Financial statements

Consolidated statement of income

Year ended 31 March 2025

	Note	2025 Adjusted £m	2025 Adjusting items (Note 2) £m	2025 Total £m	2024 Adjusted £m	2024 Adjusting items (Note 2) £m	2024 Total £m
Revenue	1	**500.6**	**–**	**500.6**	470.4	–	470.4
Cost of sales		**(241.8)**	**–**	**(241.8)**	(228.0)	–	(228.0)
Gross profit		**258.8**	**–**	**258.8**	242.4	–	242.4
Other operating income		**–**	**–**	**–**	–	3.3	3.3
Research and development	3	**(41.1)**	**–**	**(41.1)**	(39.1)	–	(39.1)
Selling and marketing		**(78.7)**	**–**	**(78.7)**	(74.5)	–	(74.5)
Administration and shared services		**(56.5)**	**(42.7)**	**(99.2)**	(58.7)	(14.6)	(73.3)
Foreign exchange (loss)/gain		**(0.3)**	**(0.3)**	**(0.6)**	10.2	(0.7)	9.5
Operating profit		**82.2**	**(43.0)**	**39.2**	80.3	(12.0)	68.3
Financial income	6	**2.6**	**–**	**2.6**	4.7	–	4.7
Financial expenditure	7	**(1.4)**	**(0.6)**	**(2.0)**	(1.7)	–	(1.7)
Profit/(loss) before income tax	1	**83.4**	**(43.6)**	**39.8**	83.3	(12.0)	71.3
Income tax (expense)/credit	8	**(18.2)**	**4.4**	**(13.8)**	(20.3)	(0.3)	(20.6)
Profit/(loss) for the year attributable to equity shareholders of the parent		**65.2**	**(39.2)**	**26.0**	63.0	(12.3)	50.7
Earnings per share (in pence)	10						
Basic		**112.4p**		**44.8p**	109.0p		87.7p
Diluted		**111.1p**		**44.3p**	107.5p		86.5p

The attached notes form part of these Financial Statements.

Consolidated statement of comprehensive income

Year ended 31 March 2025

	Note	2025 £m	2024 £m
Profit for the year		**26.0**	50.7
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to Consolidated Statement of Income			
Foreign exchange translation differences		**(2.0)**	(5.5)
Items that will not be reclassified to Consolidated Statement of Income			
Remeasurement loss in respect of post-retirement benefits	24	**(1.1)**	(19.4)
Tax credit on items that will not be reclassified to Consolidated Statement of Income		**0.2**	4.8
Total other comprehensive expense		**(2.9)**	(20.1)
Total comprehensive income for the year attributable to equity shareholders of the parent		**23.1**	30.6

Consolidated statement of financial position

As at 31 March 2025

	Note	2025 £m	2024 as restated[1] £m
Assets			
Non-current assets			
Property, plant and equipment	12	**85.6**	80.5
Intangible assets	13	**121.8**	138.2
Right-of-use assets	14	**29.9**	32.4
Long-term receivables		**1.0**	1.3
Derivative financial instruments	22	**0.3**	0.2
Retirement benefit asset	24	**24.4**	16.1
Deferred tax assets	8	**11.1**	13.7
		274.1	282.4
Current assets			
Inventories	15	**99.1**	108.1
Trade and other receivables	16	**126.2**	114.7
Current income tax receivable		**9.4**	1.0
Derivative financial instruments	22	**1.9**	2.3
Cash and cash equivalents	18	**94.1**	97.8
		330.7	323.9
Total assets		**604.8**	606.3
Equity			
Capital and reserves attributable to the company's equity shareholders			
Share capital	25	**2.9**	2.9
Share premium		**62.6**	62.6
Other reserves		**0.2**	0.2
Translation reserve		**5.4**	7.4
Retained earnings		**305.0**	292.6
		376.1	365.7

	Note	2025 £m	2024 as restated[1] £m
Liabilities			
Non-current liabilities			
Bank loans	19	**0.5**	0.9
Lease liabilities	14	**26.7**	28.6
Retirement benefit obligations	24	**0.9**	–
Provisions	21	**1.3**	–
Deferred tax liabilities	8	**16.7**	12.9
		46.1	42.4
Current liabilities			
Bank loans and overdrafts	19	**9.2**	13.1
Trade and other payables	20	**157.7**	166.2
Lease liabilities	14	**4.5**	4.8
Current income tax payables		**6.0**	7.6
Derivative financial instruments	22	**0.6**	0.1
Provisions	21	**4.6**	6.4
		182.6	198.2
Total liabilities		**228.7**	240.6
Total liabilities and equity		**604.8**	606.3

1. Details of restatement of prior period numbers can be found in Note 11.

The Financial Statements were approved by the Board of Directors on 12 June 2025 and signed on its behalf by:

RICHARD TYSON
Director

PAUL FRY
Director

Company number: 775598

Consolidated statement of changes in equity

Year ended 31 March 2025

	Share capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total £m
As at 1 April 2024	**2.9**	**62.6**	**0.2**	**7.4**	**292.6**	**365.7**
Profit for the year	–	–	–	–	**26.0**	**26.0**
Foreign exchange translation differences	–	–	–	**(2.0)**	–	**(2.0)**
Remeasurement loss in respect of post-retirement benefits	–	–	–	–	**(1.1)**	**(1.1)**
Tax credit on items that will not be reclassified to Consolidated Statement of Income	–	–	–	–	**0.2**	**0.2**
Total comprehensive (expense)/income	–	–	–	**(2.0)**	**25.1**	**23.1**
Share-based payment transactions	–	–	–	–	**(0.1)**	**(0.1)**
Income tax on share-based payment transactions	–	–	–	–	**(0.5)**	**(0.5)**
Dividends	–	–	–	–	**(12.1)**	**(12.1)**
Total transactions with owners:	–	–	–	–	**(12.7)**	**(12.7)**
As at 31 March 2025	**2.9**	**62.6**	**0.2**	**5.4**	**305.0**	**376.1**
As at 1 April 2023	2.9	62.6	0.2	12.9	265.4	344.0
Profit for the year	–	–	–	–	50.7	50.7
Foreign exchange translation differences	–	–	–	(5.5)	–	(5.5)
Remeasurement loss in respect of post-retirement benefits	–	–	–	–	(19.4)	(19.4)
Tax credit on items that will not be reclassified to Consolidated Statement of Income	–	–	–	–	4.8	4.8
Total comprehensive (expense)/income	–	–	–	(5.5)	36.1	30.6
Share-based payment transactions	–	–	–	–	3.0	3.0
Income tax on share-based payment transactions	–	–	–	–	(0.5)	(0.5)
Dividends	–	–	–	–	(11.4)	(11.4)
Total transactions with owners:	–	–	–	–	(8.9)	(8.9)
As at 31 March 2024	2.9	62.6	0.2	7.4	292.6	365.7

Consolidated statement of cash flows

Year ended 31 March 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Profit for the year		**26.0**	50.7
Adjustments for:			
Income tax expense	8	**13.8**	20.6
Net financial income	6, 7	**(0.6)**	(3.0)
Fair value movement on financial derivatives		**0.3**	0.7
Impairment of goodwill	13	**26.0**	–
Amortisation of right-of-use assets	14	**5.4**	5.0
Depreciation of property, plant and equipment	12	**5.9**	5.3
Amortisation and impairment of intangible assets	13	**10.6**	9.8
Loss on disposal of plant, property and equipment		**1.3**	–
(Credit)/charge in respect of equity-settled employee share schemes		**(0.1)**	3.0
Contributions paid to the pension scheme more than the charge to operating profit		**(7.9)**	(8.0)
Decrease/(increase) in inventories	27	**8.8**	(26.3)
Increase in receivables	27	**(10.0)**	(2.7)
Increase/(decrease) in payables and provisions	27	**1.1**	(2.8)
(Decrease)/increase in customer deposits	27	**(11.1)**	7.1
Cash generated from operations		**69.5**	59.4
Interest paid		**(0.6)**	(0.9)
Income taxes paid		**(19.8)**	(16.1)
Net cash from operating activities		**49.1**	42.4

	Note	2025 £m	2024 £m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**2.3**	0.5
Purchase of property, plant and equipment	12	**(14.4)**	(27.0)
Acquisition of subsidiaries, net of cash acquired	11	**(15.4)**	(13.4)
Capitalised development expenditure	13	**(1.5)**	(0.7)
Interest received		**1.6**	3.1
Net cash used in investing activities		**(27.4)**	(37.5)
Cash flows from financing activities			
Interest paid on lease liabilities	14	**(0.6)**	(0.8)
Payment of lease liabilities	14	**(4.9)**	(4.0)
Repayment of borrowings	19	**(0.8)**	(1.8)
Dividends paid		**(12.1)**	(11.4)
Net cash used in financing activities		**(18.4)**	(18.0)
Change in cash and cash equivalents		**3.3**	(13.1)
Cash and cash equivalents at beginning of the year		**85.5**	101.5
Effect of exchange rate fluctuations on cash held		**(3.5)**	(2.9)
Cash and cash equivalents at end of the year	18	**85.3**	85.5
Comprised of:			
Cash and cash equivalents as per the Consolidated Statement of Financial Position		**94.1**	97.8
Bank overdrafts	19	**(8.8)**	(12.3)
		85.3	85.5

Material accounting policies

Year ended 31 March 2025

Oxford Instruments plc (the 'Company') is a public company limited by shares incorporated under the Companies Act 2006 and domiciled in the United Kingdom.

The Group Financial Statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under UK-adopted IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group Financial Statements.

Going concern

The Financial Statements have been prepared on a going concern basis based on the Directors' opinion, after making reasonable enquiries, that the Group has adequate resources to continue in operational existence for the foreseeable future.

In determining the basis of preparation for the Consolidated Financial Statements, the Directors have considered the Group's available resources, current business activities and factors likely to impact on its future development and performance, including the impact of current macro-economic factors, tariffs, and climate change on the Group, which are described in the Chief Executive Officer's review and Finance review.

The Group's business activities, together with factors likely to affect its future development, performance and financial position, are set out in the Strategic Report on pages 9 to 36. The financial position of the Group, its cash flows, and borrowing facilities are described in the Finance review on pages 37 to 44. In addition, Note 23 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group finances its operations from retained earnings, and where needed, from third-party borrowings. In the prior year, on 19 March 2024, the Group entered into a new multi-currency revolving facility agreement, which is committed until March 2028 with 15-month and 12-month extension options at the end of the first and second years respectively. The facility has been entered into with four banks and comprises a euro-denominated multi-currency facility of €95m and a US-dollar-denominated multi-currency facility of $150m.

The Group regularly monitors its financial position to ensure that it remains within the terms of its financial covenants. Debt covenants are net debt to EBITDA less than 3.0 times and EBITDA to interest greater than 4.0 times. At the date of approving these Financial Statements, the facility remains undrawn.

In addition to the above, at year end, the Group had a cash and cash equivalents balance of £94.1m. The Group also had bank overdrafts of £8.8m and other small loan balances that totalled £0.9m. This resulted in a net cash position of £84.4m, an increase of £0.6m from the £83.8m net cash position at 31 March 2024.

The Group has prepared and reviewed cash flow forecasts for the period to 30 June 2026 for the Going Concern assessment, which reflect forecasted changes in operating profit, and operating cash across its business. The Group's net cash position and undrawn credit facilities provide substantial liquidity headroom that even under extreme stress scenarios, it would be able to meet its obligations for well beyond the 12-month assessment period.

In its going concern assessment, the Directors considered not only its base case but also 'severe but plausible' downside scenarios. These scenarios reflected a 25% reduction in Adjusted Operating Profit, a 25% increase in working capital and a third scenario of incorporating both. In each scenario the Group's cash balances remained positive, and the facility remains undrawn throughout the going concern period to 30 June 2026.

Following this assessment, the Board of Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the Consolidated Financial Statements. Further information on the going concern of the Group can be found on pages 79 to 80 in the Viability Statement.

(a) Changes in accounting standards

The International Accounting Standards Board (IASB) issued a new Standard, IFRS 18 Presentation and Disclosure in Financial Statements, on 9 April 2024 that will replace IAS 1 Presentation of Financial Statements. The purpose of the new standard is to provide more consistent presentation of financial information across preparers as it is acknowledged that existing standards have given flexibility to present information in different ways. IFRS 18 will not impact the recognition or measurement of items in the Financial Statements. Many of the existing presentation principles in IAS 1 are retained, but there are some more specific requirements that will require the Group to make some changes in its future Annual Report and Interim Financial Statements.

The new Standard is not yet endorsed by the UK Endorsement Board (UKEB) but is expected to be applicable for reporting periods beginning on or after 1 January 2027. Comparative information for 2026 will need to be restated when the 2027 Interim Financial Statements and Annual Report and Accounts are published and early adoption is expected to be permitted.

The Group has started an initial review of the Standard and expects changes to the presentation of the Consolidated Statement of Income. The process of assessing the financial impact on the Consolidated Financial Statements will continue during 2025.

Material accounting policies continued

There are no standards or amendments that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Significant estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant judgements

In the opinion of the Group there is one key judgement made in the preparation of the Financial Statements in respect of which taking a different view would have a material impact on the Financial Statements:

Recognition of Oxford Instruments NanoScience as not held for sale at 31 March 2025

On 10 June 2025, the Group entered a binding agreement to sell the trade and assets of Oxford Instruments NanoScience (NS). IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations sets out the conditions for an asset to be classified as held-for-sale. At 31 March 2025, the Group had not received a binding offer or terms from prospective buyers and therefore actions to complete the sale were highly uncertain. In addition, management were not committed to sell 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 were not fully met, and therefore the NS assets are not classified as held-for-sale at 31 March 2025.

Significant estimates

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Four key areas where estimates have been used and assumptions applied have been identified as follows:

Measurement of defined benefit scheme liabilities

The Group recognises and measures costs relating to defined benefit pension schemes in accordance with IAS 19 (Revised) Employee Benefits. In applying IAS 19 (Revised) the costs are assessed in accordance with the advice of independent qualified actuaries. This requires certain estimates and assumptions in relation to future changes in salaries and inflation, as well as mortality rates, expected returns on plan assets and the selection of suitable discount rates. The factors affecting these assumptions are influenced by wider macroeconomic factors that are largely outside of the Group's control. A sensitivity analysis is set out in Note 24.

Provision for inventory

Provision is made for obsolete, slow-moving and defective stock where there is evidence of impairment, to reduce the carrying value to its net realisable value. This requires consideration of several factors including, but not limited to, recent usage, expected future demand, new product introduction plans and likely realisable values to estimate the excess quantities and net realisable value. The level of provisioning requires certain estimates regarding future demand and possible design changes to identify excess quantities. Amounts provided represent in aggregate the Group's best estimate of the levels of provisioning required.

Acquisition of FemtoTools AG (FemtoTools) and First Light Imaging SAS (First Light Imaging)

On the acquisition of a business, in order to comply with IFRS 3 (Revised) Business Combinations it is necessary to reflect the assets and liabilities acquired at their fair value. This requires certain estimates and assumptions in relation to, inter alia, the forecast performance of the acquired business, the expected life of certain intangible assets and the likely future customer base of the business. In order to assist in undertaking this fair value exercise, the Group appointed an external firm of advisers. The fair value adjustments arising from this review are set out in Note 11.

Impairment of goodwill

The determination of whether goodwill and other indefinite life intangible assets should be impaired requires the estimation of future cash flows and growth factors adopted by each cash generating unit. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate and are risk adjusted to reflect risks and opportunities existing for each cash generating unit. These factors are all affected by prevailing market and economic factors outside the Group's control. Further information on this issue, including sensitivity analyses, is included in Note 13.

(c) Basis of preparation and consolidation

The Financial Statements are presented in sterling, rounded to the nearest £0.1m and are prepared on the historical cost basis except as described below in accounting policy (e).

The Group Financial Statements include the accounts of Oxford Instruments plc and its subsidiary companies adjusted to eliminate intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions.

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The results of subsidiary companies are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. The acquisition method is used to account for the acquisition of subsidiaries.

Material accounting policies continued

(d) Consideration of climate change

In preparing the Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 52 to 60 this year. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- Going concern and viability of the Group.
- Cash flow forecasts used in the impairment assessments of non-current assets including goodwill.
- Carrying value and useful economic lives of property, plant and equipment.

Whilst there is currently no medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's Financial Statements.

