own control as we look to the year ahead. I have every confidence that our excellent team will address the coming year with their characteristic innovative and agile spirit, and look forward to reporting on our progress in 12 months' time.

NEIL CARSON
Chair

12 June 2025

Chief Executive Officer's review

Excellent performance with significant progress on strategic priorities

"I am really pleased with the agility and performance of our team across the business as they have responded to change and navigated the current macro environment."

RICHARD TYSON
Chief Executive Officer

I am pleased to report on an excellent full-year performance for Oxford Instruments. The actions we have taken to simplify the Group, improve commercial execution and realign our regional presence have resulted in strong growth in revenue and profit, and increased margins in both divisions. As signalled at half year, our targeted actions underpinned a strong second half performance, a particularly encouraging achievement in the context of a challenging geopolitical and macro environment.

Orders

£463.7m
(2024: £459.1m)

Revenue

£500.6m
(2024: £470.4m)

Adjusted[1] operating profit

£82.2m
(2024: £80.3m)

Adjusted[1] organic constant currency operating margin

17.8%
(2024: 17.1%)

1. Details of adjusting items can be found in note 2 to the financial statements.

Chief Executive Officer's review continued

Demand for our market-leading technology, led by commercial customers, has resulted in strong double-digit revenue growth in both compound and silicon semiconductor markets, and continued growth in materials analysis applications, which together have more than offset ongoing weakness in healthcare and life science.

With good growth in orders and a robust order book, we have good visibility of planned revenues for the coming year, with order book to revenue ratios in line with historical patterns. We have mitigated the direct impacts of tariffs on existing orders through positive engagement with customers. With key semiconductor product lines currently exempt from the 10% US universal tariff, and with further mitigating actions at our disposal, we are confident we can continue to navigate this dynamic situation.

The outcomes we have achieved reinforce our confidence in our ability to achieve the mid-term outcomes outlined in June 2024, which are as follows:

- organic revenue growth of 5–8% CAGR;
- adjusted operating margin improvement to 20%+;
- cash conversion of over 85%;
- continuing to invest in growth, including 8–9% on R&D;
- strong return on capital employed (currently 27%);
- selective acquisitions bringing complementary capabilities.

Positive strategic and operational progress

As we set out in June 2024, our exceptional technology, strong talent base, well-distributed regional infrastructure and exposure to attractive markets give us a strong platform from which to grow, as well as providing valuable resilience to external dynamics.

We highlighted then the significant opportunities ahead – and the fact that to capture them in full and achieve industry-leading margins, we needed to structure Oxford Instruments differently.

A key focus of the year, therefore, was to simplify and streamline the Group, reconfiguring it into two new divisions, each with separate and distinct characteristics and opportunities.

Both divisions have delivered strong progress. Our strategic actions to target enhanced growth and profitability through a customer-first approach have gained real traction, and have started to generate many of the outcomes we set out to achieve.

In **Imaging & Analysis,** which represents 66% of the Group's revenue, and 93% of profit, our actions to integrate multiple business units and drive operational excellence have enabled the division to improve on an already strong position. The resulting synergies, cost reductions and productivity enhancements have supported the delivery of a 60bps improvement in OCC margin to 24.7%, at the upper end of our medium-term guidance of 23–25%. Ongoing demand remains strong, with our semiconductor and materials analysis end markets more than offsetting the continued weakness in healthcare and life science.

Advanced Technologies, representing 34% of revenue and 7% of Group profit, has delivered strong double-digit revenue growth as our compound semiconductor business continued to increase returns from its new state-of-the-art facility, while our quantum business, Oxford Instruments NanoScience, returned to profitability as a result of cost savings and the first installations of an ongoing programme for a key global technology customer.

Together, these actions have resulted in a strong increase in CC margins in the division to 4.5% (2024: 0.9%).

We have this week exchanged contracts to sell NanoScience to Quantum Design, International Inc for a £60m total consideration, including up to £3m of deferred consideration linked to growth in quantum scaling systems. The divestment will enable the Group to focus its capital deployment on business capabilities with higher margin and potential to create shareholder value.

The sale, which is expected to complete in the third quarter of FY2025/26, is also consistent with our focus on our three core markets: materials analysis, semiconductor, and healthcare and life science.

For further details on each division's performance, see the divisional overviews on pages 15 to 18.

The delivery of our operational transformation programme has also enabled us to identify further growth and margin opportunities, which we are already capturing in FY2025/26, giving scope to build on progress already made.

Across both divisions, we have reduced the cost base, with a 70bps improvement in both gross profit margin and operating profit margin.

Group	2025	2024	Growth	Organic constant currency (OCC) growth[1]
Orders	**£463.7m**	£459.1m	+1.0%	+0.9%
Revenue	**£500.6m**	£470.4m	+6.4%	+6.5%
Adjusted[2] operating profit	**£82.2m**	£80.3m	+2.4%	+10.8%
Adjusted[2] operating margin	**16.4%**	17.1%	(70bps)	
Adjusted[2] OCC operating margin	**17.8%**	17.1%		+70bps
Statutory operating profit	**£39.2m**	£68.3m		
Statutory operating margin	**7.8%**	14.5%		

1. For definition refer to note on page 2.
2. Details of adjusting items can be found in note 2 to the financial statements.

Chief Executive Officer's review continued

Further efficiencies are anticipated across the Group as we continue with our operational programme, and with the ongoing streamlining and simplification of processes. Strong management of inventory has contributed to an improvement in cash conversion in both divisions, with a strong net cash balance of £84.4m after £15.4m acquisition consideration, up from £39.3m at the half year.

The strength of our balance sheet and the returns to come from the sale of NanoScience enable us to return capital to our shareholders via a share buyback, to commence shortly.

Driving a step change in operational performance and productivity

Alongside our actions to streamline and simplify Oxford Instruments, we have continued with our operational transformation programme, beginning at our Imaging & Analysis facility in Belfast and our quantum facility in Oxfordshire. The programme seeks to improve our customers' experience and drive a step change in operational performance and productivity, ultimately putting all the Group's manufacturing sites onto a much stronger operational footing. We have introduced leaner processes, improved quality and lead times, and transformed planning and forecasting. As the programme progresses, an increasing number of colleagues are upskilled, with team members subsequently deployed to further sites to pass on their learning.

- The first wave of the programme, in the Belfast camera lines, has boosted camera output by more than half, from a smaller direct workforce, as well as delivering a significant improvement in first time pass rates through the build and test process. Wave one revealed further scope for quality improvements and efficiencies than had been anticipated, with work continuing as we go through FY2025/26. A facility-wide product review in April 2025, as part of wave two of the programme, focused on systems, and has identified a small number of product lines where high material costs, heavy labour requirements and poor delivery performance has led to low profitability and questions over the competitiveness and potential of these products. Having considered performance improvement actions and potential returns, we will be discontinuing those which are a drag on the business, taking out the related cost, and refocusing our efforts on products with core leading technology with strong market potential and alternative commercial strategies to create value. Together with improvements already made, and with new leadership, we expect to see significant further opportunity for growth and margin enhancement for this facility.
- Wave two of the programme is also under way at our Advanced Technologies quantum facility in Oxfordshire, targeting productivity, quality, lead time and cost engineering improvements on the Proteox suite of cryogenic dilution refrigerators, the facility's leading product range.
- Our Raman facility in Ulm, Germany, will be the subject of wave three, beginning in July, helping the facility to scale to meet growing demand.

The impact of the programme to date is clear, and we will continue to roll it out to further sites.

Execution of our regional pivot

Our actions to rebalance our regional focus, moving the sales force to address less sensitive commercial customers in China, and strengthening our presence elsewhere in Asia, and in North America, have contributed to the Group's strong revenue growth. Growth in Europe, East and Southeast Asia and North America has more than offset the reduction in revenue in China resulting from our pivot away from sensitive quantum and certain semiconductor applications, and the ensuing cancellation of orders.

Our pivot in **China** is now complete, and the local team have delivered 8% year-on-year growth in orders by targeting structurally growing commercial markets. Our recovery in the country has been supported by cross-training sales and service teams on multiple products, in combination with strong representation in key territories.

All regions are now focusing their marketing and sales efforts around a targeted, customer segment-based approach, rather than a product-first approach. This is particularly beneficial in the Imaging & Analysis division, where we take an increasingly product-agnostic approach, offering a whole suite of analysis techniques to help customers deliver the outcomes they need for their specific use cases.

"Our actions to rebalance our regional focus, moving the sales force to address less-sensitive market areas in China, and strengthening our presence elsewhere in Asia, and in North America, have contributed to the Group's strong revenue growth."

Bolstering the bench strength of the **Americas** team, and investing in more effective marketing channels, has resulted in strong double-digit revenue growth for the region and a 20% increase in sales per head. With a strong pipeline of qualified opportunities, ongoing activities to optimise revenue and profitability, and supportive engagement with customers on tariffs, the team is agile, close to its customers and well placed to mitigate to the impacts of the new US administration's positioning on tariffs and academic funding.

Strong revenue growth of 25% CC in East and Southeast **Asia** has been supported by the consolidation of separate teams for Japan, East and Southeast Asia, and Australia under one leadership team, with shared processes and increasingly aligned approaches to segmentation as set out above. Revenue growth in the region has stemmed largely from strong semiconductor sales as customers move their operational capability out of China and new investment increases in the region. The growth is broadly split between materials analysis capabilities and compound semiconductor fabrication equipment, and was able to completely offset the £20.2m reported reduction in China resulting from the decision to exit selling of certain sensitive technologies in that territory.

We are continuing to share best practice and streamline processes in our regional sales and marketing structures and anticipate generating further productivity benefits as we do so.

Chief Executive Officer's review continued

Positioned in structurally growing markets

Materials analysis, semiconductors and **healthcare & life science** remain our three primary markets. They all have high structural growth potential. **Quantum technology,** a much smaller contributor to our current revenue, also represents a growth opportunity, primarily within our Advanced Technologies division. This has begun to crystallise this year, although the trajectory of the quantum computing market remains less clear.

The strategic priorities within each division reflect our decision to focus our product development and marketing activities on addressing these structurally growing markets.

We have delivered strong year-on-year revenue growth in **semiconductors,** up 16.4% CC to £144.8m, generated from both divisions, with a roughly 60/40 split between our growing Advanced Technologies compound semiconductor business and our Imaging & Analysis capabilities. As semiconductor design and manufacturing reshoring programmes take place, customers are increasingly using our Imaging & Analysis tools for quality control in final assembly, among other tasks. In Advanced Technologies, our fabrication equipment is used to accelerate the development of next-generation semiconductor capabilities which are fundamental to enable advances in technology, including AI chips, augmented reality, 3D sensing and the hyperscale data centres needed to support growing demand for data. As well as advancing our customers' capabilities, we play a vital role in supporting the delivery of more good quality wafers at a lower cost per wafer.

Materials analysis has continued to grow steadily and remains the largest end market for the Group, with revenue of £203.7m, up 3.4% CC, as customers use our technology to understand, improve and test the properties of materials across a wide range of markets, from development of structural materials and polymers to quality control in automotive and food industries.

Growth in these markets has more than offset continued weakness in **healthcare & life science,** which has seen an 11.6% CC reduction in revenue year on year due to the dual headwind of original equipment manufacturers (OEMs) pausing deliveries to use existing stocks built up during the Covid pandemic, and overall sales of microscopes slowing in response to wider market dynamics. Demand has stabilised, with order demand flat between the second half and the first half of FY25, and book to bill for the year ending at 1.02x.

Revenues from other markets have seen a 44.6% CC increase to £73.8m, largely derived from **quantum** applications. This included the first installations under a key ongoing quantum partnership for Advanced Technologies, which were the key drivers of this significant growth.

Overall demand remained positive throughout the year with 3% growth in orders at constant currency. The order book provides visibility consistent with prior years at Oxford Instruments. Imaging and Analysis has c.5 months of order cover for FY26 and had a underlying book to bill of 1.0x in FY25 excluding China cancellations. Advanced Technologies has c.9 months of order cover for FY26 and a book to bill of 0.9x in FY25 excluding China cancellations, reflecting the normal lumpiness in quantum orders in Advanced Technologies. Our pipeline of new opportunities is strong, whilst acknowledging the increased timing uncertainty given macro conditions.

Focusing on our key strengths

We have maintained levels of investment in R&D at 8.2% (2024: 8.3%) and launched new products in every part of our business, recognising that our differentiated technology is a key source of strength. The principles of maintaining and developing new leading-edge capabilities, combined with increasing ease of use, are common to the whole Group's R&D programme. As we develop our combined innovation roadmap for the Imaging & Analysis division, we are applying an increasingly commercial lens to the investments we make, to ensure that new products address a genuine gap in the market, are cost-effective to manufacture and can generate an attractive profit margin. We will also limit the number of custom builds we produce, recognising that modular, repeatable assembly benefits both productivity and profitability.

£203.7m
Materials analysis revenue, +3.4% CC

£144.8m
Semiconductor revenue, +16.4% CC

£78.3m
Healthcare and life science revenue, (11.6%) CC

In Imaging & Analysis, new semiconductor-specific capabilities in Raman and atomic force microscopy have gained significant traction, while our tools for electron backscatter diffraction microscopy have proved popular with industrial customers. A number of OEMs have integrated our products into their own new ranges. In Advanced Technologies, the first installations of our largest modular dilution refrigerator and increasing adoption of our latest atomic layer deposition equipment for compound semiconductors have significantly contributed to growth.

At a Group level, commercial customer revenues have increased as a proportion of total Group revenues, with our focus on growing our presence in this much larger market driving double-digit growth. Revenue from academic customers, who remain the bedrock from which our commercial growth stems, was broadly flat year on year.

Chief Executive Officer's review continued

Imaging & Analysis

The Imaging & Analysis division develops and manufactures microscopes, scientific cameras, analytical instruments and software, with manufacturing bases in the UK (High Wycombe and Belfast), Europe (Aix-en-Provence, Ulm and Zurich) and the USA (Santa Barbara).

Imaging & Analysis market dynamics

Created in 2024, the division maintains strong positions in each of our three core markets: materials analysis, semiconductors and healthcare & life science, due to our differentiated product ranges and ongoing investment in innovation. Notably strong growth in semiconductor and growth in materials analysis more than offset the continued weakness in the healthcare and life science market.

The division supports silicon semiconductor development and production, where the breadth of our capabilities across the life cycle, from supporting early-stage academic research through to quality assurance and failure analysis in production settings, provides resilience to cyclicality in the silicon semiconductor market.

Key highlights

Imaging & Analysis	2025	2024	Growth	OCC growth[1]
Orders	**£318.6m**	£306.6m	+3.9%	+3.0%
Revenue	**£330.5m**	£328.1m	+0.7%	+0.2%
Adjusted[2] operating profit	**£76.2m**	£79.0m	(3.5%)	+2.8%
Adjusted[2] operating margin	**23.1%**	24.1%	(100bps)	
Adjusted constant currency operating margin	**24.7%**	24.1%		+60bps
Statutory operating profit	**£40.8m**	£69.2m		
Statutory operating margin	**12.3%**	21.1%		

1. For definition refer to note on page 2.
2. Details of adjusting items can be found in note 2 to the financial statements.

Chief Executive Officer's review continued

Specific semiconductor editions of our Raman microscope (capable of analysing 300mm wafers) and our atomic force microscope have helped us to increase traction in the commercial sector, with both technologies enabling customers to work on new capabilities and maintain and enhance wafer quality.

Divisional revenue from **semiconductors** was up 35% CC, with orders up by a similar amount at 32% CC. This reflects strong continued demand for our highly differentiated product suite, as new applications are creating growth opportunities for electron microscopy, coupled with companies establishing new product manufacturing lines across Asia, Europe and the USA.

Materials analysis applications also performed well, with orders up 8% CC on the year, with strong growth in structural materials R&D, commercial applications in nuclear and solar energy, and the development of new, advanced materials such as graphene and other 2D materials, where our ability to analyse at the nanoscale is key. We also saw strong growth in sales to service labs for core facilities, centralised shared resources where cutting-edge equipment is made available for scientists to carry out a wide range of analysis. Here, as elsewhere, the ease of use, accuracy and speed of the results generated by our tools are key differentiators.

In terms of technology adoption, both Raman and electron backscatter diffraction (EBSD) products have achieved strong growth year on year. EBSD has gained particular traction with industrial customers, such as a tier 1 automotive manufacturer in China which is using our product to speed the development of faster charging EV batteries. The addition to our portfolio of nanoindentation, a technique which enables customers to test the hardness of materials, with the acquisition of FemtoTools, has also contributed to revenue growth across both semiconductor and materials analysis.

The weakness in the **healthcare & life science** market continued in the second half of the year, with full-year revenue 12% CC below a strong prior year comparator.

This downturn primarily reflects a reduction in imaging revenue, together with OEM and wider destocking, and is concentrated largely on our Belfast microscopy and scientific cameras facility, where historic operational challenges have been an additional factor in the reduction in revenue.

Healthcare & life science orders reflect similar weakness, ending the year 8% CC down versus the prior year, lower than anticipated at half year, with some customers in the US deferring orders in the final quarter due to the actions of the US administration.

However, demand has stabilised, with orders broadly flat across both halves of the year and book to bill at 1.02. Revenue from our Imaris software remained strong, while Raman microscopy for life science has delivered strong double-digit growth, generating 8% of divisional life science revenue (up from 4% last year).

Overall, the division has made significant progress in growing revenue to industrial customers (up 12% CC year on year), in line with our strategic ambition to extend our reach in the much larger commercial R&D and production sector. Growth to academic customers remains steady at 3%.

Strategic and operational progress

The newly created division brings together a suite of product lines with strong synergies and a track record of success, manufactured from five sites across the UK and Europe which were previously run as separate business units (including FemtoTools, acquired at the start of the year). Focused on small-scale imaging and analysis equipment and software, they share common business models, go to market strategies and margins, and address a similar client base in their three key markets in materials analysis, semiconductors, and healthcare & life science. We therefore saw a clear opportunity to enhance growth and profitability, taking the businesses in the division from good to great, by simplifying our operating model and maximising existing synergies through greater collaboration.

Over the course of the year, we have integrated five materials analysis businesses under one leadership team. This has facilitated a degree of delayering, resulting in £1.9m of cost efficiencies as well as streamlining processes. We have also developed a shared innovation roadmap for the division, enabling us to target new product development based on the Group's strategic goals rather than at a business unit level.

The realignment and integration programme has enabled us to more effectively realise the potential of our recent acquisitions, most notably the WITec business, acquired in 2021, which specialises in Raman microscopy. Raman product lines have delivered strong double-digit revenue growth year on year, and almost 50% growth in orders, concentrated on semiconductor and life science applications.

Our bolt-on acquisition in June of nanoindentation specialist FemtoTools has brought a new complementary technique to the Group's portfolio and is performing to plan, while First Light Imaging, acquired in the prior financial year, has been integrated with our cameras and microscopy business, extending its capabilities, notably in high speed, low noise and infrared scientific cameras. Both of our most recent acquisitions have now launched their first products under the Oxford Instruments brand.

We see opportunities to achieve even closer integration across the Imaging & Analysis division and are actively pursuing these in FY2025/26. A further key focus for the division has been the two waves of our operational transformation programme focused on cameras and systems in Belfast, details of which are set out on page 13.

Our strategic actions to consolidate and streamline the division's product lines, and to embark on our operational excellence programme, have underpinned a strong divisional performance, with growth in revenue, profit and orders. We were particularly pleased to have extended Imaging & Analysis' excellent operating profit margin by 60 basis points to 24.7% at constant currency, at the upper end of our medium-term target range for the division. We were able to deliver this strong margin growth despite the weakness in the division's life science market, and having identified the limited profitability of a small number of product lines, primarily in Belfast, which is now being addressed.

Chief Executive Officer's review continued

Advanced Technologies

The Advanced Technologies division develops and manufactures compound semiconductor fabrication capital equipment (Severn Beach, UK), cryogenic and superconducting magnet technology (Oxford, UK), and X-ray tubes (Scotts Valley, USA).

The two larger businesses in Advanced Technologies each benefit from a dedicated, focused approach to reflect their specialist markets (compound semiconductor and quantum), unique growth drivers and principally separate customer bases. The division has a different profile from Imaging & Analysis, selling much lower product volumes of larger-scale complex systems.

Our strategic priorities for Advanced Technologies are to 'fix, improve and grow', leveraging the well-invested base in both key businesses, delivering improved margins and growing our commercial customer revenues. Both businesses have made good progress following our targeted actions, resulting in strong growth in both halves of the year. Revenue was up 21.3% CC year on year, and, as predicted, the division delivered a profitable full-year performance.

Our compound semiconductor business continues to scale as it reaps the benefits of its new, state-of-the-art facility, which has tripled capacity to address structural growth in datacomms (including AI datacentre scaling), power electronics, and augmented reality.

Strong double-digit growth in both revenue and orders reflects the business's increasing foothold in carefully diversified and profitable niches within the burgeoning compound semiconductor sector. Greater focus on fewer product lines has supported improved productivity.

Our quantum-focused facility has delivered a good year of recovery, returning to profitability as it leveraged a reduced cost base and installed the first orders for a key global technology customer as part of a major technology demonstration programme. We have crystallised the performance improvement through the sale of the business, due to complete in the third quarter of FY2025/26.

The division's strong growth is particularly notable in the context of our regional pivot, which saw us end new quantum sales to China and target alternative customers and applications in compound semiconductor in the country. At a divisional level, we have delivered strong growth in revenue as we gained traction in North America and East and Southeast Asia, and rebuilt our position in China, with more than 50% CC order growth year on year.

Orders overall were slightly behind last year, reflecting the lumpy order profile of the large capital equipment typically sold in the division, and a large biannual framework order that our X-Ray Technology business received a few days into the new financial year.

Key highlights

Advanced Technologies	2025	2024	Growth	OCC growth[1]
Orders	**£145.1m**	£152.5m	(4.9%)	(3.3%)
Revenue	**£170.1m**	£142.3m	+19.5%	+21.3%
Adjusted[2] operating profit	**£6.0m**	£1.3m	+351.1%	+486.5%
Adjusted[2] operating margin	**3.5%**	0.9%	+260bps	
CC operating margin	**4.5%**	0.9%		+360bps
Statutory operating profit/(loss)	**(£0.7m)**	£2.2m		
Statutory operating margin	**(0.4%)**	1.5%		

1. For definition refer to note on page 2.
2. Details of adjusting items can be found in note 2 to the financial statements.

Chief Executive Officer's review continued

Compound semiconductor operational developments and market dynamics

Our compound semiconductor business has completed a successful first full year at its new facility at Severn Beach, near Bristol, UK. Growth plans are firmly on track, with 13% CC growth in both revenue and orders, as the business takes advantage of the improved layout and process flow of the new site, and simplified production. A key development in the year has been the completion of the site's cleanroom, which is one of the most advanced in the world for compound semiconductor process development, and is now fully signed off and operating to ISO5 specifications. Final systems, including showcasing our Imaging & Analysis metrology capabilities, are being installed and tested. The sale of our legacy site is expected to complete in H1 of FY2025/26.

Our exceptional high-tech facilities have increased our ability to partner with leading blue-chip manufacturers. Customer demonstrations are up 30% year on year, and our qualified pipeline of opportunities has grown by 7% year on year, with improved conversion rates.