(e) Financial instruments

Financial assets and liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Forward foreign exchange contracts (derivative financial instruments) of the Group are used to hedge its exposure to foreign currency risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes. The Group has chosen not to apply hedge accounting in respect of these exposures. All derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred. Foreign exchange contracts are classified as "fair value through profit and loss" under IFRS 9. Subsequent to initial recognition, derivatives are measured at fair value and gains or losses on the settlement of such derivatives are recognised in operating expenses. Where such derivatives relate to the following year's exposure, any gains or losses resulting from the change in fair value are recognised as an adjusting item in operating expenses.

The fair value of forward exchange contracts is their market price at the Consolidated Statement of Financial Position date, being the present value of the forward price. The gain or loss on remeasurement to fair value of forward exchange contracts is recognised immediately in the Consolidated Statement of Income.

Contingent purchase consideration is measured at fair value at the date of acquisition and subsequently carried at fair value, with movements recognised in the Consolidated Statement of Income.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Statement of Income over the period of the borrowing on an effective interest basis.

(f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less provisions for impairment (see accounting policy (k)) and depreciation which, with the exception of freehold land which is not depreciated and rental assets (see below), is provided on a straight-line basis over each asset's estimated economic life. Depreciation is provided based on historical cost less estimated residual value. The principal estimated economic lives used for this purpose are:

Freehold buildings, long leasehold land and buildings	50 years
Furniture and fittings	10 years
Machinery and other equipment	5 to 10 years
Computer equipment	4 years
Vehicles	4 years

Machinery and other equipment, computer equipment and vehicles are included within the 'Plant and equipment' sub heading in Note 12.

For leasehold improvements, where the length of the lease is less than the principal estimated economic lives noted above, the length of the lease is used.

Material accounting policies continued

(g) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and is the difference between the cost of the acquisition and the fair value of the assets, liabilities and contingent liabilities acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

The Group expenses transaction costs associated with its acquisitions and movements in liabilities relating to contingent consideration within the Consolidated Statement of Income.

Goodwill arising on acquisitions is stated at cost less any accumulated impairment losses and allocated to cash-generating units (CGUs) that are anticipated to benefit from the combination. It is not amortised but is tested annually for impairment (see accounting policy (k)), or more frequently when there is an indicator that the unit may be impaired.

(ii) Development costs

Research and development costs are charged to the Consolidated Statement of Income in the year in which they are incurred unless development expenditure is applied to a plan or design for the production of new or substantially improved products, in which case they are capitalised. The criteria for capitalisation include demonstration of the technical feasibility of completing a new intangible asset that will be available for sale and that the asset will generate probable future economic benefits. Where expenditure meets the criteria, development costs are capitalised and amortised through the Consolidated Statement of Income over their useful economic lives.

(iii) Acquired intangible assets

An intangible asset acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be reliably measured. The asset is amortised through the Consolidated Statement of Income over its useful economic life.

(iv) Amortisation

Amortisation of intangible assets is charged to the Consolidated Statement of Income on a systematic basis in proportion to the use of the assets over their estimated useful economic lives as follows:

Capitalised development costs	3 to 5 years
Technology-related acquired intangibles	5 to 14 years
Customer-related acquired intangibles	6 months to 15 years
Development costs acquired intangibles	10 years
Software	10 years

Customer-related acquired intangible assets include a number of different types of asset. For example, the shorter end of the useful economic life relates to the order book of acquired businesses, whilst the longer useful economic life relates to assets such as trademarks.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost less appropriate provision for impairment. The provision for impairment of receivables is based on lifetime expected credit losses, which is then updated for any reasonable and supportable forward-looking information and expectations. Lifetime expected credit losses are calculated by assessing historic credit loss experience. The movement in the provision is recognised in the Consolidated Statement of Income.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, an attributable proportion of production overheads based on normal operating capacity and all other expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision is made for obsolete, slow-moving and defective stock where appropriate in light of recent usage, expected future requirements, new product introduction plans and likely realisable values.

As outlined in Note (p) below, the revenue associated with both the sale and installation of certain complex products is recognised at the time that the installation is completed. The net realisable value associated with complex products is included in finished goods inventories where the installation has not yet been completed.

Material accounting policies continued

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at amortised cost.

Cash and cash equivalents include cash at bank and in hand, investments in money-market funds and short-term deposits with a maturity of three months or less on inception. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(k) Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying value may be impaired. Additionally, goodwill is subject to an annual impairment review.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows from other groups of assets.

An impairment loss is recognised in the Consolidated Statement of Income under the administration and shared services heading, to the extent that an asset's carrying value, or a CGUs carrying value, exceeds its recoverable amount, which represents the higher of its net realisable value and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or from the CGU to which it relates. The present value is calculated using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had the impairment loss not been recognised in previous periods. Impairment losses in respect of goodwill are not reversed.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit.

(l) Employee benefits

The Group operates a number of defined benefit and defined contribution plans which require contributions to be made to independent trustee-administered funds.

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that current and past employees have earned in return for their service in prior periods. That benefit is discounted to determine its present value and is deducted from the fair value of any plan assets. Surpluses in schemes are recognised as assets only if they represent economic benefits available to the Group in the future. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses in calculating the Group's net obligation are recognised in the Consolidated Statement of Comprehensive Income in the year.

The charge to the Consolidated Statement of Income reflects the current service cost. The interest expense or income is calculated on the net defined benefit asset by applying the discount rate to the net defined benefit asset, and is included within financial expenditure or financial income in the Consolidated Statement of Income respectively.

(iii) Share-based payment transactions

The fair value of equity-settled share option programmes is measured at grant date and charged to the Consolidated Statement of Income, with a corresponding increase in equity, on a straight-line basis over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to market performance conditions not being met.

Material accounting policies continued

(m) Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision for warranty and product-related liability is recognised when the underlying products are sold. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for a claim or dispute is made when it is considered probable that an adverse outcome will occur and the amount of the loss can be reasonably estimated.

Contractual and other provisions represent the Directors' best estimate of the cost of settling future obligations where the Directors, taking into account professional advice received, assess that it is more likely than not that such proceedings may be successful.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liabilities.

(n) Customer deposits

Customer deposits are classified as contract liabilities and included within trade and other payables in the Statement of Financial Position.

Customer deposits represent the cash payments received or consideration due from customers prior to the recognition of revenue in respect of product sales; for example, deposits received on order (and shipment in the case of complex products where revenue is not recognised until installation).

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Statement of Income over the period of the borrowings on an effective interest basis.

(p) Revenue

Revenue is recognised in the Consolidated Statement of Income when the performance conditions in the contract with the customer are met.

In most cases where the contract includes the sale of both a product and installation then the sale of the product and the related installation are treated as two separate performance conditions. This is because the Group considers that the customer is able to benefit from the product even if the Group does not supply installation, ie it would be possible for them to arrange installation by a third party. In such situations, revenue in respect of the product is recognised when control passes to the customer which is normally upon shipment of the product. Revenue in respect of the installation is recognised when the customer confirms acceptance of the installation. Revenue in respect of both product and installation is recognised at a point when it is considered the performance conditions are met.

Revenue is allocated between the product and installation based on the relative standalone selling prices of those products and installation activities. Where it is difficult to establish a standalone selling price by a market comparator, the standalone selling price is estimated, where required, by applying the cost plus margin approach.

A receivable is recognised for products when control passes over to the customer, and for installation when the customer confirms acceptance of the installation, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the performance obligations met by the Group exceed the payment, a contract asset is recognised. If the payments exceed the performance obligation, a contract liability is recognised.

In the NanoScience business, which is part of the Advanced Technologies segment, certain contracts for the sale of more complex systems are deemed to comprise just one performance condition as customers are unable to realise the economic benefit from having received the equipment without the specialist installation. Given the highly interdependent nature of the product and installation, this performance condition is met, and the revenue recognised, when the customer confirms acceptance of the installed product at their premises.

Sales of large quantum computing systems in the NanoScience business are recognised as long-term contracts by reference to the progress towards completion of the performance obligation. The performance towards this contract does not create an asset with an alternative use, and the company has an enforceable right to payment for performance completed to date. As a result, per IFRS 15, the company transfers control of the goods over time and, therefore, satisfies a performance obligation and recognises revenue over time. Revenue is recognised using the cost input method which best reflects the transfer of control to the customer.

Within service revenue, revenue for fixed-term maintenance and support contracts is recognised over time using the output method by determining the proportion of the elapsed time relative to the contract period.

Revenue excludes value added tax and similar sales-based taxes and is stated before commission payable to agents which is recognised in cost of sales.

Material accounting policies continued

(q) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax positions are reviewed to assess whether a provision should be made based on prevailing circumstances. Tax provisions are included within current taxation liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets are measured on an undiscounted basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Where there is uncertainty surrounding an income tax position, consideration is given to whether the tax authority (with full knowledge of the facts) would probably be more or less likely to accept the uncertain tax position. If the conclusion reached is that it is probable that the tax authority would not accept a tax position, a provision is calculated either as the most likely outcome (where the possible outcomes are binary or concentrated on one value) or as the expected value (where there is a range of possible outcomes) depending on which method would provide the better prediction for the resolution of the uncertainty.

(r) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. If such remeasurement is required, it is performed using the original incremental borrowing rate, unless there is a change in estimated lease term; in which case it is performed using a new incremental borrowing rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements

(s) Segment reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including any revenues and expenses that relate to transactions with any of the Group's other components. Operating components are combined into aggregated operating segments to the extent that they have similar economic characteristics. Aggregated operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, for which discrete financial information is available. Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

A reportable segment is an aggregated operating segment in respect of which revenue or profit exceeds 10% of the Group total. Discrete financial information is disclosed for each reportable segment.

1 Segment information

The Group's operating segments were previously combined into three aggregated operating segments: Materials & Characterisation, Research & Discovery, and Service & Healthcare. From 1 April 2024, these have now been combined into two new aggregated operating segments to the extent that they have similar economic characteristics, with relevance to products and services, type and class of customer, methods of sale and distribution, and the regulatory environment in which they operate. Each of these two aggregated operating segments is a reportable segment. In the previous structure, service revenue for operating segments was reported within Service & Healthcare, in the new structure service revenue is reported within each respective operating segment. The aggregated operating segments are as follows:

- The Imaging & Analysis segment comprises a group of businesses focusing on microscopy, cameras, analytical instruments and software.
- The Advanced Technologies segment comprises a group of businesses focusing on compound semiconductor fabrication equipment, cryogenic and superconducting magnet technology and X-ray tubes.

Prior year results have been adjusted to reflect the new operating segments.

The Group's internal management structure and financial reporting systems differentiate the two aggregated operating segments based on the economic characteristics discussed above.

Reportable segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. The operating results of each are regularly reviewed by the Chief Operating Decision Maker, which is deemed to be the Executive Directors. Discrete financial information is available for each segment and used by the Executive Directors for decisions on resource allocation and to assess performance. No asset information is presented below as this information is not presented in reporting to the Group's Executive Directors.

On 9 January 2024, the Group acquired 100% of the issued share capital of First Light Imaging which has been integrated into the Imaging & Analysis segment. On 28 June 2024, the Group acquired 100% of the issued share capital of FemtoTools which has also been integrated into the Imaging & Analysis segment. Further information can be found in Note 11.

Notes to the consolidated financial statements continued

1 Segment information continued

Results

2025	Imaging & Analysis £m	Advanced Technologies £m	Total £m
External product revenue	**270.1**	**146.0**	**416.1**
External service revenue	**60.4**	**24.1**	**84.5**
Total external revenue	**330.5**	**170.1**	**500.6**
Inter-segment product revenue	**–**	**1.0**	
Total segment revenue	**330.5**	**171.1**	
Segment adjusted operating profit	**76.2**	**6.0**	**82.2**

2024	Imaging & Analysis £m	Advanced Technologies £m	Total £m
External product revenue	272.8	121.5	394.3
External service revenue	55.3	20.8	76.1
Total external revenue	328.1	142.3	470.4
Inter-segment product revenue	0.2	0.3	
Total segment revenue	328.3	142.6	
Segment adjusted operating profit	79.0	1.3	80.3

No individual customer accounts for more than 10% of revenue.

As at 31 March 2025, the Group had unfulfilled performance obligations under IFRS 15 of £262.6m (2024: £301.5m). It is anticipated that £261.9m (2024: £277.3m) of this balance will be satisfied within one year. The remainder is anticipated to be satisfied in the following financial year.

Reconciliation of reportable segment profit

2025	Imaging & Analysis £m	Advanced Technologies £m	Unallocated Group items £m	Total £m
Segment adjusted operating profit	**76.2**	**6.0**	**–**	**82.2**
Transaction-related costs	**(0.7)**	**(1.1)**	**–**	**(1.8)**
Impairment of goodwill	**(26.0)**	**–**	**–**	**(26.0)**
Restructuring costs and charges associated with management changes	**(1.8)**	**(5.4)**	**(0.6)**	**(7.8)**
Amortisation and impairment of acquired intangibles	**(9.0)**	**(0.2)**	**–**	**(9.2)**
Fair value movement on financial derivatives	**–**	**–**	**(0.3)**	**(0.3)**
Financial income	**–**	**–**	**2.6**	**2.6**
Financial expenditure	**–**	**–**	**(2.0)**	**(2.0)**
Release of contingent consideration	**2.1**	**–**	**–**	**2.1**
Profit/(loss) before income tax	**40.8**	**(0.7)**	**(0.3)**	**39.8**

Notes to the consolidated financial statements continued

1 Segment information continued

2024	Imaging & Analysis £m	Advanced Technologies £m	Unallocated Group items £m	Total £m
Segment adjusted operating profit	79.0	1.3	–	80.3
Intellectual property litigation settlement	–	3.3	–	3.3
Adjustments relating to defined benefit pension schemes	–	–	(0.4)	(0.4)
Transaction-related costs	(0.7)	(0.3)	–	(1.0)
Restructuring costs and charges associated with management changes	–	(1.7)	(2.0)	(3.7)
Intellectual property litigation costs	–	(0.4)	–	(0.4)
Amortisation and impairment of acquired intangibles	(9.1)	–	–	(9.1)
Fair value movement on financial derivatives	–	–	(0.7)	(0.7)
Financial income	–	–	4.7	4.7
Financial expenditure	–	–	(1.7)	(1.7)
Profit/(loss) before income tax	69.2	2.2	(0.1)	71.3

2025	Imaging & Analysis £m	Advanced Technologies £m	Unallocated Group items £m	Total £m
Capital expenditure	**(3.9)**	**(10.2)**	**(0.3)**	**(14.4)**
Depreciation of property, plant and equipment	**(2.9)**	**(2.4)**	**(0.6)**	**(5.9)**
Amortisation of right-of-use assets	**(2.2)**	**(1.2)**	**(2.0)**	**(5.4)**
Amortisation and impairment of intangibles	**(35.6)**	**(0.5)**	**(0.5)**	**(36.6)**
Capitalised development expenditure	**(0.8)**	**(0.7)**	**–**	**(1.5)**

2024	Imaging & Analysis £m	Advanced Technologies £m	Unallocated Group items £m	Total £m
Capital expenditure	(18.1)	(6.6)	(2.3)	(27.0)
Depreciation of property, plant and equipment	(3.3)	(1.5)	(0.5)	(5.3)
Amortisation of right-of-use assets	(2.4)	(0.4)	(2.2)	(5.0)
Amortisation and impairment of intangibles	(9.5)	(0.3)	–	(9.8)
Capitalised development expenditure	(0.2)	(0.5)	–	(0.7)

Notes to the consolidated financial statements continued

The Group's revenue by destination of the end user is as follows:

Revenue	2025 £m	2024 £m
UK	**20.4**	30.4
China	**107.2**	127.4
Japan	**46.4**	43.5
USA	**142.3**	111.6
Germany	**41.4**	35.5
Rest of Europe	**54.0**	50.3
Rest of Asia	**66.3**	50.6
Rest of World	**22.6**	21.1
	500.6	470.4

Non-current assets (excluding deferred tax)	2025 £m	2024 £m
UK	**172.3**	191.0
China	**2.0**	4.0
Japan	**5.4**	6.2
USA	**11.2**	12.5
Germany	**30.0**	32.1
Rest of Europe	**41.4**	22.4
Rest of Asia	**0.5**	0.2
Rest of World	**0.2**	0.3
	263.0	268.7

2 Adjusting items

In the preparation of adjusted numbers, the Directors exclude certain items in order to assist with comparability between peers and to give what they consider to be a better indication of the underlying performance of the business. In determining whether an event or transaction is an adjusting item, the Directors consider quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

These adjusting items are excluded in the calculation of adjusted operating profit, adjusted profit before tax, adjusted profit for the period, adjusted EBITDA (defined as adjusted operating profit before depreciation and amortisation of capitalised development costs), adjusted EPS, adjusted cash conversion and adjusted effective tax rate. Details of adjusting items are given below.

Adjusted EBITDA is calculated by adding back depreciation of property, plant and equipment, amortisation of right-of-use assets and amortisation of intangible assets to adjusted operating profit, and can be found in the Consolidated Statement of Cash Flows. The calculation of adjusted EPS can be found in Note 10. Adjusted effective tax rate is calculated by dividing the share of tax attributable to adjusted profit before tax by adjusted profit before tax. The definition of cash conversion is set out in the Finance review.

Notes to the consolidated financial statements continued

2 Adjusting items continued

Reconciliation between operating profit and profit before income tax and adjusted profit

	2025		2024	
	Operating profit £m	Profit before income tax £m	Operating profit £m	Profit before income tax £m
Statutory measure	**39.2**	**39.8**	68.3	71.3
Intellectual property litigation settlement	**–**	**–**	(3.3)	(3.3)
Adjustments relating to defined benefit pension schemes	**–**	**–**	0.4	0.4
Transaction-related costs	**1.8**	**1.8**	1.0	1.0
Impairment of goodwill	**26.0**	**26.0**	–	–
Restructuring costs and charges associated with management changes	**7.8**	**7.8**	3.7	3.7
Intellectual property litigation costs	**–**	**–**	0.4	0.4
Amortisation and impairment of acquired intangibles	**9.2**	**9.2**	9.1	9.1
Fair value movement on financial derivatives	**0.3**	**0.3**	0.7	0.7
Unwind of discount in respect of contingent consideration	**–**	**0.6**	–	–
Release of contingent consideration	**(2.1)**	**(2.1)**	–	–
Total adjusting items	**43.0**	**43.6**	12.0	12.0
Adjusted measure	**82.2**	**83.4**	80.3	83.3
Adjusted income tax expense		**(18.2)**		(20.3)
Adjusted profit	**82.2**	**65.2**	80.3	63.0
Adjusted effective tax rates		**21.8%**		24.4%

Intellectual property litigation settlement

The income in the prior year represents one-off settlement income in the Advanced Technologies segment from defending our intellectual property.

Adjustments relating to defined benefit pension schemes

During the prior year, the Group recognised a one-off charge of £0.4m in respect of removing the pension increase exchange at retirement option for deferred members.

Transaction-related costs

These represent the costs of one-off charges incurred at the Statement of Financial Position date relating to transactional work.

Impairment of goodwill

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. 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 partial impairment of the acquisition goodwill. Further information can be found in Note 13.

Restructuring costs and charges associated with management changes

In the current year, these represent £5.0m of costs associated with the relocation of production facilities within the semiconductor business and £2.8m of one-off restructuring within the Group. In the prior year, these represent £1.7m of costs associated with the relocation of production facilities within the semiconductor business and charges of £2.0m incurred in respect of the recruitment of the CEO and one-off dual-running costs associated with this appointment.

Intellectual property litigation costs

These represent one-off legal costs to defend our intellectual property.

Amortisation and impairment of acquired intangibles

Adjusted profit excludes the non-cash amortisation and impairment of acquired intangible assets.

Notes to the consolidated financial statements continued

2 Adjusting items continued

Fair value movement on financial derivatives

Under IFRS 9, all derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are also measured at fair value. In respect of instruments used to hedge foreign exchange risk and interest rate risk, the Group does not take advantage of the hedge accounting rules provided for in IFRS 9 since that standard requires certain stringent criteria to be met in order to hedge account, which, in the particular circumstances of the Group, are considered by the Board not to bring any significant economic benefit. Accordingly, the Group accounts for these derivative financial instruments at fair value through profit or loss. To the extent that instruments are hedges of future transactions, adjusted profit for the period is stated before changes in the valuation of these instruments so that the underlying performance of the Group can be more clearly seen.

Unwind of discount in respect of contingent consideration

This represents the unwind of the discount in respect of the contingent consideration on the acquisition of FemtoTools (Note 11).

Release of contingent consideration

This represents the release of the earn-out provision in respect of the acquisition of First Light Imaging.

Adjusted income tax expense

Statutory income tax is adjusted for the income tax impact on the adjusting items described above.

3 Research and development (R&D)

The total research and development spend by the Group is as follows:

2025	Imaging & Analysis £m	Advanced Technologies £m	Total £m
R&D expense charged to the Consolidated Statement of Income	**24.8**	**16.3**	**41.1**
Less: depreciation of R&D-related fixed assets	**(0.2)**	**–**	**(0.2)**
Less: amortisation and impairment of R&D costs previously capitalised as intangibles	**(0.6)**	**(0.3)**	**(0.9)**
Add: amounts capitalised as intangible assets	**0.8**	**0.7**	**1.5**
Total cash spent on R&D during the year	**24.8**	**16.7**	**41.5**

2024	Imaging & Analysis £m	Advanced Technologies £m	Total £m
R&D expense charged to the Consolidated Statement of Income	24.9	14.2	39.1
Less: depreciation of R&D-related fixed assets	–	(0.2)	(0.2)
Add: amounts capitalised as fixed assets	0.2	–	0.2
Less: amortisation of R&D costs previously capitalised as intangibles	(0.3)	(0.3)	(0.6)
Add: amounts capitalised as intangible assets	0.2	0.5	0.7
Total cash spent on R&D during the year	25.0	14.2	39.2

Notes to the consolidated financial statements continued

4 Employee information

Personnel costs incurred during the year were as follows:

	2025 £m	2024 £m
Wages and salaries	**143.0**	131.5
Social security costs	**17.0**	15.5
Contributions to defined contribution plans (Note 24)	**6.8**	6.4
Defined benefit income (Note 24)	**(0.1)**	(1.0)
(Credit)/charge in respect of employee share options	**(0.1)**	3.0
	166.6	155.4

Directors' remuneration during the year was as follows:

	2025 £m	2024 £m
Short-term benefits	**2.4**	2.7
Post-employment benefits	**0.1**	0.1
Charge in respect of share options	**0.2**	1.1
	2.7	3.9

Further details of Directors' remuneration are disclosed in the Remuneration Report on pages 122 to 139 of this Report and Financial Statements.

The average monthly number of people employed by the Group (including Directors and temporary employees) during the year was as follows:

	2025 number	2024 number
Production	**912**	894
Sales and Marketing	**620**	555
Research and Development	**474**	487
Administration and Shared Services	**328**	308
	2,334	2,244

5 Auditor's remuneration

	2025 £'000	2024 £'000
Audit of these Financial Statements	**381**	345
Amounts received by the auditor and its associates in respect of:		
– Audit of Financial Statement of subsidiaries pursuant to legislation	**809**	757
– Audit-related assurance services	**53**	50
– Other assurance services	**8**	8
Total fees payable to the auditor and its associates	**1,251**	1,160

6 Financial income

	2025 £m	2024 £m
Interest receivable	**1.6**	3.2
Interest credit on pension scheme net assets	**1.0**	1.5
	2.6	4.7

7 Financial expenditure

	2025 £m	2024 £m
Bank interest payable	**0.8**	0.9
Interest on lease liabilities	**0.6**	0.8
Unwind of discount on contingent consideration	**0.6**	–
	2.0	1.7

Notes to the consolidated financial statements continued

8 Taxation

Income tax expense

	2025 £m	2024 £m
Recognised in the Consolidated Statement of Income		
Current tax expense		
Current year	**12.6**	17.1
Adjustment in respect of prior years	**(2.5)**	1.1
	10.1	18.2
Deferred tax expense		
Origination and reversal of temporary differences	**3.7**	1.6
Adjustment in respect of prior years	**–**	0.8
	3.7	2.4
Total tax expense	**13.8**	20.6
Reconciliation of effective tax rate		
Profit before income tax	**39.8**	71.3
Income tax using the weighted average statutory tax rate of 25% (2024: 25%)	**9.9**	17.8
Effect of:		
Tax rates other than the weighted average statutory rate	**1.1**	(0.2)
Change in rate at which deferred tax recognised	**(0.9)**	–
Transaction costs, deferred consideration and impairments not deductible for tax	**7.0**	0.4
Non-taxable income and non-deductible expenses	**0.1**	0.7
Tax incentives – technology-related	**(1.1)**	–
Movement in unrecognised deferred tax	**0.2**	–
Adjustment in respect of prior years	**(2.5)**	1.9
Total tax expense	**13.8**	20.6

	2025 £m	2024 £m
Taxation credit recognised directly in other comprehensive income		
Current tax – relating to employee benefits	**(0.1)**	(2.1)
Deferred tax – relating to employee benefits	**(0.1)**	(2.7)
Taxation (credit)/charge recognised directly in equity		
Current tax – relating to share options	**(0.3)**	(0.6)
Deferred tax – relating to share options	**0.8**	0.5

The UK deferred tax assets and liabilities have been calculated based on the enacted rate of 25%.

The Group carries tax provisions in relation to uncertain tax positions arising from the possible outcome of negotiations with tax authorities. The provision is calculated using the expected value method from a range of possibilities and assumes that the tax authorities have full knowledge of the facts. Such provisions reflect the geographical spread of the Group's operations and the variety of jurisdictions in which it carries out its activities.

Notes to the consolidated financial statements continued

8 Taxation continued

Deferred tax

	Property, plant and equipment £m	Inventory £m	Employee benefits £m	Intangible assets £m	Tax losses £m	Other £m	Total £m
Balance at 1 April 2023	(4.0)	3.7	0.1	(5.0)	5.5	4.4	4.7
Recognised in income	(3.4)	0.7	1.0	1.4	(2.1)	–	(2.4)
Recognised in other comprehensive income	–	–	2.7	–	–	–	2.7
Recognised directly in equity	–	–	(1.1)	–	–	–	(1.1)
Acquired on business combination	–	–	–	(2.5)	–	–	(2.5)
Effect of movements in foreign exchange rates	(0.1)	(0.1)	(0.3)	–	–	(0.1)	(0.6)
Balance at 31 March 2024	(7.5)	4.3	2.4	(6.1)	3.4	4.3	0.8
Recognised in income	**(1.6)**	**0.4**	**(2.6)**	**2.3**	**(2.0)**	**(0.2)**	**(3.7)**
Recognised in other comprehensive income	**–**	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Recognised directly in equity	**–**	**–**	**(0.8)**	**–**	**–**	**–**	**(0.8)**
Acquired on business combination	**–**	**–**	**0.1**	**(2.1)**	**–**	**–**	**(2.0)**
Effect of movements in foreign exchange rates	**–**	**0.1**	**–**	**0.1**	**(0.1)**	**(0.1)**	**–**
Balance at 31 March 2025	**(9.1)**	**4.8**	**(0.8)**	**(5.8)**	**1.3**	**4.0**	**(5.6)**

The deferred tax category of 'Other' includes deferred tax recognised on accounting general liability accruals/provisions, deferred revenue and bad debts. Deferred tax is recognised on provisions made against inventory on which tax relief has not yet been granted.

Certain deferred tax assets and liabilities have been offset as follows:

	Assets		Liabilities		Net	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Gross assets/(liabilities)	**16.5**	15.6	**(22.1)**	(14.8)	**(5.6)**	0.8
Offset	**(5.4)**	(1.9)	**5.4**	1.9	**–**	–
Net assets/(liabilities)	**11.1**	13.7	**(16.7)**	(12.9)	**(5.6)**	0.8

Deferred tax assets have not been recognised in respect of the following items:

	2025 £m	2024 £m
Tax losses	**0.5**	0.5

The tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised on tax losses related to gross unrecognised losses of £1.7m (2024: £2.3m), as it is not probable that future taxable profits will be available in the subsidiaries concerned against which the Group can utilise the brought forward tax losses.

No deferred tax liability has been recognised in respect of £52.3m (2024: £59.2m) of undistributed earnings of overseas subsidiaries since the majority of such distributions would not be taxable. In other cases the Group considers that it is able to control the timing of remittances so that any tax is not expected to arise in the foreseeable future.

Notes to the consolidated financial statements continued

9 Dividends

The following dividends per share were paid by the Group:

	2025 pence	2024 pence
Previous period final dividend	**15.9**	14.9
Current period interim dividend	**5.1**	4.9
	21.0	19.8

The following dividends per share were proposed by the Group in respect of each accounting period presented:

	2025 pence	2024 pence
Interim dividend	**5.1**	4.9
Final dividend	**17.1**	15.9
	22.2	20.8

The final dividend for the year to 31 March 2024 of 15.9p per share was approved by shareholders at the Annual General Meeting on 25 July 2024 and was paid on 20 August 2024. The interim dividend for the year to 31 March 2025 of 5.1p per share was approved by a sub-committee of the Board on 11 November 2024 and was paid on 10 January 2025.

The proposed final dividend for the year ended 31 March 2025 of 17.1p per share was not provided at the year end and is subject to shareholder approval at the Annual General Meeting on 28 July 2025. It is expected to be paid on 19 August 2025, to shareholders on the register on the record date of 11 July 2025, with an ex-dividend date of 10 July 2025 and with the last date of election for the Dividend Reinvestment Plan (DRIP) being 29 July 2025.

10 Earnings per share

Basic earnings per ordinary share (EPS) is calculated by dividing the profit attributable to equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held by the Employee Benefit Trust, which have been treated as if they had been cancelled.

For the purposes of calculating diluted and diluted adjusted EPS, the weighted average number of ordinary shares is adjusted to include the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares expected to vest, relating to the company's share-based payment plans. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS.

The following table shows the weighted average number of shares used in the calculation and the effect of share options on the calculation of diluted earnings per share:

	2025 shares million	2024 shares million
Weighted average number of shares outstanding	**58.0**	57.9
Less: weighted average number of shares held by Employee Benefit Trust	**–**	(0.1)
Weighted average number of shares used in calculation of basic earnings per share	**58.0**	57.8
Effect of shares under option	**0.7**	0.8
Number of ordinary shares per diluted earnings per share calculations	**58.7**	58.6

Notes to the consolidated financial statements continued

10 Earnings per share continued

Basic and diluted EPS are based on the profit for the period attributable to equity shareholders of the parent, as reported in the Consolidated Statement of Income. Adjusted and diluted adjusted EPS are based on adjusted profit for the period, as reported in Note 2:

	2025		2024	
	£m	pence	£m	pence
Profit attributable to equity shareholders of the parent/basic EPS	**26.0**	**44.8**	50.7	87.7
Total underlying adjustments to profit before tax (Note 2)	**43.6**	**75.2**	12.0	20.8
Related tax effects	**(4.4)**	**(7.6)**	0.3	0.5
Adjusted profit attributable to equity shareholders of the parent/adjusted EPS	**65.2**	**112.4**	63.0	109.0
Diluted basic EPS		**44.3**		86.5
Diluted adjusted EPS		**111.1**		107.5

11 Acquisitions

Acquisition of First Light Imaging

On 9 January 2024, the Group acquired 100% of the issued share capital of First Light Imaging SAS ('First Light Imaging') on a cash-free, debt-free basis for consideration of €19.3m (£16.6m), of which €3.0m (£2.5m) was conditional on trading performance over a period of 12 months from the acquisition. The conditions for the contingent consideration were meeting certain revenue, order and margin thresholds. In the calculations below, it was assumed that these thresholds were to be met.

During the period, £0.5m of deferred consideration in relation to a net asset adjustment was paid. This is included within "acquisition net of subsidiaries, net of cash acquired" in the period in the Consolidated Statement of Cash Flows.

The thresholds to pay the remaining contingent consideration were not met and the payable has been released to the Consolidated Statement of Income (Note 2).

Acquisition-related costs in the period of £0.1m were expensed to the Consolidated Statement of Income as an adjusting item in the administration and shared services cost line. Acquisition-related costs in the prior year of £0.7m were expensed to the Consolidated Statement of Income as an adjusting item in the administration and shared services cost line.

The acquisition contributed revenue of £0.6m, adjusted operating loss of £0.6m and a statutory loss before tax of £0.6m to the Group's profit for the prior year.

If the acquisition had occurred on the first day of the prior year the acquisition would have contributed revenue of £5.7m, adjusted operating profit of £0.3m and a statutory profit before tax of £0.3m for the year ended 31 March 2024.

Retrospective adjustment for prior year business combination accounting

A restatement has been made in the prior year, in relation to a fair value adjustment to inventory at acquisition of First Light Imaging.