The business has grown revenue by successfully focusing on carefully chosen subsets within the growing compound semiconductor market where we have leading-edge capabilities, and where we are able to deploy pricing power to command a higher margin than in more standardised processes. We enable next generation device architectures for better performance, helping our industrial customers to accelerate their own growth by improving wafer performance, yield and therefore cost per wafer. Our market applications range from datacomms to augmented reality, next-generation power electronics and quantum, the blend of which provides valuable resilience to fluctuations in any single area.

This year has seen strong growth in applications for datacentres, including a significant and ongoing partnership with global manufacturer of advanced chips Coherent Corp. to support Coherent's 6" InP fab ramp in Europe and the US for AI datacentres.

We have also successfully grown revenue from quantum applications, as customers (ranging from blue chip global technology companies to leading universities and start ups) use our equipment to make qubits, and develop their capabilities in quantum sensing and quantum communications.

Gallium nitride (GaN) applications which enable customers to increase power and drive efficiency, have delivered significant revenue growth over the year, with Tier 1 blue chips in Japan deploying our technology into 5G and 6G, and other customers using GaN to enable more efficient power in energy hungry data centres. We continue to target growth in GaN power applications for the year to come.

In silicon carbide, where we have strong capabilities but limited exposure (representing 2% of FY2024/25 orders for this facility), we have delivered modest revenue growth despite the downturn in the electric vehicle market, as customers invest in R&D for next-generation silicon carbide performance.

In tandem with the move to the new site, and the strategic decision to focus in on the technologies where we have a significant competitive edge, we have also generated efficiencies by streamlining the product portfolio of this business. More than 80% of orders in the year came from sales of three core platforms – Plasma Pro, IonBeam and ALD (atomic layer deposition) – with modular assembly carried out in dedicated bays, and fewer complex and resource-hungry one-off products.

A strengthened focus on service has also contributed to the business's growth, with service revenue up 18% CC year on year.

Quantum operational developments and market dynamics

We are pleased with the progress made at our quantum-focused facility Oxford Instruments NanoScience, based just outside Oxford, with the business having achieved a return to profitability, delivering the first systems of a key commercial partnership with a globally significant technology player and benefiting from reductions in its cost base made in the first half.

The key partnership is founded on the strength of our modular Proteox proposition, which delivers vital cooling capabilities to support the scaling of this customer's quantum computing programme. The customer has received the first of our largest Proteox QX systems to be installed anywhere in the world.

Our products, including ongoing deliveries of our smaller Proteox MX, are key to enabling our customer to scale significantly past current cryogenic refrigeration limitations to deliver its quantum roadmap.

A further contributor to the business's recovery in 2024/25 was our action to address the operational challenges which have hampered growth in recent years. We made progress with productivity initiatives, and addressed supply chain management and inventory challenges which became apparent following the introduction of a new ERP system. This allowed us to strengthen output through the first half and deliver a record closing month, with more systems shipped than in any previous period.

As set out on pages 4 and 12, we have now agreed the sale of Oxford Instruments NanoScience to Quantum Design. The divestment will enable the Group to focus its capital deployment on business capabilities with higher margin and potential for shareholder returns, and is consistent with our focus on our three core markets: materials analysis, semiconductor, and healthcare and life science.

Chief Executive Officer's review continued

Capital allocation priorities

We have a strong balance sheet which provides good optionality for the business to support our growth aspirations. Our net cash position improved in the second half of the year, with net cash increasing to £84.4m from £39.3m at the half year. We are committed to continuing to invest 8–9% revenue in R&D and to making targeted operational investments to support our growth, whilst also being mindful of shareholder returns, taking account of underlying earnings, dividend cover, currency movements and demands on our cash.

Our acquisition pipeline remains healthy, and is focused on adding capabilities in Imaging & Analysis.

Our recent acquisitions, most notably WITec and FemtoTools, have benefited from the integration of business units under Imaging & Analysis, with WITec's performance notably accelerating during the year.

We will continually assess the appropriateness of additional returns to shareholders in the form of dividends and/or buyback of the company's shares, such as the programme announced this week.

Positive impact and progress to net zero

The markets we serve are carefully chosen to support the development of a more sustainable planet. Our products support a range of positive outcomes, from enabling the development of personalised treatments for cancer to facilitating the path to decarbonisation through our extensive role in the battery ecosystem. We are equally committed to running our own operations sustainably.

We took an important step forward this year, securing validation and approval from the Science Based Targets initiative (SBTi) of our science-based near and long-term targets, through which we have committed to reach net zero across our whole value chain by 2045, and to tackle our Scope 1 and 2 emissions even earlier, by 2030.

Benefits of integration

Our Raman business, acquired as WITec in 2021 has been a key contributor to the Group's growth in 2024/25. Sales of our Raman lines have been boosted by greater integration as part of Imaging & Analysis.

Chief Executive Officer's review continued

Our targets are stretching, putting our goal five years ahead of the UK Government's own commitment. Given our purpose, to accelerate the breakthroughs that create a brighter future for our world, and the contribution our technology makes to developing sustainable solutions to global challenges, I have every confidence in the commitment and talent of the Oxford Instruments team to deliver them.

Our commitment to operating sustainably also encompasses the social impact we have on our employees and our communities, and our ethical approach to doing business. We reconfirmed our approach to each of these areas through the launch of a new Code of Conduct in November 2024, and via a new rolling programme of enhanced and extended compliance training.

Talented global workforce addressing strategy

The strong progress we have made this year has been driven by the energy and expertise of our highly engaged global team, who have embraced our new strategic priorities and addressed them at pace. I would like to extend my sincere thanks to all my colleagues for their commitment and agility, as we streamline and simplify Oxford Instruments and transform our operational capabilities to meet our full potential. Amid the additional context of a challenging external landscape, they have maintained strong focus and demonstrated their ability to adapt and thrive in new circumstances.

Our first externally benchmarked global employee survey saw Oxford Instruments rated by Best Companies as 'One to Watch', recognising that this is a good place to work. While we are pleased with this outcome, especially in a year of transition, we will use it as a spur to enhance our progress in future years.

A new chapter for NanoScience

I would also like to take this opportunity to thank our departing colleagues in NanoScience for the contribution they have made to Oxford Instruments and the global scientific community with their advances in cryogenics and advanced magnet technology over many years. Their talent and innovative spirit are remarkable, and the Board and I wish them every success as they begin a new chapter with Quantum Design.

Leadership changes

I am delighted to welcome Paul Fry, who joined Oxford Instruments in January 2025, and took up the role of Chief Financial Officer on 1 April 2025, joining the Board as an Executive Director on the same date. I have greatly enjoyed working and travelling with Paul over recent months, visiting several of our international sites together as we develop our plans to unlock the full potential of Oxford Instruments. I look forward to building a strong and close partnership with him in the months and years to come.

Gavin Hill stepped down as Chief Financial Officer and Executive Director at the end of the financial year (31 March 2025), and leaves Oxford Instruments this month. Gavin was an excellent steward of the company's finances and is enormously well respected and liked by both colleagues and stakeholders. On a personal note, I am very grateful to Gavin for his support for me when I joined the company, and wish him the very best for the future.

Through the year we have further strengthened our capabilities through recruitment and internal promotions, including the permanent retention of our Chief Transformation Officer as Chief Operating Officer for the Group and the appointment of an internal candidate to the role of Managing Director for the Imaging & Analysis division.

Summary and outlook

The Group has had a good year, reporting strong revenue, profit growth, and constant currency margin progression. It was also a year of significant progress with our strategic initiatives to improve our operational and commercial outcomes. We have turned around the profitability of our NanoScience business, and subsequently crystallised an attractive value through the sale of the business for £60m, announced this week. The sale is in line with our strategy to focus and invest in the best areas of opportunity to grow the Group and create value for shareholders, and accelerates our progress to our medium-term margin targets. I am really pleased with the agility and performance of the whole Oxford Instruments team as they have responded to the strategic changes and navigated the current environment.

This year's results demonstrate the benefits of the long-term drivers of our business model, founded on the growth dynamics in the markets where we operate, and the demand for our market-leading products and solutions. Looking ahead, whilst acknowledging the level of macro uncertainty, we have a strong and more focused business; there is a lot we can control, and we are well placed to mitigate any direct impact from tariffs. There are further benefits to be realised from our strategic initiatives to transform the business, and our revenue visibility is healthy. Our strong balance sheet and the proceeds to come from the sale of our quantum business allow us to return capital to shareholders via a share buyback that we have also announced this week. We are confident that our differentiated higher margin business will continue to deliver attractive profitable growth.

RICHARD TYSON
Chief Executive Officer
12 June 2025

Reasons to invest

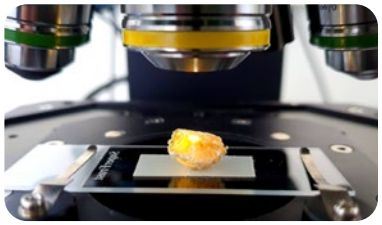
Exceptional technology and software in attractive structural growth markets with significant value creation potential

Oxford Instruments provides market-leading scientific technologies, software and expertise to customers worldwide.

Innovation, and the commercialisation of our technologies, is the driving force behind the Group's growth and success, with our core purpose being to accelerate the breakthroughs that create a brighter future for our world.

Our leading technology and customer-centric, focused-market strategy provide a strong platform from which to deliver sustainable growth, margin expansion and enhanced shareholder returns.

Reasons to invest continued



Clear purpose to create a brighter, cleaner future, underpinned by our commitment to responsible business

- Clear purpose to accelerate the breakthroughs that create a brighter future for our world is well aligned with global mega trends
- Our technologies and services help customers to optimise the use of resources, advance the green transition, develop new and enhanced medical treatments, and sustainably power an increasingly digital world
- Also committed to building on our strong sustainability foundations in the way we do business, through our actions to reach net zero, our values-based culture and our contributions to local communities

See Sustainability report / **Pages 45 to 68**

Exceptional technologies and unique expertise provide high value add to customers

- Our differentiated solutions enable customers to accelerate meeting their objectives
- We have a competitive advantage across a broad base, spanning all scientific disciplines
- An outstanding team with deep expertise in scientific research and application engineering

See CEO review / **Pages 11 to 20**

Leading positions in key structural growth markets, across the production life cycle

- Market leaders across three key structural growth markets: materials analysis, semiconductors, and healthcare & life science (together representing c.85% of revenues)
- Diverse commercial and academic customer base spanning the world's leading companies and scientific research communities, across North America, Europe and Asia
- Unique ability to leverage insights from research stage through to commercial production

See CEO review / **Pages 11 to 20**

Strong financial profile supports investment in growth and innovation

- Revenue and adjusted operating profit CAGR of 9.5% and 10.2% over the last five years have driven a strong ROCE of 27.1% (2024/25: 25.9%)
- Cash-generative growth and a strong balance sheet with significant net cash support investment in growth and innovation and a progressive dividend policy
- Well invested, supporting operational gearing from capacity utilisation, new product development (8–9% pa), investment in talent and selected, value-accretive acquisitions

See Finance review / **Pages 37 to 44**

Clear opportunities to accelerate growth and enhance margins

- Strong order book and pipeline provide a positive underpin for continued growth
- Attractive opportunities to accelerate growth through existing product portfolio, new product pipeline, enhanced sales and servicing, and selective M&A
- Enhancing margins through driving and leveraging growth, operational transformation and efficiencies, and generating synergies from simplification and standardisation

CEO review / **Pages 11 to 20**

Our business model

Accelerating the **breakthroughs** that create a **brighter future** for our world

We add value across the research and commercial production life cycle:

Explore

We have a strong reputation for our market-leading technology and expertise which enable academic researchers and scientists to make new breakthroughs across all areas of fundamental research.

Resilient market with diversified funding

Find out more / **Pages 11 to 20**

Develop

Our key enabling technologies and solutions cut the time from discovery to real world progress, and by leveraging our market insights from the academic research stage, our technology is used to develop new products for commercial applications.

Attracting commercial R&D spend as we support customers to develop new products

Find out more / **Pages 11 to 20**

Produce and test

Our products support today's manufacturing challenges and increase productivity.

Our biggest opportunity area as we extend our reach into the much larger production market

Find out more / **Pages 11 to 20**

Our business model continued

Through a new, simplified divisional structure for the Group

Imaging & Analysis

2025

66%
of Group revenue

93%
of Group profit

Manufacturing sites in the UK, Germany, Switzerland and the US

Capabilities include:

- microscopy;
- analysis tools for microscopy;
- scientific cameras;
- specialist software.

The division brings together similar smaller-scale imaging and analysis equipment and analytical software tools, which are high margin products with a common operating framework, routes to market and customer base.

Find out more / **Pages 11 to 20**

Advanced Technologies

2025

34%
of Group revenue

7%
of Group profit

Manufacturing sites in the UK and US

Capabilities include:

- Compound semiconductor etch and deposition equipment; and
- dilution refrigerators and magnet technology for quantum and advanced research.

The division includes low volume, longer lead time, complex and larger scale systems in distinct specialist markets, with different customer bases and growth drivers.

Find out more / **Pages 11 to 20**

Our business model continued

Across three key structural growth end markets

The health and resilience of our chosen end markets has played a critical role in our strong performance. We believe our strong position in these end markets, along with their structural growth drivers, will continue to create value for our customers and present significant opportunities for sustainable growth.

Materials analysis

41%

of Group revenue*

- **£1.2bn market**, growing at 4-7% pa
- Structural drivers include:
  - supporting advanced material development and sustainability progress;
  - improving performance from finite resources.

Find out more / **Pages 11 to 20**

Semiconductors

29%

of Group revenue*

- **£1.5bn market**, growing at 6-9% pa
- Structural drivers include:
  - enabling development of new compound semiconductors;
  - supporting growth in bandwidth and connectivity, faster devices, power efficiency, and the green economy.

Find out more / **Pages 11 to 20**

Healthcare & life science

16%

of Group revenue*

- **£2.0bn market**, growing at 8-12% pa
- Structural drivers include:
  - improving treatments & vaccines, whilst reducing the cost of development;
  - personalising medicine & therapies and caring for an ageing population.

Find out more / **Pages 11 to 20**

* The remaining 14% of Group revenue is generated in other markets, including quantum, which represented 11% of revenue in 2024/25.

Our global footprint, with operations in 23 countries across Europe, Asia and the Americas, provides excellent reach and resilience to changing international dynamics.

Our business model continued

How we add value:

To our customers

We develop strong, long-standing relationships with our customers, understanding their needs, challenges and opportunities. Our technology and scientific expertise enable our customers to meet their objectives to discover and bring to market exciting new advances that drive human progress.

To our people

Our culture reflects our values – we are committed to creating the best possible working environment for our employees, enabling them to thrive in an exciting, purpose-driven organisation.

To our shareholders

Innovation, and the commercialisation of our technologies, is the driving force behind the Group's growth and success. Our leading technology and customer-centric, focused-market strategy provide a strong platform from which to deliver cash-generative, sustainable growth, margin expansion and enhanced shareholder returns.

To our planet

Sustainability is central to Oxford Instruments, with our purpose, values, strategy and chosen end markets all aligning around the positive impact we seek to make on our planet and our stakeholders. Through our products and services, we are working to accelerate the breakthroughs that create a brighter future for our world. And through our commitment to operating responsibly, in line with our values, we strive to be a good citizen of our communities and the planet.

Outcomes:

Revenue

£500.6m

+6.5% at organic constant currency

Adjusted operating profit

£82.2m

+10.8% at organic constant currency

Adjusted EPS

112.4p

2024: 109.0p

Return on capital employed

27.1%

How we invest our capital:

Organic cash investment with R&D of £41.1m and capital expenditure of £14.4m

Shareholder distributions with full-year dividend payments of £12.1m

Balance sheet flexibility for inorganic opportunities with net cash of £84.4m

Engaging with our stakeholders

Engagement with stakeholders has been vital to the launch of a **new strategy** for the Group

This has been a pivotal year for Oxford Instruments, as we embarked on the delivery of our new strategy (see Chief Executive's review, pages 11 to 20).

Two high-profile external events – a strategy launch to investors and analysts in London, followed by a capital markets day for some 70 stakeholders at our new state-of-the-art compound semiconductor facility near Bristol – provided the ideal opportunity to set out our new direction to shareholders and analysts. This engagement has continued throughout the year, with customers and suppliers also receiving detailed insight into our strategic priorities. The strategy has been received well, with stakeholders praising our new, simpler structure and clear divisional priorities (see unattributed comments, right, from stock market analysts and bankers).

Our talented people played a key role in the development of the strategy, with senior leaders and a wide range of employees taking part in a deep-dive diagnostic exercise and consultation on our priorities and the ways of working that will deliver them. CEO Richard Tyson and members of the Senior Leadership Team then undertook a series of townhalls at sites around the world to inform and inspire employees of the next steps on Oxford Instruments' journey. Messages were reinforced by a suite of engaging posters, wall art and other physical and digital collateral to ensure priorities and ways of working stay front of mind.

"The refreshed strategy is positive, and I like the refocus, with the actions to be taken in each division being clear."

"The new divisional structure does make Oxford Instruments easier to understand, and it's a very tangible way of being able to demonstrate progress going forwards."

"With this new strategy now, the business is a lot clearer than it has been."

Engaging with our stakeholders continued

Promoting the success of the company for the **benefit** of all stakeholders

Engagement with our stakeholders allows us to grow and execute our strategy, so we consider the impact we have on them as well as what they consider important when developing our plans for long-term success.

We use a range of engagement mechanisms to understand and consider our stakeholders' views. In some cases, the Board engages directly with stakeholders, but there is also significant engagement by senior management and throughout the company. The Board receives reports and updates on such engagement, and the views and feedback gathered from stakeholders are used to inform discussion and decision-making.

See pages 89 to 93 for details of how we engage with our stakeholders and page 94 for our statement in accordance with Section 172(1) of the Companies Act 2006.

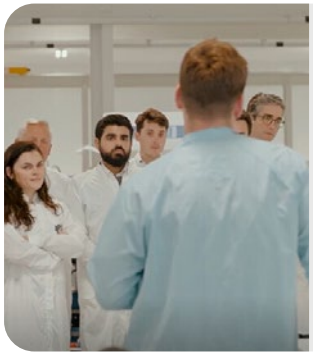
How we engage with our stakeholders / **Pages 89 to 93**

Customers

Customer intimacy helps us to identify additional opportunities to deliver increased value to our customers

Employees

By working together as one team, we help and trust each other to succeed



Shareholders

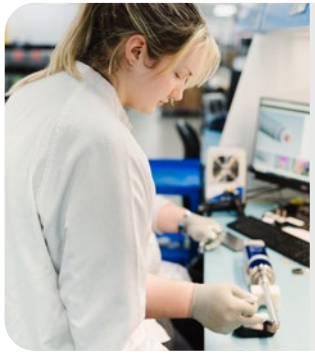
Delivering strong growth and shareholder returns promotes the long-term sustainable success of the company

Suppliers

Our supply chain plays a vital role in supporting sustainable growth and efficiency across the business

Local communities

We strive to support the development of stronger communities and have a positive environmental and social impact



Society

Our technology and scientific expertise enables our customers to discover and bring to market exciting new advances that drive human progress

Our strategy for growth

Our purpose

To accelerate the breakthroughs that create a brighter future for our world

Our opportunity

Oxford Instruments holds a unique position to anticipate global drivers and connect academic and commercial researchers, acting as a catalyst that powers real world progress

Our ways of working

- We start with the customer
- We succeed by being focused
- We make and keep our promises
- We work together as one team
- We help and trust each other to succeed

Medium-term KPIs

Enhance growth, margins and returns:

- Organic growth CAGR 5–8%
- Adjusted operating profit margin 20%+
- Return on capital employed > 29%
- Cash conversion > 85%
- Selective acquisitions

Our ambition

Be the scientific instrumentation partner in every significant lab and production facility across the world

Our strategic priorities

- Deliver strong growth through 'customer first' ways of working
- Deliver a step change in operational performance
- Simplify the organisation
- Significant investment in new technology and products
- Embed our values and ways of working
- Reach net zero in our own operations by 2030

Our strategy for growth and our strategy in action / **Pages 29 to 34**

Our strategy for growth continued

Deliver **strong growth** through **'customer first'** ways of working

Progress in 2024/25

- Improved lead times on key products
- Moved away from a product-first approach to a market segment-based approach, enhancing our ability to support customers with a range of technologies
- Drove double-digit revenue growth in North America by strengthening team and adopting new marketing channels

Focus for 2025/26

- Shifting accountability for sales and service fully into our regional teams
- Continued focus on improving customer experience, including product lead time, service and repairs

Strategy in action

We have worked with a leading automotive customer in China on their electric vehicle battery programme, creating a bespoke data dashboard to accelerate their progress.

8%

order growth in China as we target industrial customers

Deliver a step change in **operational performance** (delivery, quality, efficiency)

Progress in 2024/25

- Wave 1 of operational transformation programme has driven major productivity improvements in Belfast (see page 13)
- Lean manufacturing principles and effective production performance management introduced in Belfast and Oxford
- In-house capability built through operational transformation programme at Belfast and Oxford, with teams upskilled to train colleagues

Focus for 2025/26

- Enhance profitability of Belfast product lines through quality improvements and the discontinuation of a limited number of products
- Begin a fourth wave of our operational transformation programme to support scaling at our Ulm Raman facility
- Carry out Group-wide procurement transformation programme

Strategy in action

Our operational transformation team have achieved an average 60% uplift in the volume of cameras produced per employee in Belfast, and a 90% pass rate through the clean room – a significant improvement.

+60%

productivity enhancement

Our strategy for growth continued

Simplify the organisation, increasing **collaboration** and **accountability**

Progress in 2024/25

- Created a new, simpler structure for Oxford Instruments, reducing previous three divisions to two: Imaging & Analysis and Advanced Technologies
- Consolidated Japan and ESEA regional teams under one leadership team, driving shared ways of working and 25% revenue growth
- Centralised marketing function, sharing best practice and reducing duplication of effort

Focus for 2025/26

- Further aligning Belfast cameras and microscopy facility with materials analysis businesses under one divisional Imaging & Analysis leadership team
- Increased focus on global account management for key accounts
- Centralising key functions including Finance, HR, Legal and IT to share best practice and ensure strong governance

Strategy in action

We have consolidated five businesses under one leadership team within Imaging & Analysis, facilitating improved collaboration, cross-training and cross-selling, and reduced costs.

£1.9m
efficiency savings in Imaging & Analysis to date

Continue to **invest in new technology and products**, protecting and enhancing our core strengths

Progress in 2024/25

- Shared innovation roadmap created for Imaging & Analysis division with enhanced commercial focus and improved targeting on our core markets
- New products launched across multiple techniques and both divisions
- World-first gaining traction: Unity combines backscatter electron microscopy and X-ray for faster, better imaging

Focus for 2025/26

- Continue to invest 8–9% of revenue
- Build on shared innovation roadmap to ensure we are targeting markets with most potential for revenue growth and margin enhancement
- Increase collaboration between R&D teams across facilities

Strategy in action

We have maintained target levels of investment in R&D while still delivering margin enhancement in both divisions.

8.2%
revenue invested in R&D

Our strategy for growth continued

Embed our **values and ways of working** so that they are lived every day

Progress in 2024/25

- Worldwide roll-out of new strategy and ways of working via a series of in-person roadshows led by the CEO
- Leadership conference held for c.75 leaders to equip them with the skills to role model and embed ways of working
- Ways of working reinforced at local level through workshops and visual prompts
- Externally benchmarked engagement survey carried out for the first time
- New Code of Conduct published and rolled out to all colleagues

Focus for 2025/26

- Increased focus on line management effectiveness using Best Companies personalised feedback tool
- Target improvements to Best Companies score as evidence of improved engagement
- Continued focus on communicating our values and ways of working so that they become second nature to employees

Strategy in action

We achieved a 'One to Watch' rating from Best Companies in our first externally benchmarked employee survey, reflecting our position as a good place to work.