In the Consolidated Financial Statements for the year ended 31 March 2024, provisional values for the book and fair value of the assets and liabilities acquired were used because the initial acquisition accounting was incomplete as at the date of the report. A fair value adjustment has been made to the provisionally reported amounts, reducing inventory by £0.3m with a corresponding increase in goodwill. The book and fair value of the assets and liabilities acquired given in the table below, are no longer provisional.

As a result, the Consolidated Statement of Financial Position as at 31 March 2024 has been restated as follows:

	2024 £m	Restatement £m	2024 (restated) £m
Consolidated Statement of Financial Position			
Non-current assets			
Intangible assets	137.9	0.3	138.2
Current assets			
Inventories	108.4	(0.3)	108.1

The restatement did not result in any change to reported profit, earnings per share, net assets or net cash from operating activities reported in the 2024 full-year Financial Statements.

Notes to the consolidated financial statements continued

11 Acquisitions continued

Acquisition of FemtoTools

On 28 June 2024, the Group acquired 100% of the issued share capital of FemtoTools AG ('FemtoTools') on a cash-free, debt-free basis for consideration of CHF 17.9m (£15.8m), with a further CHF 5.5m (£4.8m) which was conditional on trading performance over a period of 33 months from the acquisition. The conditions for the contingent consideration were meeting certain revenue, order and margin thresholds. In the calculations below, it has been assumed that these thresholds will be met.

The book and fair value of the assets and liabilities acquired is given in the table below. Fair value adjustments have been made to better align the accounting policies of the acquired business with the Group accounting policies and to reflect the fair value of assets and liabilities acquired.

	Book value £m	Adjustments £m	Fair value £m
Intangible assets	–	10.5	10.5
Property, plant and equipment	0.3	–	0.3
Inventories	0.6	–	0.6
Trade and other receivables	0.9	–	0.9
Deferred tax	0.1	(2.1)	(2.0)
Trade and other payables	(0.9)	–	(0.9)
Retirement benefit obligations	(0.3)	–	(0.3)
Provisions	(0.1)	–	(0.1)
Cash	1.1	–	1.1
Net assets acquired	**1.7**	**8.4**	**10.1**
Goodwill			9.5
Total consideration			**19.6**
Net cash acquired			(1.1)
Contingent consideration after discounting to transaction date			(3.6)
Net cash outflow relating to the acquisition			**14.9**

The goodwill arising is considered to represent the value of the acquired workforce and the value of technology that has not been individually fair valued.

Acquisition-related costs in the year of £0.7m were expensed to the Consolidated Statement of Income as an adjusting item in the administration and shared services cost line. There were no acquisition-related costs in the prior year in relation to this acquisition.

The acquisition contributed revenue of £5.9m, adjusted operating profit of £1.5m and a statutory loss before tax of £1.5m in the year.

If the acquisition had occurred on the first day of the year the acquisition would have contributed revenue of £7.2m, adjusted operating profit of £1.3m and a statutory profit before tax of £1.3m in the year.

Notes to the consolidated financial statements continued

12 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 April 2023	45.9	43.1	10.2	99.2
Additions – business combinations	0.1	0.3	0.1	0.5
Additions	15.8	9.7	1.5	27.0
Disposals	(0.6)	(0.5)	(0.1)	(1.2)
Exchange differences	0.3	0.4	(0.2)	0.5
Balance at 31 March 2024 and 1 April 2024	61.5	53.0	11.5	126.0
Additions – business combinations	**–**	**0.3**	**–**	**0.3**
Additions	**7.7**	**4.9**	**1.8**	**14.4**
Disposals	**(1.1)**	**(4.9)**	**(0.6)**	**(6.6)**
Exchange differences	**–**	**(0.3)**	**–**	**(0.3)**
Balance at 31 March 2025	**68.1**	**53.0**	**12.7**	**133.8**
Depreciation and impairment losses				
Balance at 1 April 2023	5.9	28.0	6.0	39.9
Depreciation charge for the year	0.5	4.2	0.6	5.3
Disposals	(0.5)	(0.5)	(0.1)	(1.1)
Exchange differences	–	1.4	–	1.4
Balance at 31 March 2024 and 1 April 2024	5.9	33.1	6.5	45.5
Depreciation charge for the year	**0.6**	**4.7**	**0.6**	**5.9**
Disposals	**–**	**(2.7)**	**(0.3)**	**(3.0)**
Exchange differences	**–**	**(0.2)**	**–**	**(0.2)**
Balance at 31 March 2025	**6.5**	**34.9**	**6.8**	**48.2**

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Carrying amounts				
Balance at 1 April 2023	40.0	15.1	4.2	59.3
Balance at 31 March 2024 and 1 April 2024	55.6	19.9	5.0	80.5
Balance at 31 March 2025	**61.6**	**18.1**	**5.9**	**85.6**

Included within land and buildings are assets under construction with additions in the year of £5.8m and a carrying amount of £39.0m (2024: £33.2m).

Notes to the consolidated financial statements continued

13 Intangible assets

	Goodwill £m	Customer-related acquired intangibles £m	Technology-related acquired intangibles £m	Development costs acquired intangibles £m	Development costs internally generated £m	Software £m	Total £m
Cost							
Balance at 1 April 2023	124.6	34.1	101.0	1.8	37.3	4.3	303.1
Additions – business combinations as restated[1]	5.7	0.2	10.1	–	–	0.1	16.1
Additions – internally generated	–	–	–	–	0.7	0.2	0.9
Disposals	–	–	–	–	(2.8)	–	(2.8)
Effect of movements in foreign exchange rates	(0.8)	(0.4)	(1.3)	–	–	–	(2.5)
Balance at 31 March 2024 and 1 April 2024 as restated[1]	129.5	33.9	109.8	1.8	35.2	4.6	314.8
Additions – business combinations	**9.5**	**0.9**	**9.6**	**–**	**–**	**–**	**20.0**
Additions – internally generated	**–**	**–**	**–**	**–**	**1.5**	**–**	**1.5**
Disposals	**–**	**–**	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Effect of movements in foreign exchange rates	**(1.0)**	**(0.5)**	**(1.7)**	**–**	**0.2**	**0.1**	**(2.9)**
Balance at 31 March 2025	**138.0**	**34.3**	**117.7**	**1.8**	**36.9**	**3.5**	**332.2**
Amortisation and impairment losses							
Balance at 1 April 2023	22.9	27.0	81.6	1.6	34.9	3.0	171.0
Amortisation and impairment charged	–	1.2	7.9	–	0.6	0.1	9.8
Disposals	–	–	–	–	(2.8)	–	(2.8)
Effect of movements in foreign exchange rates	(0.3)	(0.4)	(0.6)	(0.3)	0.1	0.1	(1.4)
Balance at 31 March 2024 and 1 April 2024	22.6	27.8	88.9	1.3	32.8	3.2	176.6
Amortisation and impairment charged	**26.0**	**1.3**	**7.7**	**0.2**	**0.9**	**0.5**	**36.6**
Disposals	**–**	**–**	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Effect of movements in foreign exchange rates	**(0.2)**	**(0.5)**	**(1.2)**	**(0.1)**	**0.2**	**0.2**	**(1.6)**
Balance at 31 March 2025	**48.4**	**28.6**	**95.4**	**1.4**	**33.9**	**2.7**	**210.4**
Carrying amounts							
Balance at 1 April 2023	101.7	7.1	19.4	0.2	2.4	1.3	132.1
Balance at 31 March 2024 and 1 April 2024 as restated[1]	106.9	6.1	20.9	0.5	2.4	1.4	138.2
Balance at 31 March 2025	**89.6**	**5.7**	**22.3**	**0.4**	**3.0**	**0.8**	**121.8**

1. Details of the restatement of prior year numbers can be found in Note 11.

Notes to the consolidated financial statements continued

13 Intangible assets continued

During the year the Group made impairments of £0.2m (2024: £nil) in respect of capitalised development costs, and £26.0m (2024: £nil) in respect of goodwill.

The following intangible assets are considered material by the Directors as they represent 97% (2024: 96%) of total acquired intangible assets:

		2025			2024 as restated[1]
Acquisition	**Type**	**Net book value £m**	**Amortisation period years**	**Remaining amortisation period years**	**Net book value £m**
Andor	Trademarks	**2.6**	**15.0**	**3.8**	3.9
Andor	Technology, know-how and patents	**3.1**	**12.0**	**0.8**	7.3
WITec	Trademarks	**1.7**	**10.0**	**6.6**	2.0
WITec	Technology, know-how and patents	**1.4**	**5.0**	**1.6**	2.4
First Light Imaging	Trademarks	**0.1**	**2.0**	**0.8**	0.2
First Light Imaging	Technology, know-how and patents:				
	– OCAM	**0.3**	**12.0**	**10.8**	0.3
	– C-RED	**8.6**	**14.0**	**12.8**	9.3
Asylum	Technology, know-how and patents	**–**	**12.0**	**–**	1.0
FemtoTools	Trademarks	**0.8**	**7.0**	**6.3**	–
FemtoTools	Technology, know-how and patents	**8.8**	**11.0**	**10.3**	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to individual CGUs as follows:

	2025 £m	**2024 as restated[1] £m**
Imaging & Analysis		
NanoAnalysis	**9.8**	9.9
Magnetic Resonance	**2.3**	2.3
Andor	**40.9**	67.0
WITec	**20.6**	21.0
FemtoTools	**9.4**	–
Advanced Technologies		
NanoScience	**6.6**	6.7
	89.6	106.9

1. Details of restatement of prior period numbers can be found in Note 11.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Impairment tests on the carrying values of goodwill, which are the Group's only indefinite life intangible assets, are performed by analysing the carrying value allocated to each significant CGU against its value in use. Value in use is calculated for each CGU as the net present value of that unit's discounted future cash flows. These cash flows are based on board approved budget cash flow information for a period of one year and board approved strategic plans for the following 2 years, both of which are prepared taking into account a range of factors including past experience, the forecast future trading environment and macroeconomic conditions in the Group's key markets. The cash flows beyond the strategic plan period use growth rates between 2.0% and 2.5%. This rate was considered to be at or below long-term market trends for the Group's businesses. These forecasts are also adjusted for more recent information where this is considered to have a material impact.

Notes to the consolidated financial statements continued

13 Intangible assets continued

Key assumptions

The key assumptions are those regarding discount rates and growth rates.

The growth rates are at or below the Group's view on long-term trends within its markets. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The post-tax weighted average cost of capital used for Imaging & Analysis and Advanced Technologies in impairment testing is between 13.38% and 13.98% (2024: 13.14% to 13.64%), in line with the risk associated with each of the business segments. Management has estimated these discount rates by reference to past experience and an industry average weighted cost of capital as adjusted for appropriate risk factors reflecting current economic circumstances and the risk profiles of each CGU.

Result of impairment assessment

Based on the methodology set out above, as explained in Note 2, the impairment review for Andor Technology concluded that the carrying values of the business exceeded their recoverable amounts and accordingly an impairment charge of £26.0m has been recognised.

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. Actions have been put in place in to improve the performance of the business. 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 an impairment of the Andor CGU.

Sensitivity analysis

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment of the goodwill in any CGU that would be material to these Consolidated Financial Statements. The sensitivity analyses did not identify any potential impairment for any CGU, with the exception of Andor Technology.

For Andor Technology, revenue growth, long-term adjusted operating profit growth, cash conversion %, and the discount rate are the key assumptions to which the goodwill impairment review is most sensitive.

The following table provides information of the impact on calculated headroom of various independent scenarios for each of those key assumptions:

Input	Scenario	Sensitivity applied	Additional impairment charge £m
Revenue growth rate FY27–FY28	Base case	2.5%	–
	Sensitised	0.0%	(10.4)
Adjusted operating profit growth rate FY28 onwards	Base case	2.0%	–
	Sensitised	0.0%	(7.1)
Cash conversion	Base case	86%	–
	Sensitised	80%	(7.5)
Post-tax discount rate	Base case	13.98%	–
	Sensitised	15.48%	(7.4)

14 Leases

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions' property leases, the periodic rent is fixed over the lease term.

The Group also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

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

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Group.

Notes to the consolidated financial statements continued

14 Leases continued

The Group leases assets including land and buildings, vehicles and machinery. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Property leases £m	Other leases £m	Total £m
Cost			
Balance at 1 April 2023	42.5	3.0	45.5
Additions – business combinations	0.7	–	0.7
Additions	5.8	0.2	6.0
Disposals	(1.1)	(0.2)	(1.3)
Exchange differences	(1.5)	(0.1)	(1.6)
Balance at 31 March 2024	46.4	2.9	49.3
Additions	**2.4**	**0.5**	**2.9**
Disposals	**(0.7)**	**(0.7)**	**(1.4)**
Exchange differences	**(0.6)**	**–**	**(0.6)**
Balance at 31 March 2025	**47.5**	**2.7**	**50.2**
Amortisation and impairment losses			
Balance at 1 April 2023	12.8	1.3	14.1
Amortisation charge for the year	4.5	0.5	5.0
Disposals	(1.6)	(0.1)	(1.7)
Exchange differences	(0.5)	–	(0.5)
Balance at 31 March 2024	15.2	1.7	16.9
Amortisation charge for the year	**4.8**	**0.6**	**5.4**
Disposals	**(1.0)**	**(0.7)**	**(1.7)**
Exchange differences	**(0.3)**	**–**	**(0.3)**
Balance at 31 March 2025	**18.7**	**1.6**	**20.3**
Carrying amounts			
Balance at 1 April 2023	29.7	1.7	31.4
Balance at 31 March 2024 and 1 April 2024	31.2	1.2	32.4
Balance at 31 March 2025	**28.8**	**1.1**	**29.9**

Lease liabilities

	2025 £m	2024 £m
Balance at beginning of year	**33.4**	31.4
Additions – business combinations	**–**	0.7
Additions	**2.9**	6.0
Disposals	**(0.3)**	–
Payments made (cash flows from financing activities)	**(5.5)**	(4.8)
Interest charge	**0.6**	0.8
Effect of movements in foreign exchange rates	**0.1**	(0.7)
	31.2	33.4
Amounts falling due after more than one year	**26.7**	28.6
Amounts falling due in less than one year	**4.5**	4.8

Amounts recognised in Consolidated Statement of Income

	2025 £m	2024 £m
Interest on lease liabilities	**(0.6)**	(0.8)
Amortisation of right-of-use assets	**(5.4)**	(5.0)

Repayments of lease liabilities of £5.5m (2024: £4.8m) have been recognised in the Consolidated Statement of Cash Flows.

Notes to the consolidated financial statements continued

15 Inventories

	2025 £m	2024 as restated[1] £m
Raw materials and consumables	**52.5**	59.0
Work in progress	**28.0**	27.3
Finished goods	**18.6**	21.8
	99.1	108.1

1. Details of restatement of prior period numbers can be found in Note 11.

The amount of inventory recognised as an expense was £190.9m (2024: £182.4m). In the ordinary course of business, the Group makes impairment provisions for slow-moving, excess and obsolete inventory as appropriate. Inventory is stated after charging impairments of £0.6m in the current period (2024: £1.2m). In the current year, £nil (2024: £nil) was reversed relating to previous impairments. Impairments are included within gross profit.

Inventory carried at net realisable value is £3.2m (2024: £0.2m).

16 Trade and other receivables

	2025 £m	2024 £m
Trade receivables	**102.2**	88.5
Less provision for impairment of receivables	**(4.7)**	(3.6)
Net trade receivables	**97.5**	84.9
Accrued income	**12.2**	11.7
Prepayments	**9.9**	9.9
Other receivables	**2.3**	3.4
Other taxation receivable[1]	**4.3**	4.8
	126.2	114.7

1. Other taxation receivable has been added as an additional line item in the current year. The prior year number in relation to this balance was previously included in other receivables and has been separated out to show the comparison.

Trade receivables are non-interest-bearing. Standard credit terms provided to customers differ according to business and country, and are typically between 30 and 60 days.

The maximum exposure to credit risk for trade and other receivables plus accrued income, by geographic region, was:

	2025 £m	2024 as restated[1] £m
UK	**7.9**	8.2
China	**9.4**	16.1
Japan	**15.6**	15.4
USA	**42.5**	24.2
Germany	**6.7**	5.4
Rest of Europe	**13.5**	15.9
Rest of Asia	**8.9**	10.4
Rest of World	**7.5**	4.4
	112.0	100.0

1. Prior year numbers have been restated to exclude tax-related balances of £4.8m from credit risk disclosures.

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

The ageing of financial assets comprising net trade receivables and other receivables plus accrued income at the reporting date was:

	2025 £m	2024 as restated[1] £m
Current (not overdue)	**81.5**	49.9
Less than 31 days overdue	**11.7**	20.5
More than 30 but less than 91 days overdue	**8.2**	15.2
More than 90 days overdue	**10.6**	14.4
	112.0	100.0

1. Prior year numbers have been restated to exclude tax-related balances of £4.8m from credit risk disclosures.

In the current year £0.2m (2024: £0.2m) of the provision against trade receivables and other receivables plus accrued income relates to balances less than 90 days overdue. The remaining balance relates to balances more than 90 days overdue.

The movement of the Group's expected credit losses provision in respect of trade receivables and other receivables plus accrued income are as follows:

	2025 £m	2024 £m
Balance at start of year	**3.6**	3.5
Increase in loss allowance recognised in the Consolidated Statement of Income during the year	**1.1**	0.1
Balance at end of year	**4.7**	3.6

The loss allowance is recognised in the administration and shared services line in the Consolidated Statement of Income.

17 Contract assets and liabilities

	2025			2024		
	Contract asset	Contract liability		Contract asset	Contract liability	
	Accrued income £m	Customer deposits £m	Deferred income £m	Accrued income £m	Customer deposits £m	Deferred income £m
Balance at 1 April	**11.7**	**(58.4)**	**(22.9)**	9.4	(52.1)	(21.3)
Acquired balances	**–**	**–**	**–**	–	(0.4)	(0.7)
Transfers in the period from contract assets to trade receivables	**(11.7)**	**–**	**–**	(9.4)	–	–
Amounts included in contract liabilities that were recognised as revenue during the period	**–**	**57.3**	**22.9**	–	48.5	21.3
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	**12.2**	**–**	**–**	11.7	–	–
Cash received in advance of performance and not recognised as revenue during the period	**–**	**(45.3)**	**(24.6)**	–	(54.4)	(22.2)
Balance at 31 March	**12.2**	**(46.4)**	**(24.6)**	11.7	(58.4)	(22.9)

Contract assets and contract liabilities are included within trade and other receivables, and trade and other payables respectively on the face of the Consolidated Statement of Financial Position.

Payment terms for the sale of large goods typically require payment of a deposit on order, with the remaining payments due on shipment, and in some cases installation. For lower value goods, payment is typically required at shipment. Maintenance and service contracts are generally paid in full at inception. There is no financing component in the arrangements, and contracts are for specified, pre-agreed amounts with no variable element.

Notes to the consolidated financial statements continued

18 Cash and cash equivalents

	2025 £m	2024 £m
Cash balances	**94.1**	97.8
Bank overdrafts (Note 19)	**(8.8)**	(12.3)
Cash and cash equivalents in the Consolidated Statement of Cash Flows	**85.3**	85.5
Bank loans at First Light Imaging	**(0.4)**	(0.8)
Covid-19 loan at WITec	**(0.5)**	(0.9)
Net cash after borrowings at the end of the year	**84.4**	83.8

Cash and cash equivalents at 31 March 2025 includes £0.9m (2024: £0.5m) that is not available for general use by the Group. This balance relates to customer deposits received on orders by Oxford Instruments India that are then placed into a fixed deposit account. The cash is released back to Oxford Instruments India once the order is completed.

Reconciliation of changes in cash and cash equivalents to movement in net cash after borrowings

	2025 £m	2024 £m
Net increase/(decrease) in cash and cash equivalents	**3.3**	(13.1)
Effect of exchange rate fluctuations on cash held	**(3.5)**	(2.9)
Movement in net cash in the year	**(0.2)**	(16.0)
Bank loans at First Light Imaging acquired	**–**	(2.2)
Repayment of borrowings	**0.8**	1.8
Net cash after borrowings at the start of the year	**83.8**	100.2
Net cash after borrowings at the end of the year	**84.4**	83.8

19 Borrowings

	2025 £m	2024 £m
Current		
Bank loans at First Light Imaging	**–**	0.4
Covid-19 loan at WITec	**0.4**	0.4
Bank overdrafts	**8.8**	12.3
At the end of the year	**9.2**	13.1

	2025 £m	2024 £m
Non-current		
Bank loans at First Light Imaging	**0.4**	0.4
Covid-19 loan at WITec	**0.1**	0.5
At the end of the year	**0.5**	0.9

Notes to the consolidated financial statements continued

19 Borrowings continued

In the prior year on 19 March 2024, the Group entered into a new multi-currency revolving facility agreement, which is committed until March 2028 with 15-month and 12-month extension options at the end of the first and second years respectively. The facility has been entered into with four banks and comprises a euro-denominated multi-currency facility of €95m and a US-dollar-denominated multi-currency facility of $150m. Debt covenants are net debt to EBITDA less than 3.0 times and EBITDA to interest greater than 4.0 times.

The Group's undrawn committed facilities available at 31 March 2025 were £196.1m, comprising the undrawn portion of the Group's £196.1m revolving credit facilities.

Bank overdrafts reflect the aggregated overdrawn balances of Group companies (even if those companies have other positive cash balances). The overdrafts are held with the Group's relationship banks.

The Group's uncommitted overdraft facilities at 31 March 2025 were £18.2m (2024: £18.3m).

A reconciliation of the Group's borrowings balances is shown below:

	2025 £m	2024 £m
Balance at the beginning of the year	**14.0**	12.5
Increase in borrowings (from acquisition of First Light Imaging)	**–**	2.2
Repayment of borrowings (cash flow from financing activities)	**(0.8)**	(1.8)
(Decrease)/increase in bank overdrafts	**(3.5)**	1.1
Interest charged	**1.4**	0.9
Interest paid	**(1.4)**	(0.9)
At the end of the year	**9.7**	14.0

20 Trade and other payables

	2025 £m	2024 £m
Trade payables	**31.4**	32.6
Customer deposits	**46.4**	58.4
Social security and other taxes	**5.9**	6.3
Accrued expenses	**40.9**	39.3
Deferred income	**24.6**	22.9
Other payables	**8.5**	6.7
	157.7	166.2

21 Provisions for other liabilities and charges

	Warranties £m	IP-related claims £m	Other £m	Total £m
Balance as at 1 April 2024	3.2	0.6	2.6	6.4
Provisions made during the year	**3.1**	**–**	**0.5**	**3.6**
Provisions used during the year	**(2.0)**	**–**	**(0.8)**	**(2.8)**
Provisions released during the year	**(0.7)**	**(0.6)**	**–**	**(1.3)**
Balance as at 31 March 2025	**3.6**	**–**	**2.3**	**5.9**
Amounts falling due before one year	**3.6**	**–**	**1.0**	**4.6**
Amounts falling due after more than one year	**–**	**–**	**1.3**	**1.3**

Warranty provisions

Product warranty provisions reflect commitments made to customers on the sale of goods in the ordinary course of business and included within the Group companies' standard terms and conditions. Warranty commitments typically apply for a 12-month period. The provision represents the Directors' best estimate of the Group's liability based on past experience.

Notes to the consolidated financial statements continued

21 Provisions for other liabilities and charges continued

Intellectual-property-related claims

The company has on occasion been required to take legal or other actions to defend itself against proceedings brought by other parties. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent the Directors' best estimate of the likely outcome. The timing of utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and negotiations. Contractual and other provisions represent the Directors' best estimate of the future cost of settling obligations arising from past activity and reflect the Directors' assessment of the likely settlement method, which may change over time. However, no provision is made for proceedings which have been brought by other parties against Group companies unless the Directors, taking into account professional advice received, assess that it is more likely than not that such proceedings may be successful.

Other provisions

Other provisions relate to various obligations, including obligations in respect of onerous contracts, product-related liabilities, dilapidation provisions and provisions for other claims.

22 Financial instruments

Fair values of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		As at 31 March 2025		As at 31 March 2024	
	Fair value hierarchy	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets measured at fair value					
Derivative financial assets:					
– Foreign currency contracts	2	**2.2**	**2.2**	2.5	2.5
Financial assets measured at amortised cost					
Long-term receivables		**1.0**		1.3	
Trade receivables		**97.5**		84.9	
Other receivables and accrued income		**14.5**		15.1	
Cash and cash equivalents		**94.1**		97.8	
Financial liabilities measured at fair value					
Derivative financial liabilities:					
– Foreign currency contracts	2	**(0.6)**	**(0.6)**	(0.1)	(0.1)
– Contingent consideration	3	**(4.0)**	**(4.0)**	(2.8)	(2.8)
Financial liabilities measured at amortised cost					
Trade and other payables		**(76.8)**		(75.8)	
Bank overdrafts		**(8.8)**		(12.3)	
Borrowings		**(0.9)**		(1.7)	

Notes to the consolidated financial statements continued

22 Financial instruments continued

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Derivative financial instruments

Derivative financial instruments are marked-to-market using market prices.

Fixed and floating rate borrowings

The fair value of fixed and floating rate borrowings is estimated by discounting the future contracted principal and interest cash flows using the market rate of interest at the reporting date.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine their fair value. Advances received are excluded from other payables above as these are not considered to be financial liabilities. Tax-related receivables and payables are excluded from the above table as these are not considered to be financial assets and liabilities.

Fair value hierarchy

The table above gives details of the valuation method used in arriving at the fair value of financial instruments. The different levels have been identified as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

There have been no transfers between levels during the period.

23 Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk, commodity risk and credit risk. Financial risk management policies are set by the Board of Directors. These policies are implemented by a central treasury function that has formal procedures to manage foreign exchange risk, interest rate risk and liquidity risk, including, where appropriate, the use of derivative financial instruments. Commodity risk is managed locally by the operating businesses. The Group has clearly defined authority and approval limits.

In accordance with its Treasury Policy, the Group does not hold or use derivative financial instruments for trading or speculative purposes. Such instruments are only used to manage the risks arising from operating or financial assets or liabilities or highly probable future transactions.

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. In common with a number of other companies, the Group has decided that the additional costs of meeting the extensive documentation requirements of IFRS 9 to apply hedge accounting to derivative financial instruments used for hedging exposure to foreign currency and interest rate volatility cannot be justified. Accordingly, the Group does not use hedge accounting for such derivatives.

Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of sterling (translational exposures). The Group has operations around the world which record their results in a variety of different local functional currencies. In countries where the Group does not have operations, it invariably has some customers or suppliers that transact in a foreign currency. The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the US dollar, the euro and the Japanese yen. To reduce uncertainty, the Group maintains a rolling hedge of forward contracts up to 80% (2024: 80%) of the exposure expected to arise over the following 12 months. The remaining 20% is sold on the spot market. The fair value of outstanding currency contracts recognised as a liability as at 31 March 2025 amount to £0.6m (2024: £0.1m) and those recognised as an asset amount to £2.2m (2024: £2.5m).

Movements in the fair value of derivative financial instruments are recognised in the Consolidated Statement of Income immediately. However, in order to facilitate a more meaningful comparison of the Group's performance year-on-year, the elements of these movements that relate to hedges in respect of future sales are treated as an adjusting item in the calculation of adjusted earnings (Note 2).

The Group's translational exposures to foreign currency risks can relate both to the Consolidated Statement of Income and net assets of overseas subsidiaries. The Group's policy is not to hedge the translational exposure that arises on consolidation of the Consolidated Statements of Income of overseas subsidiaries.

Notes to the consolidated financial statements continued

23 Financial risk management continued

Interest rate risk

Interest rate risk comprises both the interest rate price risk that results from borrowing at fixed rates of interest and also the interest cash flow risk that results from borrowing at variable rates. The Group's policy is to use a mixture of revolving short-and medium-term floating rate debt underpinned by longer-term fixed rate debt. The short-and medium-term floating rate debt provides flexibility to reduce debt levels as appropriate. The longer-term fixed rate debt provides stability and cost certainty to the Group's financing structure.

Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining adequate committed lines of funding from high-quality lenders. The facilities committed to the Group as at 31 March 2025 are set out in Note 19.

Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, derivative financial instruments, accrued income, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and cash balances. The amounts recognised in the Consolidated Statement of Financial Position are net of expected credit losses, which are estimated by the Group's management based on the Group's historical experience of losses, along with consideration of any reasonably and supportable forward-looking information and expectations. Due to its wide geographic base and large number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables. The Group's experience of credit loss is minimal, which has and continues to be mitigated through receiving payment in advance of delivery or using trade guarantees provided by the Group's relationship banks. In the unusual event of a particular issue with a particular customer, a specific provision will be made if appropriate. Trade receivables are subject to credit limits and control and approval procedures in the operating companies. There has been no material change in the Group's experience of credit losses over the reporting period.

Credit risk associated with cash balances and derivative financial instruments is managed by transacting with financial institutions with high-quality credit rating. In particular, a Board-approved policy sets out guidelines for which categories of institutions may be used and the maximum amount which may be invested with each institution within a particular category. Accordingly, the Group's associated credit risk is limited. The Group has no significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Group Consolidated Statement of Financial Position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk by type of asset at 31 March 2025 is as shown below:

	2025 £m	2024 £m
Long-term receivables	**1.0**	1.3
Trade receivables	**97.5**	84.9
Other receivables and accrued income	**14.5**	15.1
Cash and cash equivalents	**94.1**	97.8
Derivative financial instruments	**2.2**	2.5
	209.3	201.6

The maximum exposure to credit risk for trade receivables is discussed in Note 16.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board's long-term objective is to have an efficient capital structure by maintaining a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. This is monitored by reference to the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and the Board has set itself internal limits, which are well inside any covenants the Group has with lenders. The Group maintains the right to purchase its own shares in the market; the timing of these purchases would depend on market prices. Buy and sell decisions are made on a specific transaction basis by the Board.

Each year the Board carefully considers the appropriate level of dividend payments. In doing this, the Board looks to increase dividends in line with underlying earnings, although the Board will also take into account other considerations in their decision-making process. The Board does not have a policy to pay a fixed dividend yield or to maintain a fixed rate of dividend cover but assesses both of these metrics in line with sustained earnings growth.

Notes to the consolidated financial statements continued

23 Financial risk management continued

The Board encourages employees to hold shares in the company. As well as various share option plans (full details of which are given in Note 26), from April 2008 all UK employees have been offered the opportunity to take part in a Share Incentive Plan (SIP). Under this plan, employees are able to invest up to £1,800 each tax year in shares in the company. The company awards one additional free share (a matching share) for every five shares bought by each employee.

There were no changes to the Group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Maturity of financial liabilities

2025	Carrying amount £m	Contractual cash flows £m	Due within one year £m	Due one to five years £m	Due more than five years £m
Foreign exchange contracts	**(0.6)**	**0.6**	**0.6**	**–**	**–**
Contingent consideration	**(4.0)**	**4.8**	**–**	**4.8**	**–**
Trade and other payables	**(76.8)**	**76.8**	**76.8**	**–**	**–**
Bank overdrafts	**(8.8)**	**8.8**	**8.8**	**–**	**–**
Borrowings	**(0.9)**	**0.9**	**0.4**	**0.5**	**–**
Lease liabilities	**(31.2)**	**36.2**	**5.3**	**14.8**	**16.1**
	(122.3)	**128.1**	**91.9**	**20.1**	**16.1**

2024	Carrying amount £m	Contractual cash flows £m	Due within one year £m	Due one to five years £m	Due more than five years £m
Foreign exchange contracts	(0.1)	0.1	0.1	–	–
Trade and other payables	(78.6)	78.6	78.6	–	–
Bank overdrafts	(12.3)	12.3	12.3	–	–
Borrowings	(1.7)	1.7	1.2	0.5	–
Lease liabilities	(33.4)	36.8	5.3	17.3	14.2
	(126.1)	129.5	97.5	17.8	14.2

	Carrying amount 2025 £m	Carrying amount 2024 £m
Variable rate instruments		
Cash and cash equivalents	**94.1**	97.8
Bank overdrafts	**(8.8)**	(12.3)
Fixed rate instruments		
Bank loans	**(0.9)**	(1.7)

Sensitivity analysis

The Group has estimated the impact on the Consolidated Statement of Income and on equity of the following changes in market conditions at the balance sheet date:

- One percentage point increase in interest rates.
- Ten percentage point weakening in the value of sterling against all currencies.
- Ten percentage point strengthening in the value of sterling against all currencies.

The sensitivities above represent the Directors' view of reasonably possible changes in each risk variable, not worst-case scenarios or stress tests. The outputs from the sensitivity analysis are estimates of the impact of market risk assuming that the specified changes occur at the year end and are applied to the risk exposures at that date. Accordingly, they show the impact on the balance sheet of an instantaneous shock. The calculations include all hedges in place at the year end.