'One to Watch'

Rating from Best Companies

Reach net zero in our own operations by 2030 and contribute to **global sustainability through our products**

Progress in 2024/25

- Development of medium-term Scope 3 target of a 25% reduction in absolute emissions by 2030
- Approval of medium and long-term science-based net zero targets by the Science Based Targets initiative
- Publication of net zero transition plan
- Sustainable product development workshops delivered to more than 300 colleagues

Focus for 2025/26

- Drive progress towards our medium-term (2030) emissions reduction targets
- Progress programmes to replace oil and gas boilers at two of our UK sites by March 2027
- Extend renewable energy certification to further sites outside the UK
- Continued engagement with top suppliers to strengthen Scope 3 data
- Carbon footprinting on representative sample of products

Strategy in action

We were delighted to achieve a 'B' in our first CDP climate change submission since 2016, recognising our effective management of climate change.

B

CDP score for 2024

Our strategy in action

Case study

Successfully growing our Raman business

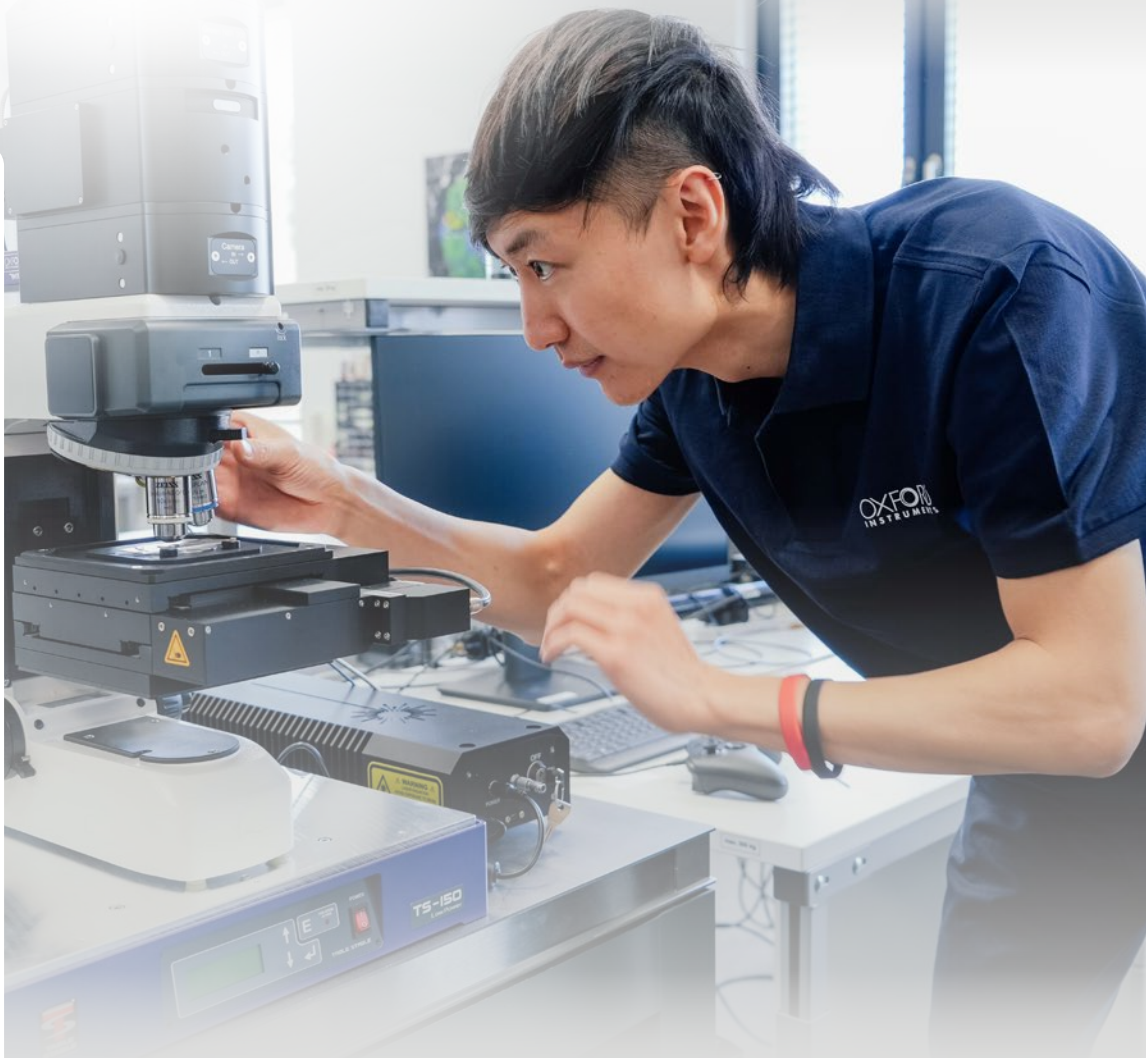
Links to strategy

Our Raman spectroscopy products are finding new markets and delivering strong growth as WITec, acquired in 2021, integrates more fully into Oxford Instruments.

Raman spectroscopy provides detailed information about the chemical make-up of molecular samples by measuring the way scattered light interacts with chemical bonds. Having been a specialist technique for many years, following its discovery by physicist CV Raman in the 1920s, it is now entering mainstream research as increasing numbers of researchers in both academic and commercial labs see its many benefits, and as it becomes more accessible thanks to the speed and ease of use of our latest models. Used in combination with our bespoke software, Raman can identify unique characteristics in a wide range of materials, in any state including solids, liquid and gases, and in both 2D and 3D. It is also non-destructive, since it does not come into contact with materials, meaning the same sample can be tested multiple times.

Oxford Instruments acquired leading German Raman imaging provider WITec in 2021, recognising the strong synergies with our existing portfolio of materials analysis techniques. The business has seen an acceleration in its growth this year as it benefits from closer integration with other product lines in Imaging & Analysis (for example via the successful launch of RISE, the world's first fully integrated Raman imaging and scanning electron microscopy), and focuses on our core market segments – materials analysis, semiconductor, and healthcare & life science. A new semiconductor-specific edition has won key commercial orders in Germany and Japan, and we have also seen strong growth in life science applications for Raman as customers increasingly choose our products to explore metabolic changes in cells.

Read more about our Raman microscopy range at **raman.oxinst.com**



Raman has achieved strong revenue growth

+18% CC

Momentum is accelerating with strong order growth

+47% CC

Our strategy in action continued

Case study

Ramping up to meet growing demand

Links to strategy

With ever more rapid advances in technology, comes greater demand for compound semiconductors – that is, semiconductors made from a blend of two or more elements. The efficiency and flexibility of compounds unlocks capabilities which simply aren't possible with silicon alone: higher energy efficiency, higher power, a wider temperature range and greater optoelectronic properties.

Our brand-new, state-of-the-art compound semiconductor factory outside Bristol, part of the Advanced Technologies division, is now one of the world's leading facilities for the development of these game-changing devices. With triple the capacity of our previous site, 1,000 square feet of ISO 5- and ISO 6-classified cleanrooms, and advanced measurement and testing technologies from our Imaging & Analysis division, we are better equipped than ever before to help both academic and commercial customers accelerate the development, production and testing of next-generation capabilities.

We are increasingly working with high volume manufacturers to push boundaries, including a global advanced chip manufacturer as it expands in the US and Europe to support the vast datacentres needed to meet the huge data demand created by AI. We are also enabling customers to achieve their goals in a wide range of other growth markets, from augmented reality glasses to 3D sensing and quantum computing, With £500m+ of qualified opportunities in our sales pipeline, we are confident that the demand is there to maximise the potential of our brilliant new facility.

Read more at **plasma.oxinst.com**

Strong qualified pipeline of opportunities

£500m+

Double-digit order growth on track with plans

13%

Key performance indicators

The Group uses a range of measures to **monitor progress** against its strategic plans

Measuring our performance

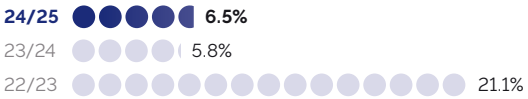
Our goal through our financial KPIs is to deliver shareholder returns through profitable, sustainable growth and strong cash conversion and efficient use of capital. The Group uses a range of measures to monitor progress against its strategic plans. The key performance indicators are presented here.

* Normalised.

Financial KPIs

Revenue growth (%)

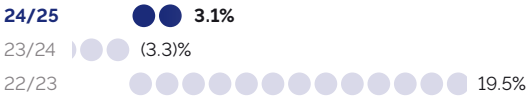
6.5% organic constant currency



Why we measure: To drive profitable, sustainable growth through the implementation of our strategy against its strategic plans.

Adjusted earnings per share (EPS) growth (%)

3.1%



Why we measure: To achieve long-term growth in EPS.

Cash flow conversion (%)*

89%

Why we measure: To maintain a strong operating cash conversion ratio and high level of free cash flow.

Adjusted operating profit margin (%)

16.4% reported

Why we measure: To assess progress towards our target of 20%+ adjusted operating profit margin.

Return on capital employed (ROCE) (%)

27.1%

Why we measure: To deliver ROCE in excess of our cost of capital.

Key performance indicators continued

Strategic KPIs

Investment in R&D (%)

8.2%

24/25	**8.2%**
23/24	8.3%
22/23	7.8%

What we measure: Investment in R&D as a percentage of revenue.

Why we measure: To measure the effectiveness of our R&D programmes.

Value added (#)

1.54

24/25	**1.54**
23/24	1.52
22/23	1.55

What we measure: 'Value add' – (adjusted operating profit +employment costs)/employment costs.

Why we measure: To measure efficiency.

Absolute carbon emissions (Scope 1 and 2) tCO_2e

3,886

24/25	**3,886**
23/24	5,722*
22/23	1,316*

What we measure: Market-based carbon emissions from our own operations, Scope 1 and 2, measured using the Green House Gas Protocol methodology.

Why we measure: To track our progress towards our Scope 1 and 2 2030 net zero target.

Carbon emissions intensity (tCO_2e per £m revenue)

7.76

24/25	**7.76**
23/24	12.16*
22/23	2.89*

What we measure: Carbon intensity = Absolute market-based carbon emissions/Revenue.

Why we measure: To track our progress towards our Scope 1 and 2 2030 net zero target.

* Adjusted figure following rebaselining in 2024/25; please see pages 47 to 51.

Non-financial KPIs

Employee engagement

'One to watch'

rating awarded by Best Companies

This is a new metric for 2025 (see page 61).

Why we measure: To assess employee engagement via a recognised external benchmark and identify areas of focus.

Serious injuries (#)

0

24/25	**0**
23/24	0
22/23	0

What we measure: Rate of serious injuries to employees for ongoing businesses.

Why we measure: To measure the impact of our safety drive, Push for Zero, to reduce accidents.

Serious injuries are defined as those which are reportable under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulation) and are measured as an absolute number.

Finance review

Very positive step forward towards our medium-term financial goals

"The business made a very positive step forward towards its medium-term financial goals, with organic constant currency revenue growth in the target range, and both divisions showing margin progression and improved cash conversion. Focused deployment of the strategy has offset challenging market conditions in life sciences and the pivot in China."

PAUL FRY
Chief Financial Officer

Revenue

£500.6m
(2024: £470.4m)

Adjusted operating profit

£82.2m
(2024: £80.3m)

Adjusted operating profit margin

16.4%
(2024: 17.1%)

Normalised cash conversion

89%
(2024: 64%)

Finance review continued

Key highlights

	Adjusted[1]			Statutory		
	FY25	FY24	OCC[2] Change	FY25	FY24	Change
Revenue	**£500.6m**	£470.4m	+6.5%	**£500.6m**	£470.4m	+6.4%
Operating profit	**£82.2m**	£80.3m	+10.8%	**£39.2m**	£68.3m	(42.6%)
Profit before tax	**£83.4m**	£83.3m	+8.3%	**£39.8m**	£71.3m	(44.2%)
Operating margin	**16.4%**	17.1%	(70) bps	**7.8%**	14.5%	(670) bps
Operating margin organic constant currency	**17.8%**		+70 bps			
Normalised cash conversion[3]	**89%**	64%				
Free cash flow[4]	**£31.6m**	£13.5m				
Earnings per share – basic	**112.4p**	109.0p	+3.1%	**44.8p**	87.7p	(48.9%)
Dividend per share	**22.2p**	20.8p	+6.7%	**22.2p**	20.8p	+6.7%
Return on capital employed[5]	**27.1%**	29.1%				

1 Removing the effect of adjusting items; See Note 2 to the financial statements for further analysis of adjusting items.
2 Organic constant currency basis.
3 Normalised cash conversion excludes the impact of Severn Beach capital investment, and in FY24 also excluded the impact of the site expansion in Belfast.
4 Free cash flow before acquisitions.
5 See section 13 of the Finance review for details of the calculation used.

Certain Alternative Performance Measures (APMs) have been included within this Annual Report. These APMs are used by management and the Board to help it effectively monitor the performance of the Group as they consider that these represent a more consistent measure of underlying performance.

Note 2 provides further analysis of the adjusting items in reaching adjusted profit measures. Definitions of the Group's material alternative performance measures, along with reconciliation to their equivalent IFRS measure, are included within the Finance review. Unless stated otherwise, movements in orders, revenue and adjusted operating profit are given on an organic and constant currency (OCC) basis, removing the impact of acquisitions, disposals and currency movements in the year.

1. Orders

Total reported orders grew by 1.0% (+0.9% at organic constant currency) to £463.7m. Order growth in the year was impacted by a high order intake in FY24 in our NanoScience business, related to a large quantum computing programme for a key US customer, the replenishment of which is not expected until FY26. Organic order intake excluding NanoScience grew 2.8% CC (+0.4% reported).

Order intake in the Imaging and Analysis (I&A) division grew 3.0% on an organic CC basis. First Light Imaging and FemtoTools were acquired into the I&A division in January and June 2024 respectively. Orders were strong in the semiconductor (+32%) and core materials analysis (+8%) markets, but were offset by declines in the healthcare and life science market in part due to general market weakness, but also due to historical operational challenges in our imaging business which have impacted order momentum in FY25.

Order intake in the Advanced Technologies (AT) division fell 3.3% CC. The high level of NanoScience orders in FY24, which are expected to replenish in FY26, provided a high comparator, and order intake growth excluding NanoScience was 2.1% CC. Order growth was also held back by cyclical ordering in our X-Ray Technology business, where FY24 orders are due to replenish on an approximately eighteen month to two year cycle. The Plasma business experienced strong order growth in FY25, with orders up 13.0% CC, driven by continued strong investment in commercial compound semiconductor R&D.

Finance review continued

2. Revenue

Revenue of £500.6m (FY24: £470.4m) increased by 6.5% OCC (Statutory -6.4%), which lies in the middle of the Group's target range of 5-8% organic growth. The cancellation of China orders in FY24 due to UK export restrictions and the Group's pivot toward lower risk customers, has resulted in CC revenues being £18.7m lower in China than FY24. This pivot is complete and China revenues are expected to return to growth in FY26. Revenues in our NanoScience business have grown significantly in FY25 (+£20.9m CC), largely due to the shipping of a number of large quantum computing systems during the year to a key US customer. Organic CC revenue growth excluding NanoScience and China revenues was 9.4%.

Revenues in the academic sector fell 4.5% CC (statutory -6.4%) and have been impacted largely by the loss in China revenues described above. Non-China academic revenues grew 4.1% CC. US academia, which accounted for approximately 12% of FY25 revenue, grew 0.8% CC mainly due to a slowdown in healthcare and life science sales. US academic grew 8.7% CC excluding healthcare and life sciences revenues. Commercial applied R&D grew very strongly as commercial customers continued to invest strongly in new product and technology developments. Revenues from this sector grew 24% CC, and excluding NanoScience grew 13% CC. Revenues from commercial production and testing applications grew 7% CC.

The Imaging and Analysis (I&A) division accounts for around 66% of Group revenue, and grew 3.1% (Statutory +0.7%). There was strong growth across the portfolio of product ranges, including SEM detectors and Raman systems, and good market acceptance of price increases. These gains were partially offset by declines in the healthcare and life sciences sector, in part due to general market weakness, but also due to historical operational challenges in our Belfast based imaging business which have impacted performance in FY25. Divisional revenue has also been impacted by cancelled orders in China (-£7.6m versus FY24). Organic CC growth excluding China remained solid at 3.4%.

The Advanced Technologies (AT) division grew revenue by 21.3% (Statutory +19.5%) benefiting from strong demand for its plasma products and the revenue pull through of NanoScience orders placed in FY23 and FY24. AT revenues were also impacted by the cancellation of orders for the China market in FY24, due to UK export licence restrictions (-£11.1m versus FY24). Excluding NanoScience and China, AT revenues grew at 29.0% CC, driven by a significant step up in plasma equipment shipments.

£m	Imaging & Analysis	Advanced Technologies	Total
Revenue: 2024	328.1	142.3	470.4
Constant currency growth	10.1	30.3	40.4
Currency	(7.7)	(2.5)	(10.2)
Revenue: 2025	**330.5**	**170.1**	**500.6**
Revenue growth: reported	+0.7%	+19.5%	+6.4%
Revenue growth: organic constant currency	+0.1%	+21.3%	+6.5%

Geographic revenue growth

On a geographical basis, the US is now the Group's largest market, accounting for 28% of revenues. Growth has been strong in the US, up 30% OCC, due to both NanoScience revenues, and strong semiconductor performance for both plasma and materials research tools. US growth excluding NanoScience was 11% OCC.

Whilst China revenue growth suffered from order cancellation in FY24, markets in the rest of Asia, notably Japan, South Korea, Singapore and Taiwan have shown significant growth. Europe growth at 1.9% CC has been held back by a high comparator year in FY24 in the UK, whereas key markets such as Germany, France, Italy and the Netherlands have all shown double digit growth.

	Total			
	2025 £m	2024 £m	Change	Change CC
United States[1]	**142.3**	111.7	+27.4%	+29.6%
China	**107.2**	127.4	(15.9%)	(14.7%)
Asia (ex. China)	**112.7**	94.1	+19.8%	+23.4%
Europe	**115.8**	116.1	(0.3%)	+1.9%
Rest of World	**22.6**	21.1	+7.1%	+8.5%
	500.6	470.4	+6.4%	+6.5%

1 CC growth excluding NanoScience +11.3%.

3. R&D

Total R&D expenditure charged to the income statement in the year was £41.1m, equivalent to 8.2% of sales (FY24: £39.1m; 8.3% of sales). In addition, a further £1.5m of R&D expense was capitalised (FY24 £0.7m).

4. Adjusted operating profit and margin

Adjusted operating profit of £82.2m (FY24: £80.3m) represents organic constant currency growth of 10.8% (Statutory +2.4%). Adjusted operating profit margin was 16.4% (FY24: 17.1%). On an organic constant currency basis adjusted operating margin was 17.8%, up 70 bps versus the prior year.

The I&A division represents 93% of the Group's adjusted operating profit, and it has continued to deliver a strong margin, despite the challenges in the life sciences market and imaging business, increasing its OCC margin by 60 bps to 24.7% (Statutory 23.1%). This performance is driven by a combination of product mix, price increases, and overhead cost reductions.

Finance review continued

The AT division improved profitability substantially in FY25. Adjusted operating profit for the division was £6.0m, up from £1.3m in FY24 and a significant reversal from the loss of £2.0m reported in H1. Profitability has benefited from the operational leverage associated with higher volumes in both the Plasma and NanoScience businesses, as well as by a focus on cost, operational improvements, and leveraging the efficiencies from the new facility in Severn Beach. As a result adjusted operating OCC margin has improved to 4.5% (FY24: 0.9%).

£m	Imaging & Analysis	Advanced Technologies	Total
Adjusted operating profit: 2024	79.0	1.3	80.3
Constant currency growth	3.9	6.5	10.4
Currency	(6.7)	(1.8)	(8.5)
Adjusted operating profit: 2025	**76.2**	**6.0**	**82.2**
Adjusted operating margin[1]: 2024	24.1%	0.9%	17.1%
Adjusted operating margin[1]: 2025	23.1%	3.5%	16.4%
Adjusted operating margin[1] (OCC): 2025	**24.7%**	**4.5%**	**17.8%**

1. Adjusted margin is calculated as adjusted operating profit divided by revenue. Adjusted margin at constant currency is defined as adjusted operating profit at constant currency divided by revenue at constant currency.

5. Adjusting items

The following adjusting items are excluded from statutory profit in order to give a clearer picture of the underlying profitability of the Group:

- Amortisation of acquired intangibles relates to intangible assets recognised on acquisitions, being the value of technology, customer relationships and brands. This value was slightly up versus the prior year at £9.2m (FY24: £9.1m).
- Impairment of acquired intangibles, where the carrying value of intangible assets is not supported by forecasts of future cash flows. The Group recognised a £26.0m charge in the period, relating to the impairment of acquisition goodwill of its Andor business (see page 41 under Balance Sheet – Intangible assets).
- Non-recurring items are expenses which are considered to be exceptional in nature, and not reflective of underlying performance in the year. These costs in FY25 were £7.5m (FY24 £2.2m) and included:
  - restructuring costs of £7.8m, of which £4.8m relating to relocation of the plasma business to Severn Beach
  - transaction-related costs of £1.8m
  - release of First Light Imaging contingent consideration (£2.1m) following a review of expected performance versus the earn out targets agreed at acquisition
- The Group uses derivative products to hedge its short-term exposure to fluctuations in foreign exchange rates. Net movements on mark-to-market derivatives in respect of transactional currency exposures of the Group in future periods are disclosed in the Income Statement as foreign exchange and excluded from our calculation of adjusted profit before tax. In the year this amounted to a charge of £0.3m (FY24: £0.7m).
- The unwind of discount in respect of contingent consideration on the acquisition of FemtoTools (£0.6m), reported under Net Finance Income.

6. Net finance income

Adjusted net finance income for the Group was £1.2m (FY24: £3.0m). The reduction from last year is largely the result of lower interest income on reduced cash balances in FY25 (£1.6m; FY24 £3.2m), following capital expenditure at the Severn Beach facility and acquisitions.

7. Taxation

The adjusted tax charge of £18.2m (FY24: £20.3m) represents an adjusted effective tax rate of 21.8% (FY24: 24.4%). The tax charge of £13.8m (FY24: £20.6m) represents an effective tax rate of 34.7% (FY24: 28.9%). The decrease in the adjusted effective tax rate is due to historical transactional currency conversion adjustments related to interbranch dividend payments, as well as an increase in the rate at which the US deferred tax is recognised. We expect the adjusted effective tax rate to increase in FY26 to approximately 25.5%.

8. Earnings per share

Adjusted basic earnings per share increased by 3.1% to 112.4p (FY24: 109.0p); adjusted diluted earnings per share increased by 3.3% to 111.1p (FY24: 107.5p). Basic earnings per share decreased by 48.9% to 44.8p (FY24: 87.7p); diluted earnings per share decreased by 48.8% to 44.3p (FY24: 86.5p).

The number of undiluted weighted average shares increased to 58.0m (FY24: 57.8m).

9. Currency

The Group faces transactional and translational currency exposure, most notably against the US dollar, euro and Japanese yen. For the year, approximately 15% of Group revenue was denominated in sterling, 51% in US dollars, 22% in euros, 9% in Japanese yen and 3% in other currencies. Translational exposures arise on the consolidation of overseas company results into sterling. Transactional exposures arise where the currency of sale or purchase transactions differs from the functional currency in which each company prepares its local accounts.