Actual results in the future may differ materially from these estimates due to commercial actions taken to mitigate any potential losses from such rate movements, to the interaction of more than one sensitivity occurring and to further developments in global financial markets. As such, this table should not be considered as a projection of likely future gains and losses.

Notes to the consolidated financial statements continued

23 Financial risk management continued

2025	1% increase in interest rates £m	10% weakening in sterling £m	10% strengthening in sterling £m
Impact on adjusted profit (Note 2)	**0.9**	**1.7**	**(1.7)**
Impact on reported profit	**0.9**	**(15.6)**	**15.6**
Impact on equity	**0.6**	**(11.7)**	**11.7**

2024	1% increase in interest rates £m	10% weakening in sterling £m	10% strengthening in sterling £m
Impact on adjusted profit (Note 2)	0.9	(15.4)	15.5
Impact on reported profit	0.9	(12.2)	12.2
Impact on equity	0.7	(11.6)	11.6

24 Retirement benefit assets and obligations

The Group operates a defined benefit plan in the UK. The plan offers pensions in retirement and death in service benefit to members. Pension benefits are related to members' final salary at retirement and their length of service. The scheme has been closed to new members since 2001 and closed to future accrual since 2010.

On acquisition of FemtoTools AG on 28 June 2024, the Group now also operates a defined benefit pension scheme in Switzerland.

Defined contribution schemes

In the UK, employees are offered participation in the defined contribution Oxford Instruments Stakeholder Plan. The company contribution rate and employee contribution rate varies between grades and whether the individual had previously been in the defined benefit scheme. The company contribution ranges between 4% and 14% of base salary. The Group also operates a 401k defined distribution plan in the US. Details of pension schemes contributions made in respect of Directors can be found in the Remuneration Report.

The expense recognised in the Consolidated Statement of Income is:

	2025 £m	2024 £m
Total defined benefit income	**(0.1)**	(1.0)
Contributions to defined contribution schemes	**6.8**	6.5
	6.7	5.5

Pension costs are recorded in the following lines in the Consolidated Statement of Income:

	2025 £m	2024 £m
Cost of sales	**2.0**	2.1
Research and development	**1.2**	1.6
Selling and marketing costs	**1.4**	1.3
Administration and shared services	**3.1**	2.0
Financial income	**(1.0)**	(1.5)
	6.7	5.5

Remeasurement gains and losses shown in the Consolidated Statement of Comprehensive Income:

	2025 £m	2024 £m
Actual return on assets excluding interest income	**(28.7)**	(20.8)
Experience gain/(loss) on scheme obligations	**1.6**	(5.4)
Changes in assumptions underlying the present value of scheme obligations:		
– Financial	**25.3**	3.1
– Demographic	**0.7**	3.7
Actuarial losses recorded in the Statement of Comprehensive Income	**(1.1)**	(19.4)

Notes to the consolidated financial statements continued

24 Retirement benefit assets and obligations continued

The amounts recognised in the Consolidated Statement of Financial Position are:

	2025			2024		
	UK £m	Switzerland £m	Total £m	UK £m	Switzerland £m	Total £m
Present value of funded obligations	**194.8**	**2.9**	**197.7**	223.6	–	223.6
Fair value of plan assets	**(219.2)**	**(2.0)**	**(221.2)**	(239.7)	–	(239.7)
Recognised (asset)/liability for defined benefit obligations	**(24.4)**	**0.9**	**(23.5)**	(16.1)	–	(16.1)

The reconciliation of the opening and closing balances of the present value of the defined benefit obligation is as follows:

	2025			2024		
	UK £m	Switzerland £m	Total £m	UK £m	Switzerland £m	Total £m
Benefit obligation at the beginning of the year	**223.6**	**–**	**223.6**	225.1	–	225.1
Pension obligations acquired on acquisition of FemtoTools	**–**	**1.9**	**1.9**	–	–	–
Administrative expenses	**–**	**0.1**	**0.1**	–	–	–
Past service cost	**–**	**–**	**–**	0.4	–	0.4
Interest on defined benefit obligation	**10.5**	**–**	**10.5**	10.5	–	10.5
Benefits paid	**(11.1)**	**0.3**	**(10.8)**	(11.0)	–	(11.0)
Remeasurement gain on obligation	**(28.2)**	**0.6**	**(27.6)**	(1.4)	–	(1.4)
Benefit obligation at the end of the year	**194.8**	**2.9**	**197.7**	223.6	–	223.6

The reconciliation of the opening and closing balances of the present value of the fair value of plan assets is as follows:

	2025			2024		
	UK £m	Switzerland £m	Total £m	UK £m	Switzerland £m	Total £m
Fair value of plan assets at the beginning of the year	**239.7**	**–**	**239.7**	251.5	–	251.5
Pension assets acquired on acquisition of FemtoTools	**–**	**1.6**	**1.6**	–	–	–
Interest on plan assets	**11.5**	**–**	**11.5**	12.0	–	12.0
Contributions by employer	**8.7**	**0.1**	**8.8**	8.5	–	8.5
Benefits paid	**(11.1)**	**0.3**	**(10.8)**	(11.0)	–	(11.0)
Administrative expenses	**(0.9)**	**–**	**(0.9)**	(0.5)	–	(0.5)
Actual return on assets excluding interest income	**(28.7)**	**–**	**(28.7)**	(20.8)	–	(20.8)
Fair value of plan assets at the end of the year	**219.2**	**2.0**	**221.2**	239.7	–	239.7

Notes to the consolidated financial statements continued

24 Retirement benefit assets and obligations continued

Defined benefit scheme – UK

A full actuarial valuation of the UK plan was carried out as at 31 March 2024 which, for reporting purposes, has been updated to 31 March 2025 by a qualified independent actuary.

The major assumptions used by the actuary for the purposes of IAS 19 were (in nominal terms):

	2025 %	2024 %
Discount rate	**5.8**	4.8
Rate of increase in pensions in payment ('3LPI')	**2.2**	2.2
Rate of increase in pensions in payment ('5LPI')	**2.8**	2.9
Rate of inflation ('CPI')	**2.3**	2.3
Rate of inflation ('RPI')	**2.9**	3.0
Mortality – pre-and post-retirement	**107% of S4PA 'Light' tables (101% for females) future improvement in line with CMI 2023 with 1.25% long-term trend**	91% of S2PA tables (93% for females) future improvement in line with CMI 2022 with 1.25% long-term trend

As at 31 March 2025 the weighted average duration of the defined benefit obligations was 11 years (2024: 13 years).

The mortality assumptions imply the following expected future lifetime from age 65:

	2025 years	2024 years
Pre-retirement – males	**23.3**	23.2
Pre-retirement – females	**25.5**	25.3
Post-retirement – males	**22.1**	21.8
Post-retirement – females	**24.1**	23.8

The assumptions have been chosen by the Directors from a range of possible actuarial assumptions, which, due to the timescales covered, may not be borne out in practice.

The assets in the plan were:

	2025 £m	2024 £m
Equities	**1.6**	7.5
Corporate and emerging market bonds	**22.9**	22.9
Gilts	**163.0**	174.3
Insurance-linked funds	**2.7**	5.8
Credit and global loan funds	**12.3**	0.1
Hedge funds	**–**	24.3
Cash	**16.7**	4.8
	219.2	239.7

Where assets have no observable market price, a valuation will be provided by the fund manager. The scheme's investment manager will accept that valuation if it is within the expected range of performance. Otherwise, the investment manager will query the valuation with the fund manager. Complex financial instruments are valued by the scheme's investment manager who uses financial models which take as their input the characteristics of the instrument and observable market data such as swap rates.

The investment strategy for the UK scheme is controlled by the trustee in consultation with the Group. A de-risked investment strategy is in place to mitigate funding volatility.

The Group has agreed a basis for deficit recovery payments with the trustees of the UK pension scheme. The deficit recovery payments are payable through to and including 2029. The annual deficit recovery payment was £8.7m (2024: £8.5m) for the financial year. The annual deficit recovery payment will be £9.0m for the next financial year, then £4.0m per annum until 2029.

In 2018 the trustees of the UK defined benefit scheme, in consultation with the company, reduced its exposure to on-risk assets (a portfolio of market-focused asset classes, the majority being equities) with a corresponding increase in its liability-driven investments, with the objective of steering a more stable journey to being fully funded. The pension fund's gross exposure to on-risk assets fell from 85% to 45%; the majority of transactions required to make this change were completed in February 2018. As a result, the level of risk inherent in the investment strategy is now significantly lower than previously, in addition to a substantial reduction in funding level volatility. Following investment outperformance and contributions made by the Group in the year to 31 March 2022, the allocation to on-risk assets has been further reduced to 35%, with a view to further reduction in funding level volatility.

Notes to the consolidated financial statements continued

24 Retirement benefit assets and obligations continued

The Group has considered the requirements of IFRIC 14. The terms of the scheme give the Group the right to recover any surplus assets on the scheme upon wind-up and therefore management has concluded that there is no impact on the amounts recognised in respect of retirement benefit obligations, ie there is no need to apply the 'asset ceiling'.

The Group expects to contribute approximately £9.0m to the UK defined benefit plan in the next financial year.

The table below shows the sensitivity of the Consolidated Statement of Financial Position to changes in the significant pension assumptions:

	2025 £m	Discount rate (-0.1% pa) £m	Inflation rate (+0.1% pa) £m	Life expectancy (+one year) £m
Present value of funded obligations	194.8	197.0	196.6	200.9
Fair value of plan assets	(219.2)	(219.2)	(219.2)	(219.2)
Surplus	**(24.4)**	**(22.2)**	**(22.6)**	**(18.3)**

The valuation of defined benefit liabilities is most sensitive to changes in the discount rate, inflation rate and mortality rate. The sensitivities have been calculated by running the liability calculations in full using the alternative assumptions. In each case, only the indicated assumption has changed by the amount stated. For the inflation sensitivity, the impact on the assumptions that are based on RPI inflation, such as CPI inflation and the inflation-linked pension increases, has been included.

Defined benefit scheme – Switzerland

A full actuarial valuation of the Swiss plan was carried out as at 31 March 2025.

The major assumptions used by the actuary for the purposes of IAS 19 were (in nominal terms):

	2025 %	2024 %
Discount rate	**1.2**	–
Rate of increase in pensions in payment	**2.5**	–
Rate of inflation	**1.0**	–
Mortality – pre-and post-retirement	**BVG 2020**	N/A

The assets in the plan were:

	2025 £m	2024 £m
Equities	**0.6**	–
Corporate and emerging market bonds	**0.6**	–
Property	**0.3**	–
Infrastructure	**0.2**	–
Alternative investments	**0.3**	–
	2.0	–

Virgin Media

The Group is aware of a UK High Court legal ruling that took place in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, which decided that certain historic rule amendments were invalid if they were not accompanied by actuarial certifications. The ruling was subject to an appeal with a judgement delivered on 25 July 2024. The Court of Appeal unanimously upheld the decision of the High Court and concluded that the pre-April 2013 conditions applied to amendments to both future and past service. Whilst this ruling was in respect of another scheme, this judgement will need to be reviewed for its relevance to the Oxford Instruments Pension Scheme. A high-level review has been undertaken of the scheme which concluded that there is a very low risk of any historic plan amendments being found to be invalid. The company's pension advisers have not completed detailed numerical analysis and no adjustments have been made to the Consolidated Financial Statements at 31 March 2025. There is a separate legal case which is due to be taken to the High Court in 2025, this is expected to provide further clarification on several outstanding points of detail relevant to this case.

Notes to the consolidated financial statements continued

25 Capital and reserves

Issued and fully paid ordinary shares:

	2025 number of shares	2024 number of shares
At the beginning of the year	**57,913,792**	57,712,508
Issued for cash	**220,981**	201,284
At the end of the year	**58,134,773**	57,913,792

	2025		2024	
	Number of shares	£m	Number of shares	£m
Allotted, called up and fully paid				
Ordinary shares of 5p each	**58,134,773**	**2.9**	57,913,792	2.9

The holders of the ordinary shares are entitled to receive dividends as declared, a proportionate amount of capital on a winding up of the company and one vote per share at meetings of the company.

Other reserves comprise the capital redemption reserve, which represents the nominal value of shares repurchased and then cancelled during the year ended 31 March 1999.

The foreign exchange translation reserve comprises all foreign exchange differences arising since 1 April 2004 from the translation of the Group's net investments in foreign subsidiaries into sterling.

26 Share option schemes

Share Incentive Plan (SIP)

UK employees may be eligible to participate in the Group's HM Revenue and Customs-approved SIP. Participating employees may make a cash contribution to the SIP of up to £1,800 each year. The Group contributes a further amount equal to 20% of the employee's contribution. Independent trustees then purchase partnership and matching shares in the market on behalf of the employees. Subject to the rules of the SIP, matching shares may be withdrawn without forfeiture after they have been held for three years, provided the participant has remained an employee. On a similar basis, shares can be withdrawn tax-free after five years' service.

Long-Term Incentive Plan Scheme (LTIP)

Under the LTIP awards of nominally priced options of £0.05, conditional share awards or cash conditional awards may be made annually to certain senior managers. Subject to vesting based on the achievement of performance targets and the rules of the LTIP, options granted under the plan may have a life of ten years, including a vesting period of three years. Subject to vesting based on performance and the rules of the LTIP, conditional share awards and cash conditional awards will vest appropriately three years after the award date. Awards were valued using the Black-Scholes option pricing models with the exception of options relating to the total shareholder return tranche which were valued using Stochastic option-pricing models. In the prior year under the LTIP, Richard Tyson was granted two awards of nominally priced options of £0.05, which comprised part of the buy-out arrangements to replace the 2021 and 2022 LTIP awards from his previous employer, TT Electronics plc, which lapsed in connection with his joining the company. Further information can be found in the Directors' Remuneration Report on page 139.

Share option schemes that have been discontinued but for which options were outstanding at the year end include the following:

Performance Share Plan Scheme (PSP)

Under the PSP, awards of nominally priced options of £0.05 were made annually to certain senior managers. The last grants were made under this scheme in 2022. Awards to persons other than the Executive Directors may also be referred to as Medium-Term Incentive Plan awards ('MTIP'). Subject to vesting based on the achievement of performance targets and the rules of the PSP, awards may have a life of ten years, including a vesting period of a minimum of three years. Options were valued using the Black-Scholes option-pricing models.

Notes to the consolidated financial statements continued

26 Share option schemes continued

Executive Share Option Scheme (ESO)

Under the ESO awards of approved options, unapproved options and share appreciation rights were made annually to certain senior managers. The last grants were made under this scheme in 2016. The exercise prices were determined according to the mid-market closing share price on the day before the date of grant. Subject to vesting based on the achievement of performance targets and the rules of the ESO, awards may have a life of ten years, including a vesting period of a minimum of three years. Options were valued using the Black–Scholes option-pricing models.

Performance conditions

Awards under the ESO, PSP and LTIP schemes may be or may have been subject to the achievement of certain performance conditions. The performance conditions applicable for the Executive Directors of Oxford Instruments plc, can be found in the Directors' Remuneration Report on pages 122 to 139.

Administrative expenses include a credit of £0.1m (2024: charge of £3.0m) in respect of the cost of providing share-based remuneration. The cost of share awards is calculated by estimating the fair value of the award at grant date and spreading that amount over the vesting period after adjusting for an expectation of non-vesting.