Finance review continued

The Group's translation and transaction foreign currency exposure for the full year 2024/25 is summarised below.

£m equivalent	Revenue	Adjusted operating profit
Sterling	72.7	(189.3)
US Dollar	254.5	179.4
Euro	108.6	53.1
Japanese Yen	45.7	28.2
Chinese Renminbi	7.0	3.3
Other	12.1	7.5
	500.6	**82.2**

The headwind to operating profit is due to stronger transactional sterling currency rates against the US dollar, euro and Japanese yen exposures versus the hedged and unhedged currency rates achieved in FY24:

£m equivalent	FY25 blended rate	FY24 blended rate	% Change
US Dollar	**1.27**	1.23	(3.3%)
Euro	**1.17**	1.14	(2.6%)
Japanese Yen	**191**	173	(10.4%)

For the full year FY26, our assessment of the currency impact is, based on hedges currently in place and forecast currency rates, a headwind of £9.1m to revenue and £4.4m to operating profit. A one cent movement in the GBP to USD exchange rate would have an approximately £0.5m impact on adjusted operating profit.

10. Balance sheet

Intangible assets

The Group's microscopy and scientific cameras business, Andor Technology, faced a challenging trading period as a result of continued healthcare and life science market weakness, loss of revenues in China, and operational challenges with certain product lines. Actions have been put in place in to improve the performance of the business including restructuring, operational improvements and realigned commercial focus. These plans are in the early phases of execution, and therefore forecasts at 31 March 2025 for expected future cash flows from the business give greater weight to recent performance and reflect future uncertainty over the potential outcomes of those plans. Based on these forecasts it was determined that Andor's expected future cash flows at 31 March 2025 were not sufficient to support its full carrying value, resulting in a £26.0m impairment of the acquisition goodwill.

Intangible assets net book value decreased by £16.4m versus the prior year. This decrease is largely driven by the Andor impairment and £10.6m of amortisation. This is partially offset by the acquisition of FemtoTools in June 2024, adding £10.5m of intangible assets related to trademarks, technology, know-how and patents, and £9.5m of goodwill.

Property, plant and equipment

Additions to property, plant and equipment were £14.4m in the year. £9.2m of this was related to investment in the Severn Beach plasma facility, with £5.8m classed as assets under construction. At year-end, the total assets under construction balance was £39.0m (FY24: £33.2m). Property, plant and equipment with a carrying value of £3.6m were disposed of in the year, of which £1.8m was related to moving out of the Yatton plasma facility. The depreciation charge for the year was £5.9m.

Working capital

Working capital increased by £11.2m to £64.3m. The increase is mainly driven by a £9.9m reduction in FY24 customer pre-payments balances related to NanoScience quantum computing systems which were shipped in FY25, moving from trade payables to trade receivables. Trade receivables also increased due to the shipment of large equipment in the final months of the year. Inventories partially offset these movements, decreasing by £8.8m as a result of normalising inventory levels following destocking in OEMs, the burn down of the additional safety stock purchased ahead of the Severn Beach move, and other operational planning improvements. Approximately £4.2m of the trade receivables balance was related to sales to the NanoScience large US quantum computing customer in Q4, which were settled by the customer in early April.

Pensions

The Group has a defined benefit pension scheme in the UK. This has been closed to new entrants since 2001 and closed to future accrual from 2010.

Scheme liabilities decreased to £194.8m (FY24: £223.6m). Company contributions of £8.7m in the period were offset by market conditions that reduced the scheme's assets during the period to £219.2m (FY24: £239.7m). On an IAS 19 basis, the surplus arising from our UK defined benefit pension scheme obligations on 31 March 2025 rose to £24.4m (FY24: £16.1m).

The scheme's actuarial valuation review, rather than the accounting basis, determines our cash payments into the scheme. Whilst the scheme is close to self-sufficiency, the company has agreed to continue contributions until 2029. The company is expecting to contribute £9m in FY26.

Finance review continued

11. Cash and liquidity

The Group ended the year with £85.3m in cash and cash equivalents (£84.4m net cash). Adjusted cash from operations, including capital expenditure, was £65.7m (FY24: £37.6m) and represents a cash conversion of 80% (FY24: 47%). Cash conversion is calculated as adjusted cash from operations divided by adjusted operating profit. Excluding capital expenditure relating to our new semiconductor systems facility, and facility expansion in Belfast in FY24, cash conversion on a normalised basis was 89% (FY24: 64%).

The improvement in cash conversion is mainly driven by a lower working capital increase in the year versus the prior year (FY25: +£11.4m; FY24: +£24.7m). This was partially offset by an increase in non-recurring costs of £4.9m. Free cash flow (FCF) has improved significantly to £31.6m in FY25 (FY24: £13.5m). This is due mainly to the improvement in cash conversion, and to the reduction in capital expenditure associated with the new Severn Beach plasma facility. FCF was used for acquisitions and to fund a dividend payment of £12.1m (FY24: £11.4m).

The Group Consolidated Statement of Cash Flows is summarised below:

	2025 £m	2024 £m
Adjusted operating profit	**82.2**	80.3
Depreciation and amortisation	**12.7**	11.0
Adjusted EBITDA[1]	**94.9**	91.3
Working capital movement	**(11.2)**	(24.7)
Loss on disposal of plant, property and equipment	**1.3**	–
Non-recurring items	**(7.5)**	(2.2)
Equity settled share schemes	**(0.1)**	3.0
Pension scheme payment above charge to operating profit	**(7.9)**	(8.0)
Cash generated by operations	**69.5**	59.4
Add/(deduct):		
Interest income	**1.0**	2.2
Tax paid	**(19.8)**	(16.1)
Capitalised development expenditure	**(1.5)**	(0.7)
Expenditure on tangible and intangible assets	**(12.1)**	(26.5)
Payments made in respect of finance leases	**(5.5)**	(4.8)
Free Cash Flow (FCF)[2]	**31.6**	13.5
Acquisition of subsidiaries, net of cash acquired	**(15.4)**	(13.4)
Dividends paid	**(12.1)**	(11.4)
Decrease in borrowings	**(0.8)**	(1.8)
Net increase/(decrease) in cash and cash equivalents	**3.3**	(13.1)
Effect of exchange rate fluctuations on cash held	**(3.5)**	(2.9)
Closing cash	**85.3**	85.5
Borrowings	**(0.8)**	(1.8)
Net cash	**84.4**	83.8

1 Adjusted EBITDA is defined as Adjusted operating profit before depreciation and amortisation of capitalised development costs.

2 Free cash flow is reported before acquisitions or similar corporate development activity.

Finance review continued

Reconciliation of cash generated from operations to adjusted operating cash flow:

	2025 £m	2024 £m
Cash generated by operations	**69.5**	59.4
Add back/(deduct):		
Pension scheme payment above charge to operating profit	**7.9**	8.0
Non-recurring items	**7.5**	2.2
Capitalised development expenditure	**(1.5)**	(0.7)
Expenditure on tangible and intangible assets	**(12.1)**	(26.5)
Payments made in respect of finance leases	**(5.5)**	(4.8)
Adjusted cash generated by operations	**65.8**	37.6
Cash conversion[1]	***80%***	*47%*
Normalised cash conversion[2]	***89%***	*64%*

1 Cash conversion = Adjusted cash generated by operations divided by adjusted operating profit.

2 Cash conversion calculated on a normalised basis excludes expenditure in the year of £7.9m (FY24: £14.1m) relating to the new semiconductor systems facility in Severn Beach in FY25 and FY24. FY24 also excludes the property acquisition in Belfast.

The Group maintains an unsecured multi-currency revolving facility agreement which expires in March 2028, with two extension options. The facility is supported by four banks and comprises a euro-denominated multi-currency facility of €95.0m (£80m) and a US dollar-denominated multi-currency facility of $150.0m (£116m).

Debt covenants are net debt to EBITDA less than 3.0 times and EBITDA to interest greater than 4.0 times.

12. Dividend

The Group's policy on the dividend takes into account changes to underlying earnings, dividend cover, movements in currency and demands on our cash. The Board remains confident in the long-term performance of the business and has proposed a final dividend of 17.1p (FY24: 15.9p) per share. This results in a total dividend of 22.2p (FY24: 20.8p) per share, growth of 6.7%. An interim dividend of 5.1p per share was paid on 7 January 2025. The final dividend will be paid, subject to shareholder approval, on 19 August 2025 to shareholders on the register as at 11 July 2025.

13. Return on capital employed (ROCE)

ROCE measures effective management of capital employed relative to the profitability of the business. ROCE is calculated as adjusted operating profit less amortisation of intangible assets divided by average capital employed. Capital employed is defined as assets (excluding cash, pension, tax and derivative assets) less liabilities (excluding tax, debt and derivative liabilities).

Average capital employed is defined as the average of the closing balance at the current and prior year end.

ROCE has fallen on a reported basis to 27.1% (FY24: 29.1%), and on an organic basis, which excludes the impact of acquisitions, and Andor impairment in the year, to 26.4% (FY24: 30.6%). The fall in ROCE is due to the increase in capital employed (CE) to £268.8m from FY23 (FY24: £269.2m; FY23: £219.5m). Aside from acquisitions, the main drivers are:

- the large investment in the new semiconductor systems facility in Bristol which has increased property, plant and equipment between year-end FY23 (included in the FY24 average CE value);
- the significant step up in inventories in FY24 from FY23. Inventories have reduced in FY25 versus FY24, but remain at historically high levels due to increases in the level of safety stock to support the Plasma move to Severn Beach; and
- increased trade receivables due to the volume of high value, large equipment shipments at year end, including the movement of NanoScience quantum computing pre-payments from trade payables to trade receivables.

	2025 £m	2024 £m
Adjusted operating profit	**82.2**	80.3
Amortisation of acquired intangible assets	**(9.2)**	(9.1)
Adjusted operating profit after amortisation of acquired intangible assets	**73.0**	71.2
Property, plant and equipment	**85.6**	80.5
Right-of-use assets	**29.9**	32.4
Intangible assets	**121.8**	138.2
Long-term receivables	**1.0**	1.3
Inventories	**99.1**	108.1
Trade and other receivables	**126.2**	114.7
Non-current lease liabilities	**(26.7)**	(28.6)
Trade and other payables	**(157.7)**	(166.2)
Current lease liabilities	**(4.5)**	(4.8)
Provisions	**(5.9)**	(6.4)
Capital employed	**268.8**	269.2
Average capital employed	**269.0**	244.4
Return on capital employed (ROCE)	**27.1%**	29.1%

Return on invested capital (ROIC)

ROIC measures the after-tax return on the total capital invested in the business. It is calculated as adjusted operating profit after tax divided by average invested capital. Invested capital is total equity less net cash, including lease liabilities. Average invested capital is defined as the average of the closing balance at the current and prior year end. Oxford Instruments aims to deliver high returns, measured by a return on capital in excess of our weighted average cost of capital of 13.4%-14.0%. ROIC has decreased in the year, due to the same key factors driving capital employed described above.

Finance review continued

	2025 £m	2024 £m
Adjusted operating profit	**82.2**	80.3
Taxation	**(18.2)**	(20.3)
Adjusted operating profit after taxation	**64.0**	60.0
Total equity	**376.1**	365.7
Less: net cash and lease liabilities	**(53.2)**	(50.4)
Invested capital	**322.9**	315.3
Average invested capital	**319.1**	295.3
Return on invested capital (ROIC)	**20.1%**	20.3%

Subsequent events

On 10 June 2025 the Group entered into a binding agreement to sell our NanoScience business for a total consideration of £60m, of which £57m is payable on closing and up to £3m is contingent on future business performance over three years. The deal is expected to close in Q3 of FY26.

Whilst a sale process was ongoing prior to 31 March 2025, at that point no binding offer or terms from prospective buyers had been received and therefore actions to complete the sale remained highly uncertain. In addition, management were not committed to sale and given the macro conditions prevailing at that time a successful sale remained highly uncertain. As a result, the Directors consider that the IFRS 5 conditions to classify the NanoScience assets as held for sale were not fully met. Therefore, no adjustments have been made in FY25 financial statements in respect of this potential transaction.

Capital allocation

The Group generated £31.6m of free cash flow in FY25, and held £85.3m in cash and cash equivalents at 31 March 2025. The Group will prioritise opportunities which deliver incremental organic growth and remains committed to a progressive dividend policy, rising in line with underlying earnings. Oxford Instruments will consider inorganic opportunities where they offer a compelling strategic and synergy case, delivering returns above the Group's strict financial criteria. Alongside this the Group will consider the buy back of its own shares where it considers there is a compelling case to create value for individual shareholders.

In accordance with this policy the Board has approved a return of capital to shareholders of approximately £50m by means of a share buyback. In making this decision the Board has considered the current and future capital needs of the business, as well as taken into account the potential future proceeds of a sale of our NanoScience business.

Forward-looking statements

This document contains certain forward looking statements. The forward-looking statements reflect the knowledge and information available to the company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future, thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the company.

PAUL FRY
Chief Financial Officer
12 June 2025

Sustainability

Sustainability is central to Oxford Instruments, with our purpose, values, strategy and products all aligning around the positive impact we seek to have on our planet and the societies in which we operate

Through our products and services, we are working to accelerate the breakthroughs that create a brighter future for our world. And through our commitment to operating responsibly, in line with our values, we strive to operate with the highest standards and integrity.

We take a holistic approach to sustainability, ensuring that it is embedded throughout the organisation, from our Board-level Sustainability Committee, joined by all Board members, to our workforce around the world. We also seek to embed principles of sustainability in our interactions with all stakeholders, including customers, supply chain partners and our local communities.

We are committed to building on past progress and continuing to challenge ourselves to go further. Our environmental, social and governance (ESG) strategy focuses on driving positive action across the following areas: progress to net zero and environmental impact; sustainable product stewardship; health and safety; investing in our people; culture and engagement, ethical business practices and regulatory financial compliance. We set out our progress throughout this section.

Environment

Our products and services have a key role to play in achieving a more sustainable future. We are committed to minimising our own impact on the environment, reflected in our ambitious net zero targets: 2030 in our own operations, and 2045 across our whole value chain.

For more information / Pages 47 to 51

Social

Our purpose and values-driven social programme seeks to uphold our deeply held sense of responsibility to our employees, the communities we impact, and the generations to come. We strive to create a safe and inclusive culture where colleagues can build rewarding careers, and to be a responsible corporate citizen everywhere we operate.

For more information / Pages 61 to 66

Governance

We are committed to upholding the highest ethical standards in all our interactions with our colleagues, customers, suppliers, and the stakeholders in our wider network. How we run our business is as important as what we do. We seek to operate in an inclusive, responsible and sustainable way, and with integrity at all times.

For more information / Pages 67 and 68

Sustainability continued

The United Nations Sustainable Development Goals provide an ambitious and powerful framework for companies and other organisations to focus their efforts and commitments. We fully support all 17 goals, but have focused our efforts around those goals where we feel most able to have a positive impact.

Our products contribute toward the following goals:

The way we run our business and the actions we take throughout our value chain support the following goals:

Our sustainability ratings

CDP climate change:
B

S&P:
37
(82nd percentile)

ISS:
C-

Sustainalytics ESG Risk Rating:
12.1 Low risk
(13th percentile among technology hardware companies)

MSCI ESG Ratings:
AA

Introduction

We are committed to advancing our positive progress on sustainability each year. This has been a milestone year on our environmental sustainability journey. Having made a new commitment in 2024 to reach net zero in Scopes 1 and 2 by 2030, this year, we addressed Scope 3, setting an interim target of a 25% absolute reduction in emissions by 2030. This was followed by the publication of our net zero transition plan in November 2024, which sets out how we will achieve our goals. We then successfully submitted our targets for validation by the Science Based Targets initiative (SBTi), achieving approval in March 2025. We also submitted to CDP's climate change assessment for the first time since 2016, achieving a B rating in acknowledgment of our commitment and action in this area.

We were pleased to report a strong health and safety (H&S) performance, with no serious accidents in the year. A small increase in minor injury reports largely reflected improved reporting protocols, and we continue to roll out our IOSH-accredited H&S training programme.

A key focus of our social programme this year has been to embed our new purpose and ways of working with colleagues around the world, including incorporating our ways of working into the annual personal development process, and launching a suite of engaging collateral to use at sites around the world. We also carried out our first externally benchmarked global employee engagement survey.

Our Foundations programme pilot, supporting high-potential colleagues in their early career, came to a successful conclusion, and is set to run again in 2025/26. Three cohorts of our long-running Leadership programme also benefited from bespoke training, while five cohorts undertook management essentials training, recognising the importance of effective line management skills. We continue to extend both the number of participants and the range of opportunities offered in our apprenticeship and graduate programmes.

We also secured accreditation from the Living Wage Foundation in the UK, where more than half of our workforce is based, reflecting our commitment to wages that help our employees cope with the cost of living.

Our focus on strong governance underpinned the development and production of our newly extended Code of Conduct in five languages (English, Chinese, French, German and Japanese). We also rolled out an updated and extended compliance training programme, driving employee awareness through training and regular communications. Colleagues completed more than 9,600 compliance training courses during calendar year 2024. For more on our people and governance-centred initiatives, see pages 61 to 68.

Colleagues were invited to make pledges at an International Women's Day event at our High Wycombe site

Sustainability – environment

We are proud of the role our products play in supporting decarbonisation, and we are committed to reaching net zero emissions across our value chain by 2045

Strategy and targets

Work has continued across the Group to reduce our environmental impact. Activities have included the reintroduction of renewable electricity contracts in the UK, and a number of smaller behaviour change actions undertaken by our employee-led Go Green teams. We have also reached the procurement stage for capital investment projects including gas boiler replacements and an additional solar array, which will significantly reduce our Scope 1 and 2 profile.

Earlier this year we were pleased to announce that both our near and long-term science-based targets had been approved by the Science Based Targets initiative (SBTi). Our targets now include both near and long-term targets for scope 1, 2 and 3 emissions. Overall, our SBTi target is to reach net zero across the value chain by 2045. More details on our interim targets can be found on the SBTi website.[1] This long-term commitment will see us delivering net zero five years ahead of the UK Government's commitment.

We have committed to reach net zero (where we add no incremental greenhouse gases to the atmosphere) across our own operations (Scopes 1 and 2) by 2030. For Scope 3 we are committed to reducing our emissions by 25% by 2030. Our 2030 and 2045 targets are against a FY2023/24 baseline.

Overall net zero target

Oxford Instruments plc commits to reach net zero greenhouse gas emissions across the value chain by 2045.

To ensure our SBTi targets were using our most up-to-date and accurate data, in line with best practice, we re-baselined our carbon footprint. This was largely driven by our improved data gathering, as we identified additional emissions which moved our footprint by more than 5% from our previous baseline. Most notable among these was an increase in process emissions from our Severn Beach site.

Plans are already under way to remove the majority of these emissions through increased control measures and abatement systems.

Today, our market-based carbon intensity metric for Scopes 1 and 2 stands at 7.76 tonnes CO_2e per £million revenue. This is a decrease from 12.16 tonnes per £million revenue in FY2023/24[2], primarily as a result of having reinstated REGO-certified renewable electricity at our UK manufacturing sites.

Transition plan to net zero

In November 2024, we published our net zero transition plan, created in line with the recommendations of the Transition Plan Taskforce. This key document sets out how we intend to hit our 2030 and 2045 targets. We have already begun our implementation plan:

- **Heat decarbonisation –** Heating systems are a large contributor to our Scope 1 emissions. Planning has progressed to detailed design stage to update the heating systems in both Belfast and High Wycombe. Both systems will remove the use of natural gas from the sites, saving a combined 196 tonnes CO_2e per year.
- **Process emissions –** Process emissions have become a significant part of our Scope 1 footprint from the processes at our compound semiconductor facility. A significant proportion of these gases can be abated, and work is already under way to design these systems.
- **Scope 3 emissions –** The largest proportion of our emissions comes from our purchased goods and services. Work began this year to engage with our key suppliers, sharing our net zero targets and collecting data around their own carbon footprint and the work they are doing to reduce it. We also ran a programme of 22 workshop sessions with product managers and engineers to help to address emissions arising from customers' use of our products. Sustainability considerations are now fully embedded in our new product introduction process.

Together with the establishment of our SBTi-verified targets, our plan will help us to drive ambitious and positive change to the business. As shown, work has already begun to tackle issues across all emission scopes to ensure we hit our 2030 and 2045 targets. The steps we will take between now and 2045 include:

- implementing our net zero transition plan;
- ensuring that all of our sales, service and manufacturing operations, wherever possible, are powered by on-site renewables or electricity backed by renewable energy certificates, eg the Renewable Energy Guarantee of Origin (REGO) scheme in the UK. Where this is not achievable, we will look to move from current sites as leases come up for renewal;
- prioritising positive environmental attributes when we are looking for new sales, services or manufacturing facilities;
- looking for opportunities to reduce energy usage at each of our sites. We will continue to use and invest in energy-efficient equipment to help reduce the quantity of energy we purchase;
- early replacement of gas and oil boilers (with the Board setting a target, linked to executive remuneration, to replace boilers at two UK sites in the next three years (see page 133);
- switching fleet vehicles to electric rather than internal combustion engines; and
- continuing to engage with our supply chain to understand their decarbonisation strategy.

1 https://sciencebasedtargets.org/target-dashboard.
2 Figures have been rebaselined in FY2024/25.

Sustainability – environment continued

Streamlined Energy and Carbon Reporting (SECR)

We have outlined our emissions and energy usage across the whole Group, accounting for all Oxford Instrument sites.

Absolute location-based Scope 1 and 2 emissions increased by 5.5% during the year. The main reason for this was an increase in electricity usage, as well as an increase in fuel consumption. These increases relate to the continued ramping up of our Severn Beach compound semiconductor facility, our first full year of data from First Light imaging and the addition of FemtoTools to the portfolio.

Scope 1 emissions have reduced by 1.5% due to a reduction in process emissions. Scope 2 market-based emissions have decreased significantly (75.5%) due to the reinstatement of renewable energy contracts at all our UK sites this year. As discussed in last year's Annual Report, these had ceased in late 2023 due to our previous supplier exiting the market and withdrawing its renewable energy option. UK contracts were therefore retendered as soon as possible, with all UK sites reverting to REGO-certified electricity from April 2024.

In the near term, we will continue to purchase renewable energy certificates to reduce our market-based Scope 2 emissions. In the longer term we will explore further development of on-site generation and power purchase agreements (PPAs) and pursue energy efficiency opportunities.

We report our location-based emissions and energy intensity as tonnes CO_2e/£m revenue and kWh/£m revenue. Emissions intensity has reduced by 0.8% this year, while energy intensity has increased by 10.6%.

GHG emissions (tCO_2e)

	2025			2024		
	UK	**Global (exc. UK)**	**Group total**	**UK**	**Global (exc. UK)**	**Group total**
Scope 1 fugitive emissions (tCO_2e)	**26**	**–**	**26**	1	1	2
Scope 1 process emissions	**2,692**	**–**	**2,692**	2,935	0	2,395
Scope 1 combustion emissions (tCO_2e)	**486**	**104**	**590**	372	51	423
Total Scope 1 (tCO_2e)	**3,204**	**104**	**3,308**	3,308	52	3,360
Scope 2 location-based (tCO_2e)	**2,767**	**761**	**3,528**	2,315	803	3,118
Scope 2 market-based (tCO_2e)	**0**	**578**	**578**	1,715	647	2,362
Total Scope 1 + 2 location-based (tCO_2e)	**5,971**	**865**	**6,836**	5,623	855	6,478
Total Scope 1 + 2 market-based (tCO_2e)	**3,204**	**682**	**3,886**	5,023	699	5,722
Upstream Scope 3 (tCO_2e)	**–**	**–**	**81,144**	–	–	81,023
Downstream Scope 3 (tCO_2e)	**–**	**–**	**25,002**	–	–	31,371
Total Scope 3 (tCO_2e)	**–**	**–**	**106,146**	–	–	112,394
Total Scope 1, 2 & 3 location-based (tCO_2e)	**–**	**–**	**112,982**	–	–	118,872
Total Scope 1, 2 & 3 market-based (tCO_2e)	**–**	**–**	**110,032**	–	–	118,116
Scope 1 + 2 location-based GHG emissions intensity ratio (per Group turnover) £m	**–**	**–**	**13.66**	–	–	13.77

Sustainability – environment continued

	Energy consumption (kWh)					
	2025			2024		
	UK	Global (exc. UK)	Group total	UK	Global (exc. UK)	Group total
Total renewable fuels consumption (kWh)	**0**	**0**	**0**	0	0	0
Liquid fuel (diesel, petrol, fuel oil)	**1,094,564**	**151,926**	**1,246,490**	662,253	12,706	674,959
Gaseous fuel (natural gas)	**1,069,404**	**364,483**	**1,433,887**	1,091,919	261,036	1,352,955
Total non-renewable fuels consumption (kWh)	**2,163,968**	**516,409**	**2,680,377**	1,754,172	273,742	2,027,914
Total fuels consumption (kWh)	**2,163,968**	**516,409**	**2,680,377**	1,754,172	273,742	2,027,914
Consumption of purchased or acquired electricity renewable (kWh)	**13,364,131**	**488,661**	**13,852,792**	6,485,154	395,202	6,880,356
Consumption of purchased or acquired electricity non-renewable (kWh)	**–**	**1,872,295**	**1,872,295**	4,695,603	1,893,110	6,588,713
Consumption of self-generated non-fuel renewable energy (solar) (kWh)	**28,867**	**183,222**	**212,089**	–	255,139	255,139
Total electricity consumption (kWh)	**13,392,998**	**2,544,178**	**15,937,176**	11,180,757	2,543,450	13,724,207
Consumption of purchased or acquired heating, steam and cooling non-renewable (kWh)	**–**	**250,034**	**250,034**	–	252,243	252,243
Consumption of purchased or acquired heating, steam and cooling renewable (kWh)	**–**	**49,673**	**49,673**	–	64,967	64,967
Total renewable energy consumption (kWh)	**13,392,998**	**721,556**	**14,114,554**	6,485,154	715,307	7,200,461
Total non-renewable energy consumption (kWh)	**2,163,968**	**2,638,738**	**4,802,706**	6,449,775	2,419,094	8,868,869
Total energy consumption (kWh)	**15,556,966**	**3,360,294**	**18,917,260**	12,934,929	3,134,402	16,069,330
% renewable electricity from total electricity	**100%**	**26%**	**88%**	58%	16%	50%
Energy intensity ratio (per Group turnover) £m	**–**	**–**	**37,789**	–	–	34,161

1. This section has been prepared for the reporting period of 1 April 2024 to 31 March 2025. We report on all of the material emission sources in line with an operational control approach method, as required in Part 7 under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting (SECR) requirements.

   Our energy consumption and emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol ('GHG Protocol'), Revised Edition and the Environmental Reporting Guidelines, including the SECR guidance dated March 2019. The GHG Protocol standard covers the accounting and reporting of seven greenhouse gases (GHGs) covered by the Kyoto Protocol.

   We report on Scopes 1 and 2 GHG emissions, as well as select Scope 3 emissions, providing a detailed breakdown of the Group's emissions by type and intensity measurement.

   In our calculations, we have taken into account instances where sites generate their own renewable electricity or purchase electricity backed by contractual instruments, such as Renewable Energy Guarantee Origin (REGO). Consistent with the Greenhouse Gas Protocol, we regularly review our reporting procedures in response to changes in business structure, calculation methodologies, and data accuracy and availability. Consequently, we have restated our Scope 1 and 2 2024 emissions data to reflect updated emissions factors and data availability.

   For Scope 1 emissions, we have utilised emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2024 (provided by the Department for Environment, Food and Rural Affairs (DEFRA)). Scope 2 emissions, calculated using the GHG Protocol location-based method, have been determined using country-specific emission factors from the International Energy Agency (IEA) and DEFRA for UK sites. For Scope 2 emissions calculated using the GHG Protocol market-based method, we have used residual mix emission factors from the Association of Issuing Bodies (AIB) 2022 where applicable. In cases where residual mix emission factors were not available, we employed country-specific emission factors from the IEA in accordance with GHG Protocol guidelines.

Sustainability – environment continued

Scope 3 emissions

Our Scope 3 emissions are still our most significant source of emissions, contributing 94% of our total emissions.

We calculated all applicable Scope 3 categories for our carbon footprint, with five categories not applicable to our business. In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data.

Due to recognised inherent uncertainties in calculating Scope 3, we have adopted a continuous improvement approach. We will continue to review our processes and disclose any restatements in a timely and transparent manner. Below is a description of our most material Scope 3 categories for our 2024/25 footprint.

Purchased goods and services (65.5% of Scope 3) – We use purchase data by spend of raw materials, components and services. We have continued to use a 'spend-based' approach which allocates emissions to an amount spent on specific commodities. While this method contains a certain degree of uncertainty, it provides a view of our hotspots in our supply chain emissions. As more granular data becomes available through engagement with our supply chain, we will refine this methodology and look to incorporate supplier-specific emissions.

Use of sold products (23.3% of Scope 3) – We calculate the lifetime energy use for representative products of our key product ranges, using our annual sales volume, average power use per product and estimated hours in use over life. Emissions factors for our key sales regions are applied to this data.

Upstream transportation and distribution (4.3% of Scope 3) – All inbound, intragroup and outbound logistics paid for by the Group are mapped against the transportation mode, weight and distance travelled to calculate emissions on a well-to-wheel basis.

Category	Description	Status	2025 Scope 3 emissions (tCO_2e)	2024 Scope 3 emissions (tCO_2e)
1	Purchased goods and services	Relevant, calculated	**69,501**	71,046
2	Capital goods	Relevant, calculated	**Inc. in category 1**	Inc. in category 1
3	Fuel- & energy-related activities	Relevant, calculated	**1,181**	545
4	Upstream transportation and distribution	Relevant, calculated	**4,553**	3,150
5	Waste generated in operations	Relevant, calculated	**15**	13
6	Business travel	Relevant, calculated	**4,447**	4,825
7	Employee commuting	Relevant, calculated	**1,447**	1,445
8	Upstream leased assets	Not relevant, not applicable	**–**	–
	Upstream emissions		**81,144**	81,023
9	Downstream transportation and distribution	Relevant, calculated	**310**	326
10	Processing of sold products	Not relevant, not applicable	**–**	–
11	Use of sold products	Relevant, calculated	**24,689**	31,034
12	End-of-life treatment of sold products	Relevant, calculated	**3**	11
13	Downstream leased assets	Not relevant, not applicable	**–**	–
14	Franchises	Not relevant, not applicable	**–**	–
15	Investments	Not relevant, not applicable	**–**	–
	Downstream emissions		**25,002**	31,371
	Total Scope 3		**106,146**	112,394

Sustainability – environment continued

Environmental management and legislation

As a Group, we are committed to strong environmental management and to ensuring compliance with environmental legislation in the countries where we operate. We maintain certification to ISO 14001 at all our UK manufacturing sites.

No environmental fines or penalties have been placed on the Group in the last three years. Some of the primary frameworks which drive our environmental compliance actions are as follows:

- Waste Electronic and Electrical Equipment (WEEE) Directive;
- Restriction on the use of Hazardous Substances (RoHS) regulations;
- Registration, Evaluation, Authorisation of Chemicals (REACH) Directive; and
- European Waste Framework Directive.

Water and waste

Water withdrawal and waste data has been collected across the Group from sites with independent water supplies and direct control of their waste collection services. This includes all the primary UK manufacturing sites, which account for 83% of Group revenue.

Some of our operations are in regions with high or extremely high levels of water stress. However, water is not seen as a material risk as it is not used significantly as part of our production processes. In total the Group recorded 33,835 m^3 of water withdrawal (2023/24: 10,553m^3) and produced 33,835 m^3 of water discharged.

UK sites are sending zero waste to landfill; our waste from these sites is either recycled or used at energy from waste facilities to generate electricity. We are committed to reducing the quantity of hazardous waste we produce.

Total waste – treatment	kg	% split of waste
Recycled	**122,261**	**29%**
Landfill	**11,595**	**3%**
Energy from waste	**290,476**	**69%**
Total	**424,322**	

Hazardous vs non-hazardous	kg	% split of waste
Hazardous	**12,412**	**3%**
Non-hazardous	**411,920**	**97%**
Total	**424,322**	

Water	m^3	Intensity ratio (per Group turnover) £m
Withdrawal	**33,835**	**67.59**
Discharge	**33,835**	**67.59**

Sustainable product development

Oxford Instruments provides academic and commercial organisations worldwide with market-leading scientific technology and expertise across our key market segments: materials analysis, semiconductors, and healthcare & life science. Our Imaging & Analysis division develops, manufactures and services microscopes, scientific cameras, analytical instruments and software. Our Advanced Technology division develops, manufactures and services compound semiconductor fabrication equipment, cryogenic and superconducting magnet technology and X-ray tubes.

Our new product introduction (NPI) process considers sustainable design alongside customer and market demands. This will allow us to continue to produce technologies that enable and facilitate the transition to a low-carbon economy.

Our NPI process considers the sustainability attributes of new products from the feasibility and design stage through to development, launch and scale up. Some of the key sustainable design considerations for reducing product-related emissions include: seeking recycled or low emission raw materials with suitable technical properties, reducing the weight and number of components in our products, and enhancing their overall efficiency during the use phase.

Sustainability – TCFD statement

Task Force on Climate-related Financial Disclosures (TCFD) Statement for the year ended 31 March 2025.

Introduction

In tandem with our net zero commitment, this report addresses our climate governance and describes how we integrate climate risks and opportunities into our risk management, strategic planning, and decision-making, in line with our ambition to achieve net zero emissions across Scopes 1 and 2 by 2030, and across Scopes 1, 2 and 3 by 2045.

As a global manufacturer of high-technology products, mitigating, adapting and responding to the impacts of climate change is central to our strategy, both in terms of how we operate our business, and in terms of the key role our products and services play in the technology pathway to enable the transition from fossil fuels to a low-carbon economy. This year, in addition to having our emissions targets SBTi validated and publishing our net zero transition plan, we have reviewed the risks and opportunities that we identified last year, taking into account any changes to impact or likelihood over the past year.

Compliance statement

For clarity around compliance of the following information with the TCFD framework, and requirements arising from UK Listing Rule 6.6.6(8), we consider our disclosure to be consistent with all TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures' (2017) and the additional guidance as set out in the 2021 Annex, 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' and with the climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (CA 414CB), as shown in the TCFD and CFD cross reference and disclosure consistency summary opposite.

TCFD pillar	Recommended disclosure	Disclosure location	CA 414CB
Governance: Disclose the organisation's governance around climate-related risks and opportunities	a. Describe the Board's oversight of climate-related risks and opportunities.	Page 53	(a)
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Page 54	(a)
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 56 to 59	(d)
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Page 60	(e)
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 60	(f)
Risk management: Disclose how the organisation identifies, assesses, and manages climate-related risks	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 54 to 55	(b)
	b. Describe the organisation's processes for managing climate-related risks.	Page 55	(b)
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 55	(c)
Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 60	(h)
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pages 47 to 52	(h)
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 47 to 51, 60	(g)

Sustainability – TCFD statement continued

Governance

Board level

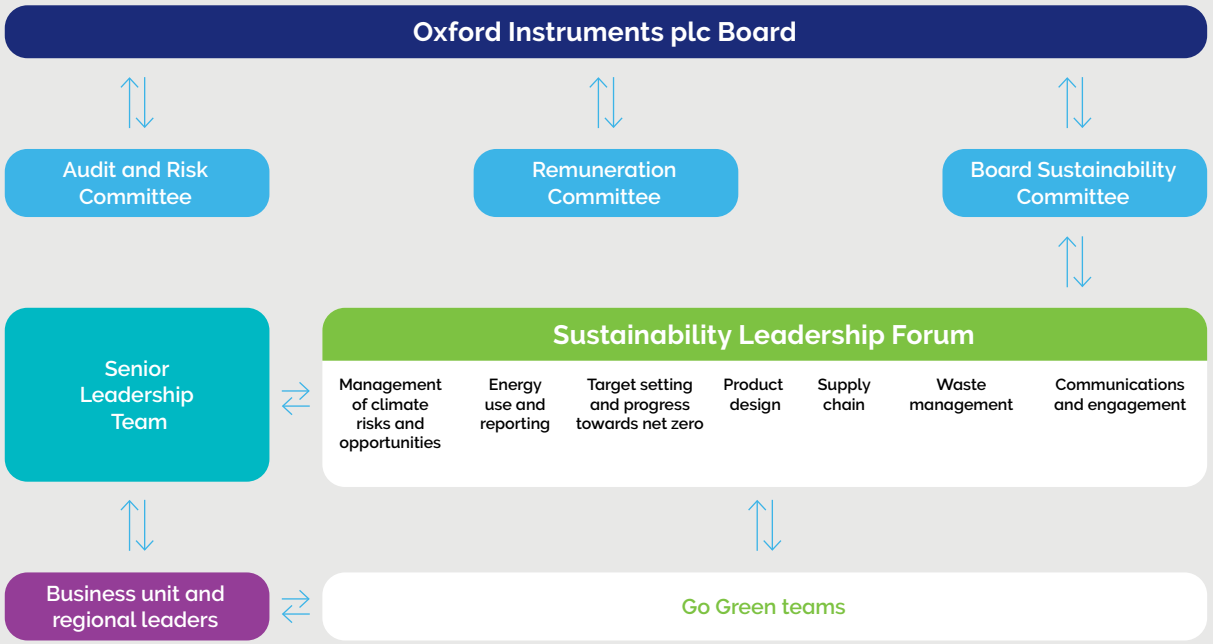
The Board of Directors has ultimate responsibility for the oversight of climate change-related issues and is supported by its Committees (primarily the Sustainability Committee, the Audit and Risk Committee and the Remuneration Committee), the Senior Leadership Team, the Sustainability Leadership Forum (SLF), and the wider leadership team. Climate change-related considerations are embedded throughout our governance structure, and at every level across the organisation, as set out in the graphic and explained in more detail below. The Board engages regularly with a range of external advisers and internal subject matter experts on environmental legislation, decarbonisation and climate risk.

The Group's environmental strategy and the management of climate-related risks and opportunities is set and directed by the CEO and the Senior Leadership Team. Any major capital expenditure, including climate-related initiatives such as solar arrays or energy efficiency upgrades to sites, is approved by the CEO and CFO and, if required, the Board.

The Board, through its Sustainability Committee (comprising all the Non-Executive Directors), provides oversight and governance over environmental strategy, including monitoring progress to SBTi-aligned net zero targets through its review of emissions data, and assessing how these are being managed. The Sustainability Committee meets at least three times a year.

The Audit and Risk Committee provides oversight and governance in relation to climate change-related risks and opportunities, while the Remuneration Committee is responsible for setting and overseeing climate change-related remuneration incentives, together with any other sustainability-related incentives. The current climate-related executive remuneration objectives can be found on pages 132 to 134. The Sustainability Committee in turn provides strategic guidance and oversight to the management-level SLF primarily through the attendance of relevant SLF members at the Committee's meetings.

Climate-related governance framework



Note to graphic: Arrows indicate two-way transfers of information and guidance between forums.

Sustainability – TCFD statement continued

Management level

The SLF is a cross-functional forum, chaired by the Chief HR Officer, with a remit across the full spectrum of sustainability, including matters relating to environment, social and governance. It holds responsibility for environmental issues at a management level, including identifying and assessing climate-related risks and opportunities and the delivery of the Group's environmental strategy. The Group's science-based emissions targets were also reviewed by the SLF before recommending to the Board and CEO. Representatives of the SLF attend Sustainability Committee as required to share strategic updates, and seek the Board's input on them. The SLF meets at least quarterly, and is primarily responsible for detailed development of strategy, and the assessment, management and tactical delivery of the environmental remit.

Its membership includes functional heads and subject matter experts, who lead workstreams on:

- the management of climate risks and opportunities;
- energy use and reporting;
- development of target setting and progress towards net zero;
- product design;
- supply chain;
- waste management and recycling; and
- communications and engagement.

SLF members lead liaison with external consultant CEN-Group on climate, energy and progress to net zero. In addition, members monitor the KPIs outlined in the Metrics and Target section on page 60.

A key part of the SLF's remit, working in collaboration with the Senior Leadership Team, is to foster two-way engagement with business units, regional leadership and Go Green teams to drive and accelerate Oxford Instruments' progress towards net zero and our management of climate risks and opportunities. Our Go Green Initiative has been active in the UK since the early 2000s. Following its extension to become a global network of 12 teams in 2024, it has driven further progress towards our 2030 net zero target for Scopes 1 and 2 through projects targeting reductions in energy, waste, water and travel. Projects have included behaviour change projects along with providing assistance with larger infrastructure programmes.

Risk management

Our process for identifying and assessing climate-related risks

As a principal risk, climate-related risks and opportunities are identified and assessed in line with Oxford Instruments' processes for wider enterprise risk management. This allows the importance of climate-related risks and opportunities to be compared with other risks and opportunities. All physical and transition risk categories (current and emerging) outlined by the TCFD are considered by Oxford Instruments, regardless of whether they occur within our operations, upstream or downstream of the Group. Our approach to identifying and assessing risks and opportunities is set out in detail in the Risk Management section on pages 69 to 78 of the Annual Report 2025.

Relevant risks and opportunities are identified with help from external consultants, CEN-Group, and involve collaboration with key internal stakeholders such as senior management, legal and regulatory, product management, and health and safety functions. As part of this process, we carry out horizon scanning to identify potential threats, particularly regulatory changes, and any emerging risks and opportunities, which allows for better preparedness to support decision making. We consider climate-related risks and opportunities across the short, medium and long term, with these timeframes defined on page 55.

Generally, transition risks are considered at a macro level by the Group in collaboration with internal stakeholders and senior management, while physical risks are typically more granular and therefore more relevant at a business unit and site level. Any new regulatory requirements are implemented as they arise, and further actions taken as appropriate.

As with all other Group risks, climate risks and opportunities are assessed on a 4x5 matrix, which incorporates an assessment of both Likelihood (Highly Unlikely to Highly Likely) and Impact (Insignificant to Severe[1]). The financial impact of a risk is defined below.

Financial impact[2]

Insignificant	Notable	Significant	Major	Severe
Financial impact of 250k	Financial impact of 250k–£1m	Financial impact of £1m–£2m	Financial impact of £2m–£5m	Financial impact of > £5m

1. Likelihood is a measure of the risk occurrence while impact is a measure of the combination of financial, reputational and compliance impacts.
2. Materiality limits are set in line with the Group's financial statement materiality levels. Last year Group financial materiality was £3.5m based on 5% of profit before tax.

Through this assessment, risks are assigned a Risk Score and classified as either Low, Moderate, High or Significant. Risks that are classified as High or above are reported to the Group for further assessment. This process allows prioritisation of risks and ensures that the significance and scope of climate-related risks are considered in relation to non-climate-related risks.

Sustainability – TCFD statement continued

Climate-related risks scored as High or above are reflected in the Group risk register, which is reported to the Audit and Risk Committee on a quarterly basis. Risks below this threshold are still monitored and considered for future review. The decision to tolerate, transfer or treat a risk is determined by the outcome of the Risk Score; higher scoring risks need to be managed to bring the risk impact back in line with the Group's appropriate risk appetite. Action plans for each risk are outlined in the risk register including mitigating actions and who is responsible for these actions.

Additional information regarding each risk and opportunity has been elaborated upon, including an assessment of their implications, including but not limited to financial and reputational implications, strategic responses, associated costs, and the variability within climate-related scenarios, where feasible. This detailed analysis, coupled with evaluations of impact and likelihood, facilitates the determination of appropriate risk responses, such as mitigation, acceptance, or control. Consequently, resources can be allocated effectively to address the most consequential climate-related impacts, while other risks necessitate additional scrutiny or are deemed acceptable within the Group's customary risk tolerance.

Strategy

Climate-related risks and opportunities

Our approach to managing climate-related risks and leveraging opportunities is incorporated into our business strategy. In 2025, we have reviewed and refined the climate-related risks and opportunities we identified as part of our previous climate scenario analysis in 2024. This has ensured we are aware of any new climate-related risks and opportunities that have become relevant to Oxford Instruments throughout the year, and also that we understand whether the impact or likelihood of any previous risks or opportunities has changed.

Transition risks and opportunities

The TCFD defines transition risks in four categories (Policy and Legal, Market, Technology, and Reputation) and transition opportunities in five categories (Resource Efficiency, Energy Source, Products & Services, Markets and Resilience). These categories were considered as part of the transition risk assessment. Risks and opportunities identified in these categories were ranked, with only the most significant being reported below. Short, medium and long-term time horizons defined below were used as part of this assessment to identify the impact of climate on our business strategy.

The following International Energy Agency climate scenarios have been used to perform scenario analysis on our transition risks and opportunities.

- Net Zero 2050 (NZE): a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. This scenario meets the requirement for a 'below 2°C' scenario and is used as a positive climate pathway. NZE also informs the decarbonisation pathways used by the SBTi.
- Stated Policies Scenario (STEPS): This scenario represents projections based on the current policy landscape and is used as a base case pathway. Global temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability.

Impact time horizon	Year from	Year to	Rationale
Short term	2025	2028	In line with the existing risk management time horizon and specific business plan strategy.
Medium term	2028	2035	Encompasses Oxford Instruments' near-term emission targets, set at 2030.
Long term	2035	2050	Encompasses the Group's net zero by 2045 target, the UK Government's net zero by 2050 target and the useful life of the organisation's assets.