For options granted in the year ended 31 March 2025, the fair value and the assumptions used in the calculation are as follows:

	LTIP CEO July 2024	LTIP CFO July 2024	LTIP: Options July 2024	LTIP: Conditional shares July 2024	LTIP: Options March 2025
Weighted average fair value of options granted	**£20.42**	**£20.42**	**£21.73**	**£23.79**	**£17.64**
Share price at grant date	**£24.35**	**£24.35**	**£24.35**	**£24.35**	**£18.06**
Exercise price	**£0.05**	**£0.05**	**£0.05**	**£0.05**	**£0.05**
Expected volatility	**29.1%**	**29.1%**	**29.1%**	**N/A**	**N/A**
Expected option life	**3 years**	**3 years**	**3 years**	**3 years**	**2.3 years**
Expected dividend yield	**–**	**–**	**0.9%**	**0.9%**	**0.9%**
Risk-free interest rate	**3.9%**	**3.9%**	**3.9%**	**N/A**	**N/A**

For options granted in the year ended 31 March 2024, the fair value and the assumptions used in the calculation are as follows:

	LTIP CEO November 2023	LTIP CEO buy-out 2021 November 2023	LTIP CEO buy-out 2022 November 2023	LTIP CFO September 2023	LTIP: Options September 2023	LTIP: Conditional Shares September 2023
Weighted average fair value of options granted	£16.99	£11.04	£13.38	£18.19	£19.09	£21.16
Share price at grant date	£20.55	£20.55	£20.55	£21.75	£21.75	£21.75
Exercise price	£0.05	£0.05	£0.05	£0.05	£0.05	£0.05
Expected volatility	41.3%	31.5%	30.9%	40.5%	40.5%	N/A
Expected option life	3 years	0.5 years	1.5 years	3 years	3 years	3 years
Expected dividend yield	–	–	–	–	0.9%	0.9%
Risk-free interest rate	4.4%	5.3%	4.9%	4.4%	4.4%	N/A

Notes to the consolidated financial statements continued

26 Share option schemes continued

Movements in the share option schemes during the year were as follows:

	Executive Share Option Scheme		Performance Share Plan		Long-Term Incentive Plan	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 April 2023	125,669	£8.82	828,376	£0.05	–	–
– Granted	–	–	–	–	216,207	£0.05
– Forfeited	–	–	(25,533)	£0.05	–	–
– Exercised	(18,623)	£8.93	(180,018)	£0.05	–	–
– Lapsed	(8,317)	£10.28	(318)	£0.05	(15,635)	£0.05
Outstanding at 31 March 2024	98,729	£8.68	622,507	£0.05	200,572	£0.05
– Granted	**–**	**–**	**–**	**–**	**191,905**	**£0.05**
– Forfeited	**–**	**–**	**(9,125)**	**£0.05**	**(20,001)**	**–**
– Exercised	**(18,986)**	**£9.79**	**(201,744)**	**£0.05**	**–**	**–**
– Lapsed	**(9,878)**	**£9.94**	**(7,854)**	**£0.05**	**(5,850)**	**£0.05**
Outstanding at 31 March 2025	**69,865**	**£8.20**	**403,784**	**£0.05**	**366,626**	**£0.05**
Exercisable at 31 March 2025	**69,865**	**£8.20**	**265,829**	**£0.05**	**43,213**	**£0.05**
Exercisable at 31 March 2024	98,729	£8.68	362,419	£0.05	12,237	£0.05

The number and weighted average exercise prices of those options are as follows:

The weighted average share price at the time of exercise of the options was £21.86 (2024: £23.42).

The weighted average remaining contractual life for the share options as at 31 March 2025 was one year (2024: one year).

The total consideration received from exercise of options in the year was £0.0m (2024: £0.0m).

27 Working capital movements

Reconciliation of movements in working capital

	Inventories[1] £m	Receivables[2] £m	Payables and provisions[2] £m	Customer deposits £m	Total £m
As at 1 April 2023	81.4	115.7	(116.1)	(52.1)	28.9
Working capital movement	26.3	2.7	2.8	(7.1)	24.7
First Light Imaging-related flows (as restated Note 11)	1.6	2.9	(5.0)	(0.4)	(0.9)
Exchange differences	(1.2)	(2.8)	4.7	1.2	1.9
FV movement on financial derivatives	–	–	(0.7)	–	(0.7)
As at 31 March 2024 and 1 April 2024 (as restated Note 11)	108.1	118.5	(114.3)	(58.4)	53.9
Working capital movement	**(8.8)**	**10.0**	**(1.1)**	**11.1**	**11.2**
First Light Imaging-related flows	**–**	**–**	**2.8**	**–**	**2.8**
FemtoTools-related flows	**0.6**	**0.9**	**(4.7)**	**–**	**(3.2)**
Exchange differences	**(0.8)**	**–**	**(0.2)**	**0.9**	**(0.1)**
FV movement on financial derivatives	**–**	**–**	**(0.3)**	**–**	**(0.3)**
As at 31 March 2025	**99.1**	**129.4**	**(117.8)**	**(46.4)**	**64.3**

1. Details of restatement of prior period numbers can be found in Note 11.
2. Receivables and payables include derivative financial instruments.

Notes to the consolidated financial statements continued

28 Commitments and contingencies

The Group has entered into agreements in respect of the new Severn Beach site for its Plasma Technology business. At 31 March 2025 commitments for future expenditure are £0.4m (2024: £8.0m) and include capital expenditure, fit-out costs, plant and machinery, furniture and computer equipment.

In an international group of companies, a variety of legal claims arise from time to time. The Board, having taken legal advice, is of the opinion that any ongoing actions and investigations will not have a material impact on the Group's financial position.

29 Related parties

All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of key management personnel is as follows:

	2025 £m	2024 £m
Short-term employee benefits	**4.1**	4.8
Post-employment benefits	**0.1**	0.2
Share-based payment charges	**0.9**	2.6
Total	**5.1**	7.6

Key management personnel include the Executive Directors and the Management Board.

Short-term employee benefits comprise salary and benefits earned during the year and bonuses awarded for the year.

30 Subsequent events

Disposal of Oxford Instruments NanoScience

On 10 June 2025, the Group entered into a binding agreement to sell the trade and assets of the NanoScience business to Quantum Design International Inc for £60m total consideration, including up to £3m of deferred consideration linked to performance of the business post-closing. NanoScience is our Quantum business and a separately identifiable business within the Oxford Instruments Nanotechnology Tools Limited legal entity. The disposal is expected to complete during FY26.

In 2025, NanoScience generated approximately £57.2m of revenue and £1.1m of adjusted operating profit. Non-recurring transaction-related costs are expected to be approximately £2m– £3m in 2026. At 31 March 2025, the business accounted for £34.7m of net assets within the Advanced Technologies segment.

Parent Company statement of financial position

As at 31 March 2025

	Notes	2025 £m	2024 £m
Assets			
Non-current assets			
Intangible assets	d	**0.7**	1.2
Tangible assets	c	**0.4**	0.6
Right-of-use assets		**–**	0.1
Investments in subsidiary undertakings	e	**357.9**	356.9
Trade and other receivables	f	**2.8**	3.0
Derivative financial instruments		**0.3**	0.2
Retirement benefit asset		**5.6**	3.7
Deferred tax assets	i	**0.4**	2.1
		368.1	367.8
Current assets			
Trade and other receivables	f	**39.0**	48.3
Derivative financial instruments		**2.1**	2.5
Cash and cash equivalents		**11.2**	34.1
		52.3	84.9
Total assets		**420.4**	452.7
Equity			
Capital and reserves attributable to the company's equity shareholders			
Share capital		**2.9**	2.9
Share premium		**62.6**	62.6
Capital redemption reserve		**0.1**	0.1
Other reserves		**7.6**	7.6
Retained earnings		**292.7**	276.1
		365.9	349.3

	Notes	2025 £m	2024 £m
Liabilities			
Current liabilities			
Bank overdrafts	h	**3.8**	2.6
Derivative financial instruments		**1.3**	2.3
Trade and other payables	g	**49.4**	98.5
		54.5	103.4
Total liabilities		**54.5**	103.4
Total liabilities and equity		**420.4**	452.7

The company's profit for the financial year was £29.4m (2024: £1.8m). Other comprehensive expense in the year was £0.1m (2024: expense of £3.3m). The expense will not subsequently be reclassified to statement of income.

The Financial Statements were approved by the Board of Directors on 12 June 2025 and signed on its behalf by:

RICHARD TYSON
Director

PAUL FRY
Director

Company number: 775598

Parent Company statement of changes in equity

Year ended 31 March 2025

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
As at 1 April 2024	**2.9**	**62.6**	**0.1**	**7.6**	**276.1**	**349.3**
Profit for the year					**29.4**	**29.4**
Other comprehensive expense:	**–**	**–**	**–**	**–**		
– Remeasurement of defined benefit liability, net of tax					**(0.1)**	**(0.1)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**29.3**	**29.3**
– Share options awarded to employees	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**
– Share options awarded to employees of subsidiaries	**–**	**–**	**–**	**–**	**1.0**	**1.0**
– Tax charge in respect of share options	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
– Proceeds from shares issued	**–**	**–**	**–**	**–**	**–**	**–**
– Dividends paid	**–**	**–**	**–**	**–**	**(12.1)**	**(12.1)**
As at 31 March 2025	**2.9**	**62.6**	**0.1**	**7.6**	**292.7**	**365.9**
As at 1 April 2023	2.9	62.6	0.1	7.6	286.4	359.6
Profit for the year					1.8	1.8
Other comprehensive expense:	–	–	–	–		
– Remeasurement of defined benefit liability, net of tax					(3.3)	(3.3)
Total comprehensive expense for the year	–	–	–	–	(1.5)	(1.5)
– Share options awarded to employees	–	–	–	–	1.9	1.9
– Share options awarded to employees of subsidiaries	–	–	–	–	1.1	1.1
– Tax charge in respect of share options	–	–	–	–	(0.3)	(0.3)
– Proceeds from shares issued	–	–	–	–	–	–
– Dividends paid	–	–	–	–	(11.5)	(11.5)
As at 31 March 2024	2.9	62.6	0.1	7.6	276.1	349.3

Details of issued, authorised and allotted share capital are included in Note 25 to the Group Financial Statements.

Details of the Group's share option schemes are included in Note 26 to the Group Financial Statements.

Details of the Group's defined benefit pension scheme are included in Note 24 to the Group Financial Statements.

Details of dividends paid are included in Note 9 to the Group Financial Statements.

Other reserves relates to premium on shares issued as part of acquisitions made in the year to 31 March 1987.

Notes to the Parent Company financial statements

Year ended 31 March 2025

(a) Accounting policies

Basis of preparation

Oxford Instruments plc is a company incorporated and domiciled in the UK. These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) on the historical cost basis, except that derivative financial instruments are stated at their fair value.

In preparing these Financial Statements, the company applied the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006.

In these Financial Statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes.
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effects of new, but not yet effective, accounting standards.
- Disclosures in respect of the compensation of key management personnel.

As the consolidated Financial Statements of Oxford Instruments plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payments in respect of Group settled share-based payments.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As permitted by Section 408 of the Companies Act 2006, a separate statement of income for the company has not been included in these Financial Statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Going concern

The Financial Statements have been prepared on a going concern basis, based on the Directors' opinion, after making reasonable enquiries, that the company has adequate resources to continue in operational existence for the foreseeable future. Further details on the Group's going concern can be found on pages 79 to 80.

Material accounting policies

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Details of the Group's interest-bearing borrowings are included in Note 19 to the Group Financial Statements.

Intra-Group lending

The company has lent funds to and from its UK subsidiaries on interest-free terms. These amounts are repayable on demand. They are stated at cost less any impairment losses.

Derivative financial instruments

The company's accounting policies for financial instruments are the same as the Group's accounting policies under IFRS, namely IAS 32 Financial Instruments: Presentation, IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. These policies are set out in accounting policy '(e) Financial instruments' in the Group accounting policies, on page 152.

Notes to the Parent Company financial statements continued

(a) Accounting policies continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Computer equipment – 4 years
- Furniture and fittings – 4 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Intangible assets

Intangible assets represents internally developed software. Amortisation is charged to the statement of income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software – 10 years

Impairment excluding deferred tax assets

Financial assets (including trade and other receivables)

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost less appropriate provision for impairment. The provision for impairment of debtors is based on lifetime expected credit losses, which is then updated for any reasonable and supportable forward-looking information and expectations. Lifetime expected credit losses are calculated by assessing historic credit loss experience. The movement in the provision is recognised in the company's statement of income.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit' (CGU)).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Parent Company financial statements continued

(a) Accounting policies continued

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income in the periods during which services are rendered by employees.

Defined benefit plans

The company is the sponsoring employer of a Group-wide defined benefit pension plan. The net defined benefit cost of the plan is charged to participating entities on the basis of the proportion of scheme membership attributable to each legal entity at the reporting date. The contributions payable by the participating entities are determined using an agreed ratio which has been in place for approximately ten years.

The company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that current and past employees have earned in return for their service in prior periods. That benefit is discounted to determine its present value and is deducted from the fair value of any plan assets. Surpluses in schemes are recognised as assets only if they represent economic benefits available to the company in the future. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses in calculating the company's net obligation are recognised in the statement of comprehensive income in the year.

The charge to the statement of income reflects the current service cost. The interest expense or income is calculated on the net defined benefit asset by applying the discount rate to the net defined benefit asset, and is included within financial expenditure or financial income in the Statement of Income respectively.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the company grants options over its own shares to the employees of its subsidiaries, it recognises, in its individual Financial Statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated Financial Statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in subsidiary. If the amount recharged exceeds the increase in the cost of investment, the excess is recognised as a dividend.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Foreign currencies

The company enters into forward exchange contracts and options to mitigate the currency exposures that arise on sales and purchases denominated in foreign currencies. Transactions in foreign currencies are converted into sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the statement of financial position date. Exchange profits and losses arising from the above are dealt with in the statement of income.

Notes to the Parent Company financial statements continued

(a) Accounting policies continued

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment, where appropriate.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

(b) Profit for the year

The company's profit for the financial year was £29.4m (2024: £1.8m). Other comprehensive expense in the year was £0.1m (2024: expense of £3.3m). The expense will not subsequently be reclassified to statement of income.

The auditor's remuneration comprised £381,000 (2024: £345,000) for the statutory audit.

The average number of people employed by the company (including Directors) during the year was 94 (2024: 84). All these individuals were involved in administration.

The aggregate payroll costs (including Directors) of these people were as follows:

	2025 £m	2024 £m
Wages and salaries	**10.8**	9.3
Social security costs	**1.5**	1.4
Other pension costs	**0.5**	0.4
	12.8	11.1

The share-based payment credit was £1.1m (2024: charge of £1.9m). Details of the Group's share option schemes are included in Note 26 to the Group Financial Statements.

Full details of the emoluments paid to Directors can be found in the Remuneration Report on pages 122 to 139.

(c) Tangible fixed assets

	Furniture and fittings £m	Computer equipment £m	Total £m
Cost			
Balance at 1 April 2024	0.2	2.0	2.2
Additions	0.1	–	0.1
Disposals	–	(1.3)	(1.3)
Balance at 31 March 2025	**0.3**	**0.7**	**1.0**
Depreciation			
Balance at 1 April 2024	0.1	1.5	1.6
Charge for year	–	0.1	0.1
Disposals	–	(1.1)	(1.1)
Balance at 31 March 2025	**0.1**	**0.5**	**0.6**
Net book value			
Balance at 31 March 2024	0.1	0.5	0.6
Balance at 31 March 2025	**0.2**	**0.2**	**0.4**

Notes to the Parent Company financial statements continued

(d) Intangible assets

	Software £m
Cost	
Balance at 1 April 2024	3.1
Disposals	(1.3)
Balance at 31 March 2025	**1.8**
Depreciation and impairment losses	
Balance at 1 April 2024	1.9
Charge for year	0.5
Disposals	(1.3)
Balance at 31 March 2025	**1.1**
Net book value	
Balance at 31 March 2024	1.2
Balance at 31 March 2025	**0.7**

(e) Investments

	Investments in subsidiary undertakings £m
Cost or valuation	
Balance at 1 April 2024	375.6
Expense in respect of share options transferred to subsidiary undertakings	1.0
Balance at 31 March 2025	**376.6**
Impairment	
Balance at 1 April 2024 and 31 March 2025	**18.7**
Net book value	
Balance at 31 March 2024	356.9
Balance at 31 March 2025	**357.9**

Related undertakings of the Group

The following disclosure is provided in accordance with Section 409 of the Companies Act 2006.

As of 31 March 2025, the companies listed below and on the following pages are indirectly held by Oxford Instruments plc, except for Oxford Instruments Industrial Products Holdings Limited, Oxford Instruments Nanotechnology Tools Holdings Limited and Oxford Instruments Overseas Holdings Limited, which are all 100% directly owned by Oxford Instruments plc.

The financial year end of each company is 31 March unless otherwise indicated.

All subsidiary undertakings are controlled by the Group and their results are fully consolidated in the Group's Financial Statements.