Sustainability – TCFD statement continued

Significant risk/opportunity Report to Group
High risk/opportunity Report to Group
Moderate risk/opportunity Do not report to Group mitigation plan expected to be in place
Low risk/opportunity Do not report to Group

Transition risks and opportunities

Transition risks identified

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we are taking and how they are managed	KPIs	NZE scenario 2028	NZE scenario 2035	NZE scenario 2050	STEPS scenario 2028	STEPS scenario 2035	STEPS scenario 2050	Scenario implications
Current and emerging environmental regulation and increasing reporting requirements	Increased exposure to environmental regulation – such as regulation on Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS).	Policy and legal	Rise in material prices for switching to compliant products or disruption to production if unable to react in sufficient time. Could also result in component/process obsolescence.	We have product compliance processes in place to manage the regulatory environment. We use existing processes to meet Restriction of Hazardous Substance (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) requirements, which remain appropriate to manage future changes in standards. Further, our new product development process considers environmental regulation.	• Frequency of horizon scanning for new regulation	●	●	●	●	●	●	The pace and magnitude of regulation would increase more substantially under NZE – but no foreseen long-term change in risk exposure between NZE and STEPS, given our mitigation processes.
	The global regulatory landscape for ESG issues is changing rapidly, and uncertainty remains with respect to the adoption of ISSB reporting standards, and the scale and timing of CSRD and CS3D. Failure to keep up with emerging regulation could increase costs of compliance.	Policy and legal	Penalties for non-compliance with regulation. Further, cost of compliance could increase through being late to address regulation.	Oxford Instruments has dedicated internal risk, legal and environmental management resource, as well as investing in external consultancy, to ensure that we are aware of, and remain compliant with, legislation. Further, we implement any new regulatory requirements as they arise. Our certified ISO 14001 systems at our four UK manufacturing sites support our mitigation of climate risk.	• Percentage of sites with ISO 14001 certification	●	●	●	●	●	●	The pace and magnitude of regulation would increase more substantially under NZE – but no foreseen long-term change in risk exposure between NZE and STEPS, given our mitigation processes.
Price inflation in the value chain	Value chain exposure to carbon pricing impacts. Globally, there is an increase in carbon pricing mechanisms – both policy and market instruments – for example Carbon Border Adjustment Mechanism (CBAM) within the UK and the EU. Our suppliers may be exposed to carbon pricing within their own operations.	Policy and legal	Potential of higher supply chain costs through increased raw material prices.	As part of our net zero plan, we are aiming for a 25% reduction in Scope 3 by 2030 and net zero across the value chain by 2045, thereby mitigating the impacts of carbon pricing on our value chain. Our net zero transition plan highlights key levers to reduce supply chain emissions. We are engaging with our key suppliers on their carbon footprint via surveys, requesting information on any carbon reduction targets and programmes that they are undertaking to reduce their carbon footprint.	• Scope 3 – category 1, 4 emissions • Global carbon prices	●	●	Net risk = zero; company plans to be net zero by 2045	●	●	Net risk = zero; company plans to be net zero by 2045	Exposure is likely to be greater under NZE due to the higher cost of carbon and increased global implementation of carbon pricing mechanisms.
	Global supply chains are implementing more expensive production methods and changing raw materials to facilitate decarbonisation, although the extent to which increased costs will be passed on is largely unknown.	Market	Potential of higher supply chain costs.	Oxford Instruments maintains close relationships with key suppliers. Product Development and Strategic Sourcing teams identify and evaluate viable alternatives in materials and processes and work closely with key suppliers to deliver supply chain solutions.	• Percentage of supply chain spend with decarbonisation dialogue • Percentage of suppliers engaged to collect emissions data	●	●	●	●	●	●	Change is more rapid under NZE compared with STEPS. Pricing implications under NZE are also more significant.

Sustainability – TCFD statement continued

- **Significant risk/opportunity** Report to Group
- **High risk/opportunity** Report to Group
- **Moderate risk/opportunity** Do not report to Group mitigation plan expected to be in place
- **Low risk/opportunity** Do not report to Group

Transition risks identified continued

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we are taking and how they are managed	KPIs	NZE scenario 2028	NZE scenario 2035	NZE scenario 2050	STEPS scenario 2028	STEPS scenario 2035	STEPS scenario 2050	Scenario implications
Increasing stakeholder, regulatory and reporting expectations	Key stakeholders are demanding sustainability performance from Oxford Instruments.	Reputation	Reputational damage that could result in loss of customers and shareholders and reduced access to capital.	Board-level scrutiny and oversight, and an organisation-wide focus on addressing the risks and opportunities arising from climate change, together with a focus on impact reporting, wider communications and stakeholder engagement. Our net zero transition plan and SBTi-approved targets reduce exposure to this risk and set out our clear pathway to net zero.	• Rating agency scores	Low	Moderate	Moderate	Low	Moderate	Moderate	Higher expectations of stakeholders in short to medium term under NZE. Oxford Instruments' emissions targets will even out risk exposure under both scenarios in the medium to long term.

Transition opportunities identified

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we are taking and how they are managed	KPIs	NZE scenario 2028	NZE scenario 2035	NZE scenario 2050	STEPS scenario 2028	STEPS scenario 2035	STEPS scenario 2050	Scenario Implications
Investment in R&D for a low-carbon economy	The transition to a low-carbon economy requires significant investment in R&D for more sustainable technologies. Innovation and development in technology areas such as batteries are critical for the transition to a low-carbon economy.	Products and services	Increased revenue	Our products and services play a key role in the technology pathway to enable the transition from fossil fuels to a low-carbon economy. Our enabling technologies, such as materials analysis solutions, and semiconductor equipment, help customers address these challenges.	• Low-carbon market segments growth • Industry investment in low-carbon R&D	Moderate	High	Significant	Low	High	High	Under NZE, there is significant investment in renewables and alternative technologies. Slower change under STEPS.
	In-house R&D and our new product development process has the potential to address the need for products with sustainability credentials, eg energy-efficient products.	Products and services	Increased revenue	Our new product development process takes environmental considerations into account. Developments in our semiconductor equipment are implicitly geared towards energy efficiency, while our materials analysis instrumentation supports battery development and analysis, and the development and optimisation of renewable energy technologies, and more sustainable structural materials.	• Internal R&D investment • Scope 3 category 11, 12 emissions	Moderate	Moderate	Low	Low	Low	Moderate	Under NZE, there is significant investment in renewables and alternative technologies. Slower change under STEPS.
	Proactive collaboration with suppliers to drive low-carbon innovation helps improve the sustainability credentials of our product portfolio.	Products and services	Increased revenue	We have been directly engaging with key suppliers to understand the existing mechanisms they are using to reduce their carbon footprint, and subsequently to embed material and energy efficiencies into the products we purchase.	• Number of suppliers carbon data obtained from Scope 3 – category 1, 11 emissions	Low	Moderate	Moderate	Low	Low	Moderate	Under NZE, more significant investment in renewables and alternative technologies. Slower change under STEPS.

Sustainability – TCFD statement continued

- **Significant risk/opportunity** Report to Group
- **High risk/opportunity** Report to Group
- **Moderate risk/opportunity** Do not report to Group mitigation plan expected to be in place
- **Low risk/opportunity** Do not report to Group

Transition opportunities identified continued

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we are taking and how they are managed	KPIs	NZE scenario 2028	NZE scenario 2035	NZE scenario 2050	STEPS scenario 2028	STEPS scenario 2035	STEPS scenario 2050	Scenario Implications
Services that facilitate the reduction of carbon emissions and deliver value for customers	Remote Services Solutions is a developing service across the Group. This service area not only provides an area for growth but also allows for reduction of emissions in our own operations and for our customers.	Products and services	Increased revenue and decreased transport cost and emissions	Almost all our products are already shipped with remote connectivity and we are building business system infrastructure to enable remote service capabilities.	• Revenue from remote services	High	High	High	Moderate	High	High	Slightly increased opportunity under NZE due to additive effect of organisation seeking carbon reduction opportunities.
	Local sourcing and strategic placement of services delivers efficiency to customers and allows Oxford Instruments to reduce logistics travel.	Resource efficiency	Decreased transport cost and emissions	We are engaging in strategic building of capabilities and services to deliver efficiency to customers. Load optimisation in logistics is also part of this strategy. We continue to look for opportunities in this area.	• Scope 3 – category 4, 9 emissions	Low	Low	Moderate	Low	Low	Moderate	Slightly increased opportunity under NZE due to additive effect of organisation seeking carbon reduction opportunities.
Operational energy and carbon reductions	Obtaining renewable electricity through renewable electricity certificates (RECs) and power purchase agreements (PPAs) reduces reliance on local grid and helps to reduce Scope 2 emissions as an interim measure whilst exploring opportunities to reduce energy usage.	Energy source	Reduced costs and Scope 2 emissions. Renewable electricity can also provide operating cost savings and reduce operational exposure to carbon pricing.	Our current renewable energy programme utilises REGO-certified or REGO-equivalent certifications of renewable electricity. We make use of solar arrays on our Severn Beach and Scotts Valley manufacturing sites, along with our Tokyo office. We are investigating adding additional renewable generation capacity to suitable sites.	• Scope 2 market-based emissions • Percentage of renewable electricity out of total electricity	Low	High	Moderate	Low	Low	Low	Greater availability of supply under NZE. STEPS lags slightly, reduced availability of REC.
Resource efficiency	Internally Oxford Instruments can implement resource efficiency programmes to improve waste, water use and energy savings.	Resource efficiency	Reduced costs and emissions	Group-wide, we are continually looking for opportunities to embed resource efficiency into our operations. We are in the process of replacing gas boilers at Belfast and High Wycombe with air source heat pumps, with the aim of these entering operations by FY2026/27. Several other operational efficiency programmes to reduce waste in manufacturing have been implemented in the fiscal year. We also seek to invest in long-term, alternative technologies as they become suitable and economically feasible.	• Scope 1 and Scope 2 (location-based) emissions • Total waste • Total water	Low	High	Moderate	Low	Low	Low	Greater exposure under NZE due to more investment in resource efficient products and services.

Sustainability – TCFD statement continued

- **Significant risk/opportunity** Report to Group
- **High risk/opportunity** Report to Group
- **Moderate risk/opportunity** Do not report to Group mitigation plan expected to be in place
- **Low risk/opportunity** Do not report to Group

Physical risks

The frequency of physical climate-related impacts is expected to increase in the future through an increased frequency and severity of extreme weather events. Oxford Instruments has used a location risk tool to assess the Group's sites and key suppliers' current and future risk exposure to climate-related disruptions. Sites have been assessed for both acute and chronic physical risks, including potential risks such as drought stress, tornadoes, storms, sea level rise and flooding events, among other hazards.

Particular attention has been paid to the four UK manufacturing sites (Severn Beach, Tubney Woods, High Wycombe and Belfast) as they contribute roughly 80% of Group revenue. Due to the nature of physical climate-related risks manifesting more over the long term, different time horizons have been used from those used to assess the transition risks and opportunities. These are: 2030 (short term), 2050 (medium term) and 2100 (long term). During the year we had no insurance claims that were climate-related.

The following scenarios have been used for the physical risk assessment:

- RCP 2.6 is an optimistic scenario whereby atmospheric concentrations of greenhouse gases lead to a global temperature rise of less than 2°C by the end of the century relative to the pre-industrial period (1850–1900).
- RCP 8.5 is a pessimistic high emissions scenario, consistent with a future with no policy change to reduce emissions and leading to a global temperature rise of around 4°C by 2100.

						2.6 Scenario			8.5 Scenario			
Opportunity	**Opportunity description**	**Opportunity type**	**Potential impact on the business**	**Response/actions we are taking and how they are managed**	**KPIs**	**2030**	**2050**	**2100**	**2030**	**2050**	**2100**	**Scenario Implications**
Flooding	One manufacturing site is projected to be a Zone 50 (2% chance each year of a flood event) site under all future scenarios from 2030 onwards. A further manufacturing site is located in a Zone 100-year return period for storm surges (1% chance of occurring each year).	Acute	Increased costs and decreased revenue through decreased manufacturing output, delayed production times and damage to site infrastructure, equipment, or inventory.	Oxford Instruments' sites are insured for asset/property damage as well as business interruption. Each site has a business continuity plan and emergency response measures in place to deal with significant events. The flood risk exposure at the Zone 50 site has been mitigated by constructing the building on a 1.5m raised platform.	• Number of days operations are disrupted due to flooding events • Revenue loss from site disruption • Insurance premiums	●	●	●	●	●	●	Minimal change in exposure between RCP2.6 and 8.5.
Wildfire	One manufacturing site is currently at a high-risk level and projected to remain high against future scenario projections. A further manufacturing site increases from medium to high risk across all projections including the most optimistic scenario by 2030.	Acute	Increased costs and decreased revenue through disrupting manufacturing output such as road closures, evacuation orders, restricted access, or damage to site infrastructure.	Oxford Instruments' sites are insured for asset/property damage as well as business interruption. Each site has a business continuity plan and emergency response measures in place to deal with significant events.	• Number of days operations are disrupted due to fire events • Revenue loss from site disruption • Insurance premiums	●	●	●	●	●	●	Increased exposure under RCP8.5, particularly in the long-term 2100 projections.
Supplier disruption from extreme weather	Increasing extreme weather events can cause supply chain disruptions or site shutdowns. Analysis indicates low physical risk for our key suppliers currently. However, two of our key suppliers are at increasing risk of river flooding and sea level rise across both scenarios in the long term.	Acute	Decreased revenue	Business interruption insurance provides a degree of cover in the event that supply chain issues cause significant disruption to production.	• Number of days our operations are disrupted due to supply chain issues resulting from extreme weather events	●	●	●	●	●	●	Minimal change in exposure between RCP2.6 and 8.5.

Sustainability – TCFD statement continued

Impact on strategy and financial planning

We consider climate change to be a principal risk for Oxford Instruments, but also a source of material opportunity, given our focus on accelerating breakthroughs, and the end markets we serve. Our assessment is based on having evaluated key climate-related risks and opportunities, including understanding the potential impact of each in terms of its time horizon, likelihood and magnitude, and the stakeholders or areas of the business that may be affected.

Although there is not a dedicated climate-related R&D budget, our existing R&D expenditure incorporates climate change. Our products are designed to address our structurally growing markets in advanced materials development and semiconductors, which both have a key role to play in decarbonisation and addressing the impacts of climate change. In terms of the direct impact of our products, considerations are incorporated into the Group's New Product Development process, to ensure the ongoing reduction of the carbon footprint of our products through energy use, packaging and distribution, as well as increased recyclability and upgradability. In addition to R&D considerations, the costs of planned climate initiatives are included within each business unit's annual budget plans of capital expenditure requests. When purchasing new offices and manufacturing sites environmental considerations form part of the procurement process.

Resilience of the organisation's strategy to climate change

The scenarios used in our climate scenario analysis are explained in more detail above. They have been selected to provide contrasting scenarios which allow us an understanding of how resilient the Group is under different situations and temperature pathways. Our identified climate-related risks and opportunities, and action plans to address these, highlight that in aggregate our overall climate risk exposure is moderate. We believe, given our current mitigation plans, that we can incorporate climate risks into our business-as-usual activities and that the Group is financially resilient to climate change. Therefore, we do not currently envisage any additional significant capital expenditure or changes to business strategy as a result of climate change that sits outside of our normal planning. Please see page 152 of our financial statements where the impacts of climate have been considered.

The outputs of the scenario analysis we have carried out can be found on pages 55 to 59. The limitations of this scenario analysis are:

- scenarios often only provide high level global and regional forecasts;
- not all risks are easily subject to scenario analysis;
- scenario analysis requires analysis of specific factors and modelling them with fixed assumptions;
- impacts are to be considered in the context of the current financial performance and prices;
- impacts are modelled to occur in a linear fashion when, in practice, dramatic climate-related impacts may occur suddenly after tipping points are breached;
- the analysis considers each risk and scenario in isolation when, in practice, climate-related risks may occur in parallel as part of a wider set of potential global impacts; and
- carbon pricing is informed by the Global Energy Outlook 2023 report from the International Energy Agency.

Metrics and targets

Climate-related metrics

We disclose our Scope 1, 2 and 3 emissions in line with the Greenhouse Gas (GHG) Protocol A Corporate Accounting and Reporting Standard, with additional guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions. This covers the accounting and reporting of the seven greenhouse gases covered by the Kyoto Protocol. An operational control approach was adopted, with all material emissions sources reported.

We also disclose a wide range of metrics to help us to track our progress across a number of climate-related and sustainability-related areas. This includes electricity consumption, GHG emissions intensity and water and waste usage. The specific metrics used to track our climate-related risks and opportunities are identified on pages 48 to 51. Please see the environment section, pages 47 to 51. for further information, and for this year's SECR reporting, the primary means by which we report our progress and track our impact.

Climate-related targets

As set out in the environment section, we are committed to reaching net zero carbon emissions (where we add no incremental greenhouse gases to the atmosphere) against Scopes 1, 2 and 3 by 2045. These targets are ambitious, getting us to net zero ahead of the UK Government's pledge, and demonstrate our commitment to operating responsibly. Our Scope 1, 2 and 3 emissions targets have been validated by the SBTi, as set out on page 47, while we have also published our net zero transition plan which details our actions to achieve these targets. Our SBTi-validated targets are as follows:

- to reach net zero emissions across Scopes 1 and 2 by FY2030 from a FY2024 base year;
- to reduce absolute Scope 3 GHG emissions 25.00% by FY2030 from a FY2024 base year;
- to reach net zero greenhouse gas emissions across the value chain by FY2045.

Sustainability – social

We believe that businesses have a valuable contribution to make to society. We are acutely aware of our responsibility to our employees, the communities we impact and the generations to come.

Our social sustainability agenda

Our social sustainability agenda comprises six key subject areas, as follows:

- Culture, values and engagement
- Inclusive workplace
- Health, safety and wellbeing
- Investment in our people
- Next-generation talent
- Community impact

Culture, values and engagement

We strive to create an open, inclusive and values-driven culture, where colleagues feel able to share their views in a two-way dialogue with senior leaders.

CEO Richard Tyson and the leaders of our business units and regional teams based around the world hold regular in-person and virtual briefing meetings where employees are encouraged to, and do, ask a wide range of questions. The Board discusses current workforce issues regularly with management, and meets a broad range of employees, for example at site visits by the Chair and Non-Executive Directors. We also gather our people's views annually through our global engagement survey, monitoring a range of cultural KPIs and taking action on opportunities for improvement at business unit, regional and Group level.

This year, we carried out our first externally benchmarked survey, with leading survey provider Best Companies. We achieved a rating in the 'One to Watch' category, reflecting that Oxford Instruments is a good company to work for. We also rolled out Best Companies' personalised feedback for people managers who received three or more responses to the survey, a valuable tool which will enable managers to hone their management skills.

Our ways of working

- We start with the customer
- We succeed by being focused
- We make and keep our promises
- We work together as one team
- We help and trust each other to succeed

Our values

Inclusive
By seeking out different perspectives and diverse collaboration, we deliver better solutions and lasting success.

Innovative
Through our knowledge, expertise and focused curiosity, we create new possibilities for ourselves and for our customers.

Trusted
We build successful, long-term relationships based on accountability, integrity and respect.

Purposeful
We care, and our passion and commitment drive positive change in the world.

Our recently launched Ways of Working framework, summarised above, provides a strong set of organisational principles to help us deliver our strategy (see pages 29 to 32). We held a residential Leadership Conference in September 2024 for around 70 senior leaders to support the roll-out and delivery of our strategy and embed our ways of working.

These are now fully embedded into our corporate vernacular, decision making and performance frameworks, and we have rolled out a suite of communications collateral including posters, wall art and desktop reminders to keep them front of mind.

Sustainability – social continued

Creating an inclusive workplace

We are committed to creating an inclusive culture. We seek to develop and sustain a supportive and collaborative working environment where difference is recognised, valued and celebrated. However, we also recognise that we operate in 23 countries around the world in which the legislative frameworks and cultural landscapes vary hugely. In each of the countries in which we operate, we aim to be inclusive and progressive in our working practices, but will ensure that we are not in conflict with legislative frameworks.

Our approach to inclusion is overseen by the Board Sustainability Committee.

We are signatories to the Business in the Community Race at Work charter, underlining our commitment to improving equity of opportunity in the workplace. We also engage in externally run schemes offering inclusive internships and career opportunities.

Employees lead a number of impact groups, focused on less-represented demographics in our workforce but open to all. These include a women's group, a neurodiversity group, a group focused on race and ethnicity, and a group centred on LGBTQ+ issues. All four have been enthusiastically adopted by both members and allies of each community.

We are committed to eliminating our gender pay gap. We monitor, measure and take action globally to ensure that men and women are paid fairly. Our external data reporting is focused on UK legislation, which requires companies to report their pay gap annually if they have more than 250 employees, and is published in our Gender and Ethnicity Pay Gap Report, www.oxinst.com/corporate-content/gender-pay-report.

The gap for our Oxford Instruments Nanotechnology Tools entity in the UK, representing 801 employees in 2023, currently stands at 9.0% (mean) and 12.5% (median).

We continue to build on the work we have done so far to establish balanced recruitment shortlists (that is, shortlists including candidates from groups which are underrepresented in our workforce).

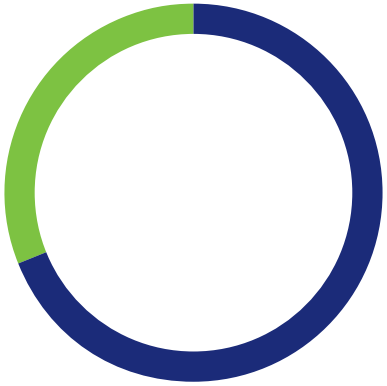
Our inclusive approach to recruitment includes the use of technology to ensure that the language used in job advertisements is free from bias. We operate a hybrid working policy which helps employees to balance work and personal commitments. We also offer support and, where appropriate, special leave, for those with caring needs for dependants.

Following the reconfiguration of our internal employee data portals to include the Office for National Statistics ethnicity categories, 96% of UK employees and 79% of employees globally have provided data on their ethnicity. We reported on our UK ethnicity pay data for the second time this year. This indicates that 12% of our UK workforce identify as being part of an ethnic minority group, and reflects an ethnicity pay gap of 15.2% mean and 2.4% median in favour of employees from white British ethnic backgrounds.

We are committed to using this data to help to ensure that our processes and pay are fair and equitable with respect to race and ethnicity, as well as the characteristics on which we have had full data for several years. As an international company, we recognise the importance of ensuring we have strong ethnically diverse leadership role models and a diverse decision-making team that reflects our customer base and the communities in which we operate.

Sustainability – social continued

New employees in FY2024/25 by gender



Male	71%
Female	29%

At the date of the Annual Report, the team comprises 16 persons, of whom 19% are of Asian or mixed ethnicity. There are 75 direct reports of this team, of whom 21% identify as belonging to an ethnic minority group. In that context, we will be seeking to maintain and improve the ethnic diversity of this cohort.

Our Gender and Ethnicity Pay Gap Report provides more information on all these areas: www.oxinst.com

Gender split

	Male	Female
Global Oxford Instruments	73%	27%
Plc Board	57%	43%
Senior Leadership Team	66%	34%
Managers	72%	28%
Employees	72%	28%

Gender split by region

	Male	Female
UK	76%	24%
EMEA-I	72%	28%
Asia (excluding China)	73%	27%
China	61%	39%
North America	29%	71%

Sustainability – social continued

Health, safety and wellbeing

We are **committed to fostering a healthy, safe and productive work environment** for our entire workforce, and to driving continuous **improvement** in our health and safety (H&S) performance.

The Board is responsible for oversight of our approach to H&S, supported by the Sustainability Committee.

Our six-step strategic framework supports continuous improvement via six key areas of management.

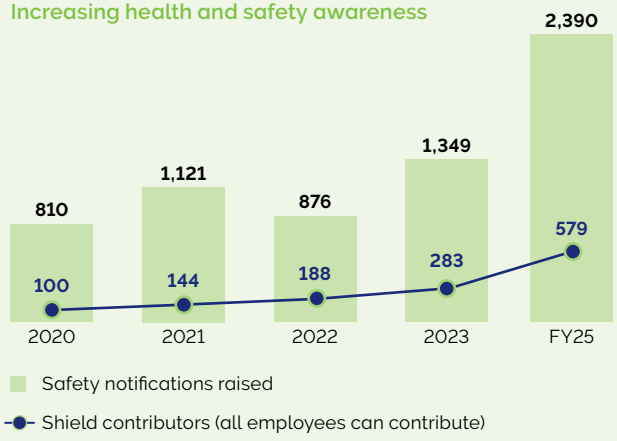
Our H&S management strategy, grounded in continuous risk identification and mitigation, safeguards employees through proactive measures. We employ chemical management software to oversee hazardous substances, provide training across known risk areas, enforce stringent PPE adherence and utilise asset management software for equipment integrity. This approach reduces risk before escalation into incidents or near-miss events, thereby ensuring a secure and compliant workplace.

Recognising that our entire workforce has a role to play in creating a safe working environment, we use, and regularly promote, the Shield incident reporting system, through which we record, manage and monitor accidents and safety observations, and to which all employees have access. The system has supported our improved performance since its introduction in 2019.

This year, to align with industry benchmarks and peer organisations, we have adjusted our reporting period from calendar year to financial year (FY), ensuring consistency and comparability in our H&S metrics.

Through targeted H&S campaigns, we have successfully increased H&S awareness and engagement throughout the organisation, as evidenced by a rise in safety notifications and contributors using Shield during FY2024/25. This heightened focus has contributed to our accident frequency rate for work process-related accidents rising from 18 to 21, reflecting an improved reporting diligence and a proactive safety culture across our teams. While this marks a change from last year's figure, it reflects a consistent stabilisation trend in recent years, with no serious injuries reported since 2022 and no employee/contractor fatalities recorded over the five-year period from 2020 to 2025. Our H&S performance continues to compare favourably with industry benchmarks, and we remain committed to driving global safety standards through our Push for Zero initiative which targets a sustained reduction in work process-related accidents over time.

Increasing health and safety awareness



Health and safety five-year performance

Sustainability – social continued

Our structured management systems, subject to external audits as required, underpin our commitment to safe working practices, environmental management and quality manufacturing. At our primary manufacturing facilities in the UK, representing more than 80% of revenue, we maintain certification to ISO 45001, ISO 14001 and ISO 9001. The effectiveness of our management systems is further supported by a robust internal audit programme across all operational domains.

This year, we launched an accredited Institution of Occupational Safety and Health (IOSH) training programme globally, extending across all business units and regions. To date, more than 180 employees have successfully completed this training, with the roll-out continuing over the next 18 months. This will equip our executive teams, as well as eligible members of our management, production and services workforce with enhanced H&S competency and awareness.

During FY2024/25, 1,786 employees have received H&S training. This figure comprises new content, training renewals and onboarding of new joiners.

We support our employees and their families by providing an increasing range and number of opportunities to enhance their wellbeing, including readily accessible support services on a wide range of topics from financial wellbeing to mental health and health assistance programmes.

We strive to empower individuals coping with mental health challenges or disabilities to thrive in their professional roles, encouraging colleagues to seek assistance when needed, via our team of Mental Health First Aiders and through the provision of independent and confidential digital platforms and services, accessible to employees globally.

We are proud to support our local community groups and charities alongside being inclusive of our people and culture through the celebration of events and achievements.

Oxford Instruments is committed to ensuring its continued compliance with regulatory requirements relating to the reduction and elimination of certain harmful chemical substances used in the development and manufacture of our products.

We have recently engaged a leading external environmental compliance partner to help us ensure that we keep pace with existing and new regulatory requirements and to facilitate the collection and assessment of data from our supply chain partners. This in turn will improve our ability to react to requirements and proactively remove substances of concern from our products as evidence of their harmful nature is identified.

In tandem with these efforts, we are equally dedicated to meeting global health, safety and environment (HSE) requirements. This commitment will now be enhanced through engagement with an external global consultancy, ensuring that our operations not only minimise environmental impact but also safeguard the wellbeing of our employees, customers and communities worldwide.

By aligning our product compliance initiatives with our broader HSE obligations, we strengthen our ability to deliver sustainable, safe and responsible solutions.

Employee turnover rates

Year	Turnover
2024/25	**14%, of which 8% was voluntary**
2023/24	12%, of which 9% was voluntary
2022/23	11%, of which 9% was voluntary
2021/22	14%, of which 11% was voluntary
2020/21	8%, of which 6% was voluntary
2019/20	15%, of which 7% was voluntary
2018/19	14%, of which 10% was voluntary

Employee numbers

	Full time	Part time	Contract workers
2024/25	**2,117**	**104**	**53**
2023/24	2,090	144	69
2022/23	1,894	134	86
2021/22	1,662	126	70
2020/21	1,518	107	100
2019/20	1,448	114	70

All employees are guaranteed a fair salary and other employment benefits in accordance with their role and responsibilities. We ensure compliance with minimum wage legislation and strive to offer competitive compensation packages suitable for each position and our business needs. In the UK, representing more than half of our workforce, we are an accredited Living Wage employer.

All employees, regardless of location, are entitled to legally required benefits such as annual leave, sick leave, maternity leave and standard working hours. This year, we have embarked on a major programme, Career Connections, which will seek to align organisation, job families, accountabilities, levelling, competencies and reward throughout Oxford Instruments over the next two years.

All UK-based employees have access to our Share Incentive Plan scheme after six months' service. Furthermore, in compliance with UK regulations, all UK employees have the option to enrol in our workplace pension scheme.

Sustainability – social continued

Investing in our people

Our people and their capabilities are core to what makes us a great company. We are committed to being the company where the best people in our sector want to work, and to training our people and enabling their career development and employability.

We provide a range of opportunities for our employees across technical, commercial, operational and business support functions to gain knowledge, skills and experience. This includes challenging assignments, learning from colleagues and targeted training. Colleagues have completed a total of 28,761 training courses in FY2024/25 (26,878 online and 1,883 classroom/virtual), pursuing more than 750 different courses.

We continue to strengthen our Oi Academy, which offers development programmes, core skills training courses and e-learning opportunities. We also offer a broad range of secondments, career breaks, apprenticeships and support towards external qualifications. In FY2024/25, three cohorts (33 employees) have undertaken our bespoke Oxford Instruments Leadership programme, which brings together high-potential candidates from across the Group and covers a wide range of topics including interviewing skills, self-development, developing others and managing remote teams. We have delivered Management Essentials training to 43 managers Group-wide, as well as delivering programmes focused on Project Management Fundamentals and Project Leadership. Following its successful launch in 2024, the second cohort of the Foundations programme for emerging talent will begin in June. The programme is designed to give aspiring leaders a variety of tools and techniques to allow them to work effectively as they progress their career at Oxford Instruments.

We have a robust system of regular feedback. 100% of our employees have undergone an evaluation process in the year, embedded through our annual performance review, which also encompasses career development with a focus on training opportunities.

Next-generation talent

We take our responsibility towards developing the next-generation workforce seriously and are committed to inspiring the next generation of scientists, engineers and business people by showing them the difference they can make in the world.

For us, this begins in schools, colleges and learning institutions, where we equip and encourage our employees around the world to take any opportunity they can to talk to young people about careers in our industry. We partner with universities and post-graduate schools to help students understand the range of careers available in a technology company, supporting this with mock interviews for school-age students and work experience for students from mid-teens to graduate and post-graduate level, engaging with employees from a broad range of backgrounds. A popular benefit we offer all employees is the offer of work experience to family members between the ages of 16 and 25.

We remain committed to providing structured apprenticeships, sponsorships, internships, early career jobs and graduate programmes. We intentionally reach out to attract a diverse range of people and those from untapped talent pools, ensuring we are inclusive and accessible.

Community impact

We actively engage in locally focused activities that make our communities and environments a better place to live and work. All employees are offered up to two paid volunteering days a year to share their professional or practical skills in the community; we also participate in charity outreach programmes and offer sponsorship of local community events.

Our global network of Go Green teams drives action to be more environmentally friendly, both as a business and as individuals.

When we arrange gifts, celebrations, events and activities for our teams we aim to support the small, independent businesses near our sites. We also participate in a range of charity outreach activities, including raffles, marathon sponsorships, pub quizzes and coffee mornings.

Case study

Supporting the next generation of **STEM leaders**

We're committed to giving young people the opportunity to learn about science and explore future careers options with us.

Employees at our High Wycombe materials analysis site launched a new STEM Committee in 2024, seeking to facilitate engaging STEM initiatives for the local community and demonstrate the diverse career paths open to young people. The committee launched by welcoming 40 GCSE and A-level students from three local schools during British Science Week to the site's Innovation Centre. Over the course of the day, groups took part in exciting engineering activities, where they made PCB boards and towers made of marshmallows and spaghetti, and were given demonstrations of our Raman and atomic force microscopes, detectors for electron microscopy, and nuclear magnetic resonance technology.

Read more about our materials analysis technology / **www.oxinst.com**

Sustainability – governance

Upholding high ethical standards

We are wholly committed to conducting our business responsibly and holding ourselves to high ethical standards. Our strong values (see page 61) underpin everything we do; from how we work with each other and our customers to how we trade with suppliers. Every representative of Oxford Instruments is expected to behave in a way which is consistent with these values.

Our approach to governance is overseen by our Board of Directors and summarised in our Code of Conduct (see www.oxinst.com/codeofconduct), which is updated regularly and issued to all permanent and contracted employees as a mandatory training module. All employees, customers and suppliers also have round-the-clock access to our widely publicised and independent whistleblowing hotline, Safecall (www.safecall.co.uk/en/clients/oxinst/), should they encounter any behaviour not in keeping with our ethical standards. A team reviews any whistleblowing reports which are made, and each report is escalated and investigated as appropriate. We received one report via Safecall in 2024/25.

Our governance sustainability agenda comprises eight key areas

Our overarching governance sustainability agenda, set out below, is overseen by our Board Sustainability Committee, (see pages 116 to 118); with the exception of anti-bribery and anti-corruption, sanctions, export control and customs, and financial sustainability and tax transparency, which are overseen by the Audit and Risk Committee (see pages 109 to 115).

1 Anti-bribery and anti-corruption

When dealing with business partners, suppliers and customers, or when engaging with public officials, we expect our employees to act in a transparent and fair manner. We choose our business partners and suppliers carefully and avoid working with anyone who does not meet and adhere to the same high standards.

The key principles we expect everyone to follow include not offering or accepting bribes or improper payments; not improperly influencing any individual; and not participating in any kind of corrupt business activity, either directly or through a third party. To help our employees understand what is expected of them we developed a comprehensive training course, refreshed this financial year, which all new joiners must complete to pass their probationary period, and which all employees must retake annually; we also maintain a detailed policy document, www.oxinst.com/investors-content/compliance/anti-bribery-and-corruption.

In FY2024/25 we also launched a refreshed compliance and onboarding programme for our channel partners. This includes completion of a mandatory compliance training course covering anti-bribery and anti-corruption and a certification to confirm compliance with our anti-bribery and anti-corruption policy for channel partners.

No one has been dismissed during FY2024/25 as a result of having committed bribery.

2 Sanctions, export control and customs

We review our Sanctions Policy regularly (most recently in May 2024) to align with UN, UK, EU and US sanctions.

We are committed to adhering to both the letter and the spirit of export controls governing our activities, and engage regularly with the UK Government's Export Control Joint Unit and its equivalents in other jurisdictions. In response to geopolitical shifts, we have continued to pivot our regional focus towards less sensitive applications and customers in China this year, having exited the quantum market in the country in FY2023/24.

3 Inside information and share dealing

As a listed company on the London Stock Exchange, Oxford Instruments and its employees must comply with the relevant laws relating to inside information and share dealing, including the UK Market Abuse Regulation, as well as our internal Share Dealing Policy and associated procedures. We ensure that there are adequate processes and controls in place to identify, manage and disclose inside information and also support our employees and anyone working on our behalf with understanding their obligations.

4 Supply chain responsible sourcing

We operate our business in compliance with all applicable laws and regulations and expect our suppliers to do the same. The overarching standards we expect from our suppliers, covering all operations, are set out in our Supplier Quality Manual, which incorporates our Code of Conduct for Representatives and Suppliers, www.oxinst.com/assets/uploads/documents/OI_COC_REPS_SUPPLIERS.pdf.

In addition, as part of our supplier contracts, suppliers are required to warrant that they and their sub-contractors will comply with all applicable laws, statutes, regulations and codes relating to modern slavery, anti-bribery and anti-corruption, and Oxford Instruments' Supplier Quality Manual, which incorporates our Code of Conduct for Representatives and Suppliers.

We are committed to avoiding the use of controversial materials and proactively eliminating the use of so-called 'conflict minerals', ie minerals sourced from mines in the Democratic Republic of Congo and adjoining countries which support or fund conflict from products and the supply chain. Our conflict minerals policy covers all operations. We undertake due diligence on our key suppliers and expect them, in turn, to conduct due diligence on their own supply chain to help eliminate the use of conflict minerals. The recent engagement of a leading external environmental compliance partner will support us in ensuring our due diligence and risk assessment of suppliers is robust.

Sustainability – governance continued

Our existing online supplier portal allows us to store and audit our key supplier documents and has been extended and updated in 2024 to collect information on product environmental compliance, quality and sustainability. 87% of UK manufacturing key suppliers have started or made full returns through the supplier portal. We are transitioning to a partnership with a leading external compliance partner to help us ensure that we keep pace with existing and new regulatory requirements and to facilitate the robust collection and assessment of data from our supply chain partners, including conflict minerals and carbon footprint data.

5 Human rights and modern slavery

We are committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain. We take a zero-tolerance approach to all forms of modern slavery, including servitude, forced, bonded and compulsory labour, and human trafficking, and we expect our suppliers to adopt the same approach.

We believe in the importance of educating our employees on human rights issues and have launched bespoke training for relevant employees to help them to recognise the risks of modern slavery and human trafficking in our business and supply chain.

We have an established Whistleblowing Procedure for employees to report any concerns, and further guidance is also made available in our Global Human Rights Policy. In addition, we have extended the availability of our Whistleblowing hotline to all our suppliers and representatives.

Our global Code of Conduct sends a clear message to our employees, business partners, investors, and other stakeholders about our business principles and ethics. In addition, our Supplier Quality Manual and Code of Conduct for Representatives and Suppliers mandates that our suppliers take action to prevent modern slavery occurring in their business and supply chain.

Our Anti-Slavery and Human Trafficking Statement is updated annually and can be found both on our website and on the Government's Modern Slavery Statement Registry.

6 Intellectual property and confidentiality

Our intellectual property (IP) is one of our most important assets; it is key to our success in the market and enables us to secure and maintain a competitive advantage. We have comprehensive policies and procedures in place to protect it, including templates, guidance and training for colleagues. We continue to protect our inventions, brand and designs through the use of registered IP rights. In the year we filed a number of new priority patent applications.

Oxford Instruments often collaborates with third parties on projects which generate new IP, further enhancing our product offerings to our customers. In these situations, we will not use any IP without it first being legitimately acquired or licensed.

7 Data protection, data privacy and data security

Our global privacy standard www.oxinst.com/corporate-content/privacy sets out the principles that guide our approach to handling personal information, and all employees are required to undertake mandatory training on data protection.

Our marketing teams work closely with our legal teams to ensure our marketing activities are compliant with the European General Data Protection Regulation (GDPR), UK GDPR and related privacy legislation in other territories. We have invested in high-quality CRM and marketing business systems infrastructure that have enabled us to enhance our security and controls.

Our legal team horizon scans for developments in data protection legislation around the world and develops compliance programmes where necessary to ensure we can respond quickly to any changes made in legislation and guidance from regulators.

We have implemented annual mandatory IT Security training for all employees. We continue to assess and improve our IT controls across the organisation in line with UK Government recommendations.

8 Financial sustainability and tax transparency

We manage our tax affairs in accordance with the following objectives:

- ensuring compliance with all relevant tax law in all jurisdictions in which the Group operates whilst managing the associated tax costs in a manner that is consistent with our Code of Conduct and its attitude to commercial risk;
- seeking to maintain stable effective and cash tax rates which reflect the geographic markets in which we operate, and the Group's tax attributes, such as brought-forward losses and special deductions such as for research and development; and
- ensuring that all communication with tax authorities is conducted in a transparent and professional manner.

Our Group Tax Strategy is available on our website at **www.oxinst.com**.

Risk management

Audit, risk and internal control

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group is embedded throughout the organisation. Day-to-day management of this process has been delegated by the Board to the Executive Directors, as detailed in the Audit and Risk Committee Report on pages 109 to 115. Our risk management and internal control systems have been in place throughout the financial year and up to the date of approval of this Annual Report, and are subject to annual review by the Audit and Risk Committee. In respect of the year ended 31 March 2025, the Board considered that these processes remained effective. A summary of our risk management framework and process can be found below and on page 71.

The Board has carried out a robust assessment of the principal risks facing the Group, including those which threaten its business model, future performance, solvency and liquidity. Details of all major risks identified, and the mitigating actions adopted, are reported to and reviewed by the Audit and Risk Committee throughout the year. On pages 72 to 78 we provide an overview of the major risks and uncertainties faced by the Group. All business units follow a standard process for risk identification and reporting. The process is further described on page 71. On a regular basis, each business unit reviews and updates its risk register which is then consolidated and assessed in the context of the wider Group and reported to the Chief Executive Officer (CEO). If a material risk changes or arises, a review of the adequacy of the mitigating actions taken is completed with the CEO. The Board and Audit and Risk Committee also consider any risks which may impact delivery against our strategic objectives at a Group level, and consider the approach to managing and mitigating these risks.

Priorities during financial year ended 31 March 2025

During the year ended 31 March 2025 we strengthened our internal audit and risk management capability through recruitment of additional headcount and organisational changes. The role of Head of Risk, Assurance and Trade Compliance has been split into two, and a dedicated Head of Internal Audit, with responsibility for risk management and assurance, joined in March 2025, reporting to the Chief Financial Officer (CFO). Further, a new role, the Group Head of Trade, Ethics and Compliance, was created, reporting to General Counsel. These changes have increased the bandwidth available to address both areas and will provide the focus required to identify and deliver the changes we consider necessary to comply with the revised UK Corporate Governance Code.

Also, during the year ended 31 March 2025, the CEO introduced regular six-monthly formal reviews of principal risks by the Senior Leadership Team. These include the identification and evaluation of key risks and focus on the mitigating strategies and actions required, where relevant. New and emerging risks are also reviewed to support the risk reporting process.

In a further development, we have appointed a Chief Information Security Officer to strengthen our resilience to cyber security risk.

Risk governance framework

The diagram below summarises the key accountabilities and features of our risk governance framework.

Operational management

Responsible for risk management and control within the business and, through the Senior Leadership Team, implementing Board policies on risk and control.

Guided by the internal audit and assurance function, completes detailed risk reviews on a quarterly basis.

Internal audit and assurance function

Assesses the adequacy and effectiveness of the management of significant risk areas and provides oversight of operational management's frontline and assurance activities.

Further information regarding the scope of internal audit and assurance activities is set out on page 114.

Audit and Risk Committee

Reviews the internal financial controls and systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems.

More information regarding the work of the Committee can be found in its report on pages 109 to 115.

Board

Oversees the internal control framework and determines the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Ultimately accountable for approving the adequacy and effectiveness of internal controls operated by the Group.

Risk management continued

Internal control

Our internal control framework includes central direction, oversight and risk management of the key activities within the Group. It includes a financial planning process which comprises a five-year planning model and a detailed annual budget which is subject to Board approval. All Group businesses' results are reported monthly and include variance analysis to budget and the prior year. Management also prepares monthly reforecasts.

Control activities include policies and procedures for appropriate authorisation and approval of transactions, the application of financial reporting standards and reviews of significant judgements and financial performance. Financial, regulatory and operational controls, procedures and risk activities across the Group are reviewed by the Group's internal audit and assurance function, and are subject to separate review by subject matter experts where required (eg trade compliance and health and safety).

The internal control framework has been designed to manage, rather than eliminate, material risks to the achievement of strategic and business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss. Due to inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements. There has been no material change to the Group's internal control framework during the period covered by this Annual Report.

The key components designed to provide effective internal control within the Group include:

- a formal schedule of matters reserved for the Board for decision and specific terms of reference for each of its Committees; other than these matters, the Board delegates to the CEO, who in turn reviews the delegation of authorities throughout the management structure;
- the Group's internal management beneath the Board is led by the Senior Leadership Team (SLT). Day-to-day responsibility for the management of the Group is delegated to the SLT. There are clearly defined lines of management responsibilities at all levels up to and including the Group Board, and the Group's accounting and reporting functions reflect this organisation;
- financial reporting lines have been reorganised such that financial executives within Group businesses report directly to the CFO;
- the Board reviews strategic issues and options both as part of the annual strategic planning process and on an ongoing basis throughout the year. In addition, the Executive Directors maintain a five-year planning model of the Group and its individual businesses;
- annual budgets are prepared for each of the Group's businesses which include monthly figures for turnover, profit, capital expenditure, cash flow and borrowings. The budgets are reviewed through the Group management structure and result in a Group financial budget which is considered and approved by the Board;
- the businesses prepare monthly management accounts which compare the actual operating result with both the budget and prior year. They also prepare rolling reforecasts for orders, turnover, operating profit and cash. These are reviewed by the Board at each of its scheduled meetings;
- the Board approves all acquisition and divestment proposals and there are established procedures for the planning, approval and monitoring of capital expenditure;
- for all major investments, the performance of at least the first 12 months against the original proposal is reviewed by the Board;
- internal audits are carried out through a system of regular reviews of the financial and non-financial internal controls at individual businesses. See the Audit and Risk Committee Report on pages 109 to 115, for more information;
- the Board and its Committees receive regular updates on trade compliance, sustainability, business ethics, health and safety, treasury, tax, insurance and litigation, amongst other topics;
- authorisation limits are set at appropriate levels throughout the Group; compliance with these limits is monitored by the CFO and the Group assurance function;
- there is a detailed and risk-based delegation of authority structure in place for sales contracts and managing commercial risks. Contracts with onerous terms and conditions (such as unlimited liability contracts) are subject to enhanced approval requirements;
- the International Trade Committee monitors, considers action and makes recommendations around the management of key risks relating to international trade, including sanctions, export controls and customs; and
- as regards the UK pension scheme, the Group nominates half of the Trustee Directors of the scheme's Corporate Trustee; involves as appropriate its own independent actuary to review actuarial assumptions; agrees the investment policy with the Trustee; works with the Trustee on its investment sub-committee to deal with day-to-day investment matters; ensures there is an independent actuarial valuation every three years; and agrees funding levels to provide adequate funding to meet the benefit payments to the members as they fall due.

Risk management continued

Risk management process

The diagram below summarises our methodical approach to risk management. The principal risks and uncertainties detailed on pages 73 to 78 are identified, reported and monitored through this process.

Alignment with strategy

The broad range of potential factors which could impact the Group are considered and those which have a significant effect on its ability to deliver its strategy are determined to be principal risks and uncertainties.

Evaluation of risk

Careful consideration is given to:

i) the specific scenarios in which the risk could arise; and

ii) the various potential impacts which the risk could present.

Mitigation implementation

Suitable management actions or robust control mechanisms are determined, developed and implemented.

Risk review

An embedded, cyclical process review:

i) determination of principal risks and uncertainties; and

ii) the effectiveness of the implemented mitigation mechanisms.

Emerging risks

The Board is required to complete a robust assessment of the company's emerging and principal risks and confirms that it performed such an evaluation during the financial year.

It is recognised that emerging risks can also be principal risks. A detailed description of the principal risks and the activities to mitigate these is set out on pages 73 to 78.