Notes to the Parent Company financial statements continued

(e) Investments continued

Subsidiaries

Company name	Address	Ownership interest	% of class held
Andor Technology Limited	7 Millennium Way, Springvale Business Park, Belfast, NI, BT12 7AL	Ordinary shares	100
Andor Technology, Inc.	300 Baker Avenue, Suite 150, Concord MA 01742, United States	Common stock	100
Bitplane AG	Zurcherstrasse 6, 8952 Schlieren, Switzerland	Ordinary shares Preference shares	100
FemtoTools AG[6]	Furtbachstrasse 4, 8107 Buchs ZH, Switzerland	Ordinary shares	100
First Light Imaging Corporation[5]	1209 Orange Street, Wilmington DE 19801, United States	Common stock	100
First Light Imaging SAS[5]	Europarc Sainte Victoire Bâtiment 5, Route de Valbrillant Le Canet, 13590 Meyreuil France	Ordinary shares Preference shares	100
Oxford Instruments AFM Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments America Inc.	300 Baker Avenue, Suite 150, Concord MA 01742, United States	Common stock	100
Oxford Instruments Asylum Research Inc.	7416 Hollister Avenue, Santa Barbara, CA 93117, United States	Common stock	100
Oxford Instruments Australia Pty Limited	C/O ECOVIS, Suite 7, 13 Hickson Road, Dawes Point, New South Wales, Australia	Ordinary shares	100
Oxford Instruments Funding Limited[1]	PO Box 175, Frances House, Sir William Place, St Peter Port, GY1 4HQ, Guernsey	Ordinary shares	100
Oxford Instruments GmbH	Borsigstrasse 15a, 65205, Wiesbaden, Germany	Ordinary shares	100
Oxford Instruments Holdings 2013 Inc.	300 Baker Avenue, Suite 150, Concord MA 01742, United States	Common stock	100
Oxford Instruments Holdings Europe Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Holdings GmbH	Borsigstrasse 15a, 65205, Wiesbaden, Germany	Ordinary shares	100
Oxford Instruments India Private Limited	Plot No. A-279, Ground Floor Road No. 16A, Ambica Nagar, Wagle Industrial Estate, Thane (West), Thane, MH, 400604, India	Equity shares	100
Oxford Instruments Industrial Products Holdings Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Industrial Products Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Italia s.r.l.	Via Della Chiusa 15, 20123, Milan, Italy	Capital stock	100
Oxford Instruments KK	Sumitomo Fudosan Osaki Twin Building East, 5-1-18 Kita-Shinagawa, Shinagawa-ku, Tokyo, 141-0001, Japan	Ordinary shares	100
Oxford Instruments Management Services Limited[7]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Molecular Biotools Limited[2]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Nanotechnology Tools Holdings Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100

Notes to the Parent Company financial statements continued

(e) Investments continued

Company name	Address	Ownership interest	% of class held
Oxford Instruments Nanotechnology Tools Limited	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Nordiska AB	C/o TMF Sweden AB, Sergels Torg 12, 111 57, Stockholm, Sweden	Shares	100
Oxford Instruments Overseas Espana SL[9]	Calle Ferraz No. 78 2 A, 28008 Madrid, Spain	Ordinary shares	100
Oxford Instruments Overseas Holdings 2008 Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Overseas Holdings Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Overseas Marketing GmbH	Borsigstrasse 15a, 65205, Wiesbaden, Germany	Ordinary shares	100
Oxford Instruments Overseas Marketing Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments Private Limited	Messrs Tan Rajah & Cheah, 80 Raffles Place, #58-01 UOB Plaza 1, 048624, Singapore	Ordinary shares	100
Oxford Instruments SAS	9 Avenue du Canada, Immeuble “Le Méridien”, 91940 Les Ulis, France	Ordinary shares	100
Oxford Instruments (Taiwan) Co., Ltd[8]	No. 195, Section 4, ZhongXing Rd, ZhuDong Township, HsinChu County, 310 Taiwan	Ordinary shares	100
Oxford Instruments Technologies Oy	Technopolis Innopoli 1, Tekniikantie 12, Espoo, 02150, Finland	Ordinary shares	100
Oxford Instruments Technology (Shanghai) Co. Ltd	Floor 1, Building 60, 461 Hongcao Road, Xuhui District, Shanghai, China	Registered capital	100
Oxford Instruments UK 2013 Limited[4]	Tubney Woods, Abingdon, Oxon, OX13 5QX, England	Ordinary shares	100
Oxford Instruments X-Ray Technology Inc.	360 El Pueblo Road, Scotts Valley CA 95066, United States	Common stock	100
Spectral Applied Research Inc.	199 Bay Street, Suite 5300, Commerce Court West, Toronto ON M5L 1B9, Canada	Common shares	100
WITec (Beijing) Scientific Technology Co. Ltd[3]	Unit 1307A, Air China Plaza Tower 1, No. 36 Xiaoyun Road, Chaoyang District, 100027, Beijing, China	Registered capital	100
WITec Pte. Ltd[3]	25 International Business Park, #03-59A German Centre, 609916, Singapore	Ordinary shares	100
WITec Wissenschaftliche Instrumente und Technologie GmbH	Lise-Meitner-Str. 6, D-89081 Ulm, Germany	Ordinary shares	100

1. UK tax resident.
2. Dormant entity.
3. Financial year end is 31 August.
4. Entity to take advantage of s479A Companies Act 2006 (s479A) audit exemption for the year ending 31 March 2024. Oxford Instruments plc will issue a guarantee pursuant to S479A in relation to the liabilities of the entity.
5. Financial year end is 31 December.
6. Acquired 28 June 2024.
7. Incorporated on 14 January 2025.
8. Incorporated on 16 September 2024.
9. Acquired on 6 March 2025. Financial year end is 31 December.

Notes to the Parent Company financial statements continued

(f) Trade and other receivables

	2025 £m	2024 £m
Amounts falling due after one year:		
Amounts owed by subsidiary undertaking	**2.8**	3.0
Amounts falling due within one year:		
Amounts owed by subsidiary undertaking	**35.3**	43.1
Other receivables	**0.7**	1.1
Prepayment and accrued income	**3.0**	4.1
	39.0	48.3

Amounts owed by subsidiary undertakings are interest-free, unsecured and repayable on demand.

The company has no immediate intention to recall £2.8m (2024: £3.0m) of these balances in the short term and so these amounts are classified as amounts falling due after more than one year.

(g) Trade and other payables

	2025 £m	2024 £m
Amounts falling due within one year:		
Trade payables	**2.5**	3.0
Amounts owed to subsidiary undertaking	**39.1**	82.5
Tax, social security and sales-related taxes	**2.3**	2.3
Accruals and deferred income	**5.5**	10.7
	49.4	98.5

Prior year numbers have been restated to correct a classification error. At 31 March 2024, amounts owed to group undertakings has increased by £4.3m, and accruals have decreased by £4.3m.

Amounts owed to subsidiary undertakings are interest-free and repayable on demand.

(h) Bank overdraft

	2025 £m	2024 £m
Current		
Bank overdraft	**3.8**	2.6
At the end of the year	**3.8**	2.6

(i) Deferred tax asset

	2025 £m	2024 £m
Balance at 1 April	**2.1**	2.3
Statement of income (debit)/credit	**(1.2)**	0.1
Other comprehensive income credit	**–**	0.6
Statement of changes in equity debit	**(0.5)**	(0.9)
Balance at 31 March	**0.4**	2.1

The amounts of deferred tax assets are as follows:

	Recognised	
	2025 £m	2024 £m
Excess of depreciation over corresponding capital allowance	**0.2**	0.2
Employee benefits – pension and share scheme	**0.2**	1.9
	0.4	2.1

The company recognises deferred tax assets only to the extent that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The UK deferred tax assets and liabilities have been calculated based on the enacted rate of 25%.

Notes to the Parent Company financial statements continued

(j) Pension commitments

The company and its employees contribute to the Oxford Instruments Pension Scheme ('the Scheme'), a defined benefit pension scheme, which offers pensions in retirement and death in service benefit to members. Pension benefits are related to members' final salary at retirement and their length of service.

The Scheme was closed to new members from 1 April 2001. Since this date, new employees have been invited to join the Oxford Instruments Stakeholder Plan, a defined contribution scheme. The Scheme is also closed to future accrual.

The Oxford Instruments Group policy for charging net defined benefit costs to participating entities states that member costs are charged directly to a participating company if that member is also an employee of said participating company. The costs of scheme members that are no longer employees of any participating company or directly affiliated with a Group company are allocated on the basis of the participating company's scheme members as a percentage of the total scheme members that are also employees of participating companies.

The policy for determining contributions to be paid by participating companies is the same as that for charging net defined benefit costs.

Details of the Scheme, its most recent actuarial valuation and its funding can be found in Note 24 to the Group Financial Statements. The contributions paid by the company to the Oxford Instruments Pension Scheme were £2.0m (2024: £2.0m). The company's share of the retirement benefit asset was £5.6m (2024: £3.7m).

(k) Guarantees

The company has given a guarantee to the pension scheme in respect of the liability of its UK subsidiaries to the pension scheme. The guarantee is for the excess of 105% of the liabilities of the scheme, calculated on the basis of Section 179 of the Pensions Act 2004, over the assets of the Scheme.

The company and its UK subsidiaries have entered into a cross-guarantee for £10.0m (2024: £10.0m) in respect of bank overdraft facilities, of which £nil (2024: £nil) was drawn at the year end.

(l) Commitments

At 31 March 2025, capital commitments contracted were £nil (2024: £nil) and authorised were £nil (2024: £nil).

(m) Related party transactions

The company has a related party relationship with its Directors and Executive Officers and with its wholly owned subsidiary companies.

Transactions with key management personnel are disclosed in the Remuneration Report on pages 122 to 139. There were no other significant transactions with key management personnel in either the current or preceding year.

Independent auditor's report to the members of Oxford Instruments plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Oxford Instruments plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise the Consolidated statement of income, the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, Parent company statement of financial position, Parent company statement of changes in equity and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 4 March 2020 to audit the financial statements for the year ended 31 March 2021 and reappointed by the members of the Company at the annual general meeting for subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is five years, covering the years ended 31 March 2021 to 31 March 2025.

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

- Evaluating the Directors' method of assessing going concern including the relevance and reliability of underlying data used to make the assessment, and whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other;
- Considering the adequacy of the Group's banking facilities and ability to meet key financial covenants;
- Testing the arithmetic accuracy of the model, challenging the assumptions applied and where possible agreeing the model to supporting documentation, including order books;
- Considering the appropriateness of the downside scenarios and challenging the Directors on the completeness and level of downside assumptions based on our industry knowledge;
- Review of the Directors' downside scenario modelling forecasts, modelling scenarios to covenants and consideration of the likelihood of occurrence and feasible actions to increase headroom;
- Reviewing the period assessed by the Directors ensuring that it meets the requirements of the applicable accounting standards, and challenging the Directors on whether there are any future events falling outside of the period considered that may impact the assessment completed;
- Reviewing the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment; and
- Comparing the level of available financial resources with the Group's financial forecasts, including taking account of reasonably possible (but not unrealistic) adverse effects that could arise from risks, both individually and collectively, relating to the Group.

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

Independent auditor's report to the members of Oxford Instruments plc continued

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2025	2024
Key audit matters	Revenue recognition	✔	✔
	Inventory provisioning	✔	✔
	Valuation of Group goodwill (Andor CGU)	✔	
Materiality	*Group financial statements as a whole*		
	£3.3m (2024: £3.5m) based on 5% (2024: 5%) of Profit before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

Oxford Instruments plc is a United Kingdom manufacturing and research company that designs and manufactures tools and systems for industry and research. There are 87 separate entities across the Group making it a very disaggregated Group. The control environment is disaggregated as different IT systems, process, controls and finance teams are used across the components in the group.

As part of performing our Group audit, we determined the components to be business units, which consist of individual components or branches, each with its own discrete financial information. None of the components include more than one legal entity. These components were selected following a detailed risk assessment. We considered the size of the component, the control environment, and other qualitative factors, including adding an element of unpredictability.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures;
- procedures on one or more classes of transactions, account balances or disclosures; and
- specific audit procedures over certain balances

Procedures performed at the component level

For the purpose of our group audit, the group consisted of 87 components in total. These were comprised of 39 legal entities. We performed procedures to respond to group risks of material misstatement at the component level that included the following:

- Procedures were performed on the entire financial information of 6 components;
- Procedures were performed on one or more classes of transactions, account balances or disclosures of 8 of components;
- Specified procedures were performed at 7 components; and
- Risk assessment procedures were performed on the remaining 66 components.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls for significant estimates and judgements. This is applicable for the valuation of Retirement Benefit asset and obligation, share based payments, FemtoTools and First Light acquisitions, goodwill impairment review and recognition of deferred and current taxation. These are all evaluated by Group management. We therefore designed and performed procedures centrally in these areas.

The group operates a combination of a centralised and decentralised IT function that supports IT processes across the components in the group. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Locations

Oxford Instruments plc's operations are spread over a number of different geographical locations. The group engagement team visited locations in three countries out of a total of twenty-three. Our teams (including component teams) conducted procedures in Oxford Instruments plc's locations in UK, United States of America, Germany and Japan.

In addition, our teams worked remotely, holding calls and video conferences with local management, and with digital information obtained from Oxford Instruments plc.

Independent auditor's report to the members of Oxford Instruments plc continued

Changes from the prior year

As a result of the International Standard on Auditing (UK) 600 (Revised), there has been a change in number of components scoped in and the scope of components. The change in the group audit scope from the prior year is the decrease in the number of components where procedures on one or more classes of transactions, account balances or disclosures on seven components compared to the eight components in the prior year. This included the two overseas entities acquired in the current and prior period, replacing one of the US entities, in line with cyclical rotation of overseas components.

In the current year, the component team located in Japan performed procedures over one or more classes of transactions, account balances or disclosures in respect of Japanese entity. In the prior year a full scope audit was performed. This change in scope is as a result of a more risk-based audit approach being taken.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, and reviewing component auditor documentation either in person or remotely, and evaluating the appropriateness of the audit procedures performed and the results thereof.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management and those charged with governance to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Involvement of climate-related experts in evaluating managements risk assessment; and
- Review of the minutes of Audit and Risk Committee meetings and Sustainability Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Task Force on Climate-related Financial Disclosures (TCFD) Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as 'Other Information' on pages 52 to 60 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters that were materially affected by climate-related risks and related commitments.

Independent auditor's report to the members of Oxford Instruments plc continued

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition (Revenue: £500.6 million (2024: £470.4 million)) Material Accounting policies (p) and note 1	Given the nature of the products' varying shipping terms and installation arrangements, across the various divisions, there are manual procedures involved in determining when control has passed, and therefore revenue recognised. This is assessed by two factors: when International Commercial Terms ("Incoterms") have been met and when the installation element of the sale has been completed.	Our procedures included: Testing, on a sample basis, whether specific product revenue transactions in period 12, including those within accrued income balances at the year end, had been recognised in the appropriate period. Each sampled item was tested by assessing the nature of products and the terms of sale within the associated contracts. Revenue recognition was tested by confirming relevant Incoterms to supporting evidence, including installation acceptances or shipping/delivery dates to carrier, as appropriate. Testing, on a sample basis, credit notes issued after the year-end, for evidence that related revenue for the year under audit should be reduced. Critically reviewed journals and other adjustments around the year end where they impact revenue to ensure they are supported and appropriate. **Key observations:** Based on the work performed, we consider revenue, in all material aspects, to be appropriately recognised in the correct period.

Independent auditor's report to the members of Oxford Instruments plc continued

Key audit matter		How the scope of our audit addressed the key audit matter
Inventory provisioning (Inventories: £99.1 million (2024: £108.1 million)) Material accounting policies (b) and (i) and note 15	During our audit, we identified inventory provisioning, specifically over raw materials, as a key audit matter due to the inherent complexity of the group's inventory provision calculations and the significant judgments made by management in determining the appropriate level of provision required. The complexity in inventory provisioning for this manufacturing group arises from a variety of factors, including the diverse range of products, the stages of production, and the estimation processes required to assess potential obsolescence. Slow-moving and obsolete inventory provision (SMOP) is generally system generated and determined with respect to the usage of the particular item of inventory over a period of time; and in the case of demonstration stock; the ageing of inventory. The system generated SMOP does not consider strategic purchases or situations where customers no longer need the product or changes in specifications. As a result, there are manual interventions incorporated into the estimate, leading to a high degree of subjectivity. The provision for raw materials in particular is significant in the subsidiaries that produce products at greater volumes. Whilst historically the annual movement in provisions held over inventory are low, the amounts cumulatively held on the statement of financial position are significant, and therefore any changes in assessments over valuations could have a material income statement impact.	We critically reviewed and challenged the assumptions and methodologies used by management in the calculation of inventory provisions, including an assessment of historical data and trends. The inputs that management has used for the assumptions and methodologies have been tested to determine whether those assumptions were appropriate. We critically challenged management's assessment of those provisions by obtaining