The identification and evaluation of emerging risks is derived from the Group's quarterly risk reporting framework. The output from the business units' detailed risk registers is reviewed by the Group Head of Internal Audit and the CFO every quarter. New significant risks reported by the business units are highlighted and discussed as part of this process. A formal review of emerging risks is conducted annually, with the outputs shared and discussed with the Audit and Risk Committee as part of its review of the Group risk register and principal risks and uncertainties.

In the latest review performed by the Senior Leadership Team, no significant emerging risks were identified.

The Committee discussed emerging risks with the Executive Directors and Group Head of Internal Audit and agreed with the assessment that there were no new significant emerging risks to disclose.

Risk management continued

Principal risks and uncertainties

Principal risks are reported and discussed at every meeting of the Audit and Risk Committee. We generally consider that principal risks are those which could have a significant adverse impact on the Group's business model, financial performance, liquidity or reputation. The Audit and Risk Committee also considers emerging risks, within the risk management framework. A formal review of emerging risks is conducted annually.

Principal risks and uncertainties matrix

Our principal risks and uncertainties are mapped onto a probability and impact matrix, so that we can meaningfully assess their relative importance. The arrows used in this matrix indicate the change in the risk by comparison to the prior year's assessment. Our methodology uses the Group's assessment of the residual risk, being the probability of the risk occurring and the potential impact it may have, taking account of any mitigating actions and controls that have been implemented.

In the simplified version of this matrix shown here, the most significant risks are positioned in its top right quadrant and the least significant in the bottom left. It shows that, based on our assessment, the likelihood of the geopolitical risk materialising has increased compared to the prior year. For all other risks we consider that the likelihood has remained the same. For macroeconomic risk and people and capability risk, we consider that the impact has increased.

The risk management process identified 11 principal risks. Across pages 73 to 78 we have summarised each risk, explained why it is relevant for the Group, set out the potential consequences should it materialise and detailed the risk mitigation mechanisms. The arrows indicate the change (up for an increased risk, down for a decreased risk). A static risk is depicted by an equals symbol. Risks are managed at Board level and are not assigned to an individual risk owner.

Key:

1. Geopolitical
2. Operational transformation
3. Supply chain
4. Routes to market
5. New Product Introduction (NPI)
6. Macroeconomic
7. Cyber/information technology
8. Legal and regulatory compliance
9. People and capability
10. Business interruption
11. Climate change

Risk management continued

1 Geopolitical

Change in the year: ↑

Context:	Risk	Possible impact	Control mechanisms	Mitigation
The Group is principally a UK based, export-driven business which operates in global markets and is required to comply with relevant regulations including, but not limited to, sanctions, embargoes and export controls. Government policies on international trade, including the export of specific technologies, raw materials and the approval of particular end users are subject to foreign policy objectives which can change over time.	• Uncertainty arising from the impact of import tariffs on supply chains, the increase in the landed cost of goods and end user pricing may have an adverse impact on global growth and subsequent demand for our products in key markets. • Customers reallocate priorities and financial budgets. • Export restrictions on our products as a result of changes to foreign policy objectives.	• Lower net pricing/reduced orders for markets adversely affected by tariffs, reducing contribution margins or sales volumes. • Increases to input costs and lower gross margins. • Counter measures by countries affected, such as restrictions on supply of key raw materials and investment in domestic alternatives, the latter leading to longer-term reduction in export opportunities to specific markets. • Restrictions on the provision of after-sales service, leading to lower service contract revenues. • Reduced volumes may impact research and development (R&D) investment decisions due to adverse impacts on business cases.	• Engagement with UK Government and regulatory authorities. • Engagement with customers to address the impact of tariffs. • Contract review and protection against breach of contract should export licences be withheld. • Long-term investment planning strategies.	• Broad global customer base; contractual protection. • Market diversification. • Strategic sourcing/dual sourcing to reduce landed cost of purchases (notably for USA/China origin goods). • Use of duty-free programmes when applicable. • Opportunity to leverage potential differences in tariff rates compared to competitors. • Focus on lower-risk markets and end users.

2 Operational transformation

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Following the OI30 strategy review an operational transformation programme is in progress that aims to improve operating efficiencies. Business plans include revenue growth and operating margin improvements that are, in part, dependent on realising those efficiencies in production, service and support functions.	• The programme may fail to generate operational efficiencies intended to improve operational gearing through measures such as lead time reduction and reduced overheads in relative terms.	• Lower sales volumes than planned due to higher lead times. • Higher costs of production leading to lower gross margins. • Higher overhead costs leading to lower operating profit.	• CEO and steering group oversight of operational excellence programme.	• Programme headed by Chief Operating Officer with a proven track record in operational improvement with dedicated support in key areas such as manufacturing and strategic sourcing.

Risk management continued

3 Supply chain

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
The Group operates a global supply chain, sourcing from many suppliers across a wide range of categories. For certain technologies, there are limited alternative sources. Disruption may be triggered by global events such as conflict, natural disaster, geopolitical developments or a pandemic.	• Operational disruption or price increases, due to supply chain shortages, particularly in electronic components. • Suppliers de-committing orders due to their inability to supply as a result of internal production issues. • Change of supplier ownership resulting in loss of supply. • Regulatory changes or economic viability causing suppliers to discontinue production, impacting the long-term availability of key components.	• Short-term delays or hiatus in our production arising from component shortages. • Poor customer service. • Reputational damage. • Lost revenue. • Downward pressure on margins. • Increased lead times and potential of being unable to fulfil orders. • Increased stock holding adversely impacting cash conversion.	• Sales and operational planning process. • Group strategic sourcing programme to consolidate demand and manage key supplier risks. • Sourcing of alternative options and/or buffer stocks in relation to high-risk suppliers. • Long-term contracts with key suppliers.	• Strategic, selective and diversified supplier base. • Long-term demand planning. • Buffer stock in extended supply chain. • Relationship management with key suppliers. • Responsive and adaptive engineering change process.

4 Routes to market

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
In some instances, the Group's products are components of higher-level systems sold by original equipment manufacturers (OEMs), and thus the Group does not fully control its route to market.	• Vertical integration by OEMs. • Key relationships with OEMs fail or are diminished.	• Loss of key customers/routes to market. • Reduction in sales volumes and/or pricing and lower profitability.	• Customer insight to match product performance to customer needs. • Positioning of the Oxford Instruments brand and marketing directly to end users.	• Strategic relationships with OEMs to promote the benefits of combined systems. • Product differentiation to promote advantages of Oxford Instruments' equipment and solutions. • Direct marketing to end users.

Risk management continued

5 New Product Introduction (NPI)

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
The Group provides high-technology equipment, systems and services to its customers.	• Failure of the Group's R&D programme to produce commercially viable products.	• Loss of market share or negative pricing pressure, resulting in lower turnover and reduced profitability. • Additional NPI expenditure. • Adverse impact on the Group's brand and reputation.	• 'Voice of the Customer' customer listening approach and deep market knowledge to direct product development activities. • Formal NPI processes to prioritise investment and to manage R&D expenditure. • Product life cycle management.	• Understanding customer needs/ expectations and targeted new product development programme to maintain and strengthen product positioning. • Stage gate process in product development to challenge commercial business case and mitigate technical risks. • Operational practices around sales-production matching and inventory management to mitigate stock obsolescence risks.

6 Macroeconomic

Change in the year: ↑

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Macroeconomic factors such as recession, inflation and government budget priorities, particularly regarding US funding for universities may affect demand or place upward pressure on key elements of the cost base such as labour and materials. A high proportion of the Group's revenue is in foreign currencies, notably US dollars, while the cost base is predominantly denominated in GBP.	• Lower demand for the Group's products and services. • Rises in key cost drivers such as people costs, energy, components and raw materials. • For sales of long lead-time items, requirement to make inflationary estimates when pricing, which may be inaccurate. • Long-term strengthening of sterling against key foreign currencies.	• Decrease in sales volumes. • Increased cost of production leading to a reduction in operating profit if not offset by sufficient price increases. • Potential for under-recovery of increases if inflation estimates are too low, or reduction in order volumes if competitors do not react similarly. • Reduction in reported revenue and earnings.	• Strategic focus on growth markets. • Price reviews. • Inflation protection in commercial response to long lead-time tenders and long-term agreements. • Strategic management of currency exposure.	• Ability to address inflationary pressures through price management reviews. • Reviews of key drivers of financial performance. • Reviews of supply chain currency base. • Active review of net exposure in key currencies.

Risk management continued

7 Cyber/information technology

Change in the year: =

Context:

Elements of production, financial and other systems rely on IT availability.

Risk

- Cyber-attack on the Group's IT infrastructure.
- Ransomware/spread of viruses or malware.

Possible impact

- System failure/data loss and sustained disruption to production operations.
- Loss of business-critical data.
- Delays in making payments to employees and suppliers.
- Financial and reputational damage.
- Data privacy breach.

Control mechanisms

- Suite of IT protection mechanisms including firewalls, penetration testing, regular backups, virtual machines and cyber reviews.
- External IT security consultants.
- Internal IT governance to maintain protection systems and our incident response.
- Employee awareness training.

Mitigation

- Managed service with third-party security specialists providing incident monitoring.
- Regular review, monitoring and testing of key security measures to assess adequacy of protection against known threats.
- Upgrade of enterprise resource planning (ERP) and other internal systems.
- End user education and phishing simulation exercises.

8 Legal and regulatory compliance

Change in the year: =

Context:

The Group operates in a complex and evolving technological, legal and regulatory environment, particularly in areas such as export controls and product compliance. In addition, competitors may seek to protect their position through enforcement of intellectual property (IP) rights and the Group may at times experience unintentional legal, regulatory or IP compliance issues.

Risk

- Infringement of a third party's intellectual property.
- Legal or regulatory breach.

Possible impact

- Potential loss of future revenue.
- Future royalty payments.
- Payment of damages.
- Fines and non-financial sanctions such as restrictions on trade, exclusion from public procurement contracts.
- Reputational damage.
- Breach of contract with a third party.
- Potential loss of suppliers if they cannot meet requirements that need to be flowed down into supply agreements.

Control mechanisms

- Formal 'Freedom to Operate' assessment to identify potential IP issues during product development.
- Internal control framework including Code of Conduct policies, procedures, risk assessments and training in risk areas such as bribery and corruption, sanctions, export controls, modern slavery, market abuse and data protection.
- Specialist compliance teams, supported by external advisers.
- Internal and external audits.
- Whistleblowing hotline.
- Supplier excellence programme.

Mitigation

- Confirmation of 'Freedom to Operate' during new product development stage gate process.
- Compliance training, communications and monitoring programmes for key compliance risks.
- Regular reviews of policies, procedures and risk assessments.
- Channel partner de-risking project.

Risk management continued

9 People and capability

Change in the year: ↑

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Delivering and protecting core capability and knowledge is a strategic priority for the Group.	• Challenges in attracting and retaining high-quality talent in a tight labour market, notably for roles requiring niche skills that are in high demand. • Shortage of key capabilities required to meet the Group's strategic priorities.	• Salary inflation and/or additional recruitment costs. • Adverse impact on NPI. • Operational disruption. • Lower sales and profitability.	• Strategic focus on the employee experience, including career development, communications and competitive remuneration, to differentiate Oxford Instruments.	• Talent management and succession processes. • Leadership and technical development programmes. • Hybrid and remote working policies to facilitate location-agnostic appointments. • Visa sponsorship registration for employee mobility. • Comprehensive internal communications. • Holistic approach to total compensation.

10 Business interruption

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Business units' production facilities are typically located at a single site and are dependent on availability of parts sourced from global supply chains.	• Sustained disruption to production arising from a major incident at a site. • Hiatus in production due to shortage of supply.	• Inability to fulfil orders in the short term, resulting in a reduction in sales and profitability. • Additional, non-recurring overhead costs.	• Business continuity plans for all manufacturing sites. • Contractual protection to limit financial consequences of delayed delivery. • Group strategic sourcing programme.	• Business continuity plans can reduce downtime arising from incidents and facilitate the restoration or relocation of production. • Standard sales contracts include clauses for limitation of liability, liquidated damages and the exclusion of consequential losses. • Business interruption insurance.

Risk management continued

11 Climate change

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Climate change generates both risks and opportunities. Our response needs to address risks and optimise opportunities. More detail on our approach is set out in our Task Force on Climate-related Disclosures Statement on pages 52 to 60.	• The transition from fossil fuels to a low-carbon/ net zero economy may require significant changes in materials used and production methods that may impact our own operations and those of our suppliers. • Chronic changes in weather and extreme weather events may disrupt supply chains, operations and logistics.	• Rises in production costs and product development costs to reduce CO_2 emissions linked to our products. • Delayed production and/ or installation leading to delayed revenue. • Reduction in sales volumes if we fail to meet customers' environmental expectations/requirements. • Reputational damage or loss of investment arising from failure to anticipate or address climate risk. • Increased freight and packaging costs.	• Sustainability Committee and management-level Sustainability Leadership Forum. • Climate-related risks and opportunities evaluation and reporting embedded in operating businesses. • Strategic sourcing. • Product compliance groups.	• Product compliance teams have an established methodology to deal with changes to environmental regulations. • Investment in product development to capitalise on the opportunities for our key enabling technologies to help customers address climate-related challenges. • Investment in CO_2 reduction solutions.

Viability statement

The Board has assessed the viability of the Group over a three-year period, taking into consideration its current position and the potential impact of certain of its principal risks and uncertainties. This assessment concerns the three-year period from 1 April 2025 to 31 March 2028 (the "Viability Assessment Period").

Whilst the Board has no reason to believe that the Group will not remain viable for a longer period, it is comfortable that three years is an appropriate assessment period and is consistent with the approach taken since the introduction of the requirement to prepare a viability statement in 2016, in line with the UK Corporate Governance Code.

Scenario testing

The viability assessment process is informed by the potential impact of the principal risks and uncertainties and the likelihood of them arising. This led to the application of four sensitivities against management's base-case forecasts to quantify the potential impact of risks materialising. Further detail regarding the key risks and uncertainties which have been considered in this assessment are set out in the Risk Management section on pages 73 to 78.

The process and methodology used for the Viability Assessment is consistent with prior years.

The table on the right outlines the risk areas, their potential impact and explains the nature of the scenario testing performed.

Note that not all principal risks and uncertainties have been utilised for scenario testing purposes in this context. The potential impact of cyber risk (for example, disruption to business-as-usual operations arising from a cyber-attack or malware) has not been estimated through the inclusion of a specific scenario, as the impact is unpredictable (as it would depend on the nature and duration of the issue) and because the downside impact assessed from the impact of the other risks is considered to be sufficient to account for this risk. Further, some of the potential short-term impacts that may arise from climate change are reflected in the inflationary cost sensitivities that have been applied to direct costs, but potential longer-term impacts fall outside the Viability Assessment Period.

RISK AREA
1. Geopolitical, supply chain, routes to market, macroeconomic (including tariffs)

Potential impact of risk	Explanation
Loss of revenue due to lower volumes, leading to lost margin	The potential impact is estimated by applying the following sensitivities to revenue: Year 1 – in line with detailed budget revenue Years 2 and 3 – no revenue growth for any business

RISK AREA
2. Supply chain, macroeconomic, climate change

Potential impact of risk	Explanation
Reduction in gross margin if business units are unable to mitigate cost increases through higher selling prices Increased overheads	Simulates lower gross margins from failing to recover increased input costs via increases in the selling price. Considers the potential impact of incremental overheads that could arise in the principal areas of expenditure such as staff costs, logistics and facilities costs, including energy. In years 2 and 3 of the viability assessment period, the impact is simulated by applying a two hundred basis points reduction in the gross margin year-on-year (cumulatively four hundred basis points). No specific additional charges for recurring overheads have been included relating to inflation risk compared to the baseline scenario. This is because, in a scenario of stagnant revenue growth (scenario 1), the baseline assumptions for inflationary increases are considered sufficient as they include a reasonable year-on-year increase throughout the Viability Assessment Period when compared to Bank of England forecast inflation.

RISK AREA
3. Legal and compliance, Cyber and IT, New Product Introduction, macroeconomic, people and capability

Potential impact of risk	Explanation
Additional non-recurring overhead costs	Additional non-recurring overheads have been applied, representing a contingency for the potential impact of a significant one-off charge totalling £15m. As timing is unpredictable, it has been spread evenly over the three years.

RISK AREA
4. Business interruption

Potential impact of risk	Explanation
Increased working capital	The financial impact of major disruption to the Group's manufacturing operations is mitigated through business interruption insurance. Consequently, for the purposes of this assessment, the sensitivity applied relates to increased working capital requirements only and was applied broadly at a Group level. In each year, the additional working capital requirements in the baseline forecasts have been doubled to quantify the impact of this sensitivity.

Viability statement continued

Methodology

The Group starts the Viability Assessment Period with a positive net cash position and the criteria used to assess viability in aggregate were the same as the prior year. The Board believes that either maintaining a positive net cash position during the Viability Assessment Period or, alternatively, operating within agreed debt arrangements (particularly relevant if retained cash is used to fund acquisitions), would demonstrate the Group's liquidity to meet its liabilities as they fall due. Currently, the Group has committed credit facilities of approximately £196m and a closing net cash balance of £84.4m. Underlying cash conversion was 89% and the Group generated £31.8m of free cash flow. There are covenants associated with the facilities which require the Group to operate within a ratio of three times EBITDA to net debt, and EBITDA to interest greater than four times. These covenants, therefore, could limit the headroom available from facilities and are factored into the viability assessment calculations where relevant.

The starting point to undertake the viability assessment is the three-year Group forecast ("Forecast") produced as part of the annual budgeting process. The Forecast has several scenarios which include a downside case, a base case, and an upside case. The base case Forecast forms the "Baseline" for the viability assessment calculations. The sensitivities set out above were applied to the Baseline to provide a sensitised operating profit figure for the Group.

The Forecast includes cash flow forecasts for each year of the Viability Assessment Period at Group level only. These start with the operating profit calculations (after sensitivities), and then generally apply the same assumptions as the baseline model to calculate movements in working capital, investing activities, tax, dividends paid, etc. to forecast the net cash flow in each year. The only exception is the application of additional working capital requirements set out in sensitivity 4 above.

Thus, the viability assessment uses the same model as the Forecasts to estimate annual movements in net cash and includes no adjustment for any mitigating actions that the Group might take in the event of adverse financial performance such as reduced capital expenditure, changes to dividend policy, reduction in bonuses, etc. This reflects a prudent approach to the viability assessment calculations.

The cumulative impact of the scenarios tested is to reduce revenue by £217m (13% of the Baseline total) and operating profit by roughly £146m compared to the Baseline in the three-year period covered by the assessment. However, the only elements of the cash flow forecasts that have been adjusted in the viability assessment relate to the movements in working capital and the tax payment. All other cash flows, including, but not limited to, capital expenditure, R&D expenditure and dividends, have not been adjusted in the viability assessment.

Conclusion

In aggregate, over the three years of the Viability Assessment Period and subsequent to scenario testing, the calculations demonstrate that the Group would remain profitable and would continue to generate a positive operating cash flow. The outcomes show positive EBITDA and positive adjusted operating profit in all three years. Further, the calculations show that the Group would generate a positive net cashflow in total for the Viability Assessment Period, leading to additional headroom. Consequently, the Group would maintain a healthy net cash balance at the end of the Viability Assessment Period and at each balance sheet date during the period.

The forecast level of net cash, combined with banking facilities of approximately £196m, demonstrate that during the Viability Assessment Period, the Group's forecasts include substantial headroom. Consequently, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The outcome of this assessment supports not only the Viability statement, but also the Going concern statement, as set out below.

Going concern statement

The Group's business activities and factors that are considered likely to affect its performance and position in the future are set out in the Strategic Report on pages 9 to 81. The Finance review on pages 37 to 44 discloses information relevant to the Group's financial position, its cash flows, borrowing facilities and liquidity. The Board has considered the Group's current financial position and future prospects and, as set out in the Viability Statement above, has performed an assessment of longer-term viability up to 31 March 2028. On this basis, the Directors conclude that there is a reasonable expectation that the Group will continue in operational existence for the foreseeable future and that there are no material uncertainties which may cast significant doubt over its ability to continue as a going concern. As a result, the Board considers it appropriate to continue to adopt the going concern basis of accounting.

Approval

The Strategic Report was approved by the Board on 12 June 2025.

RICHARD TYSON
Chief Executive Officer
12 June 2025

Non-financial information statement

The table below explains where relevant non-financial information can be found within this report, further to the Financial Reporting Directive requirements contained in Sections 414CA and 414CB of the Companies Act 2006. Where appropriate, details on where additional information on these matters can be found, have also been included.

Key policies and procedures	Information within this report	Information available on the company's website
Environment		
Health and Safety Policy Environmental Policy Supplier Due Diligence and Audit Procedures	Sustainability Report: pages 45 to 68 Sustainability Committee Report: pages 116 to 118 Task Force on Climate-related Financial Disclosures (TCFD) Statement: pages 52 to 60	www.oxinst.com/investors/sustainability www.oxinst.com/investors/compliance/environmental-policy www.oxinst.com/CodeofConduct
Employees		
Code of Conduct Health and Safety Policy Working at Oxford Instruments Policy Leaving Oxford Instruments Policy IT Infrastructure and Use Policy Conflicts of Interest Policy Business Travel Policy Crisis Management Policy Reward and Recognition Policy Performance Management Policy Opportunity and Career Policy Share Dealing Policy	Engaging with our stakeholders: pages 27 and 28 Sustainability Report: pages 45 to 68 How we engage with our stakeholders: pages 89 to 93 Board Leadership and Company Purpose: page 88 Sustainability Committee Report: pages 116 to 118	www.oxinst.com/CodeofConduct www.oxinst.com/investors/sustainability/health-and-safety www.oxinst.com/investors/sustainability/gender-pay-report www.oxinst.com/CodeofConduct www.oxinst.com/careers
Social matters		
Export Control Policy Privacy Policy Code of Conduct Group Sanctions Policy Group Export Controls	Sustainability Report: pages 45 to 68 Community engagement: page 91 Sustainability Committee Report: pages 116 to 118	www.oxinst.com/corporate-content/privacy www.oxinst.com/CodeofConduct www.oxinst.com/investors/compliance/group-sanctions-policy www.oxinst.com/investors/compliance/group-export-controls-policy

Key policies and procedures	Information within this report	Information available on the company's website
Human rights		
Global Human Rights Policy Modern Slavery Statement Gender & Ethnicity Pay Gap Report Privacy Policy	Ethics – human rights: page 68	www.oxinst.com/investors/compliance/human-rights-policy www.oxinst.com/investors/compliance/modern-slavery www.oxinst.com/investors/sustainability/gender-pay-report www.oxinst.com/corporate-content/privacy
Anti-bribery and corruption		
Anti-bribery and Anti-corruption Policy Whistleblowing Policy Share Dealing Policy Supplier Code of Conduct Conflicts of Interest Policy Supplier Due Diligence and Audit Procedures	Ethics – anti-bribery and corruption: page 67 Supplier engagement: page 91	www.oxinst.com/investors/compliance/anti-bribery-and-corruption www.oxinst.com/CodeofConduct
Additional disclosures: – Business model – Principal risks – Non-financial KPIs		
Group Tax Strategy	Investment case: pages 21 and 22 Business Model: pages 23 to 26 Strategy: pages 29 to 34 KPIs: pages 35 and 36 Principal Risks: pages 73 to 78 Audit and Risk Committee Report: pages 109 to 115	www.oxinst.com/investors/compliance/group-tax-strategy

The Directors' Report is approved by the Board and signed on its behalf by

LOUISE MEADS
Interim Company Secretary
12 June 2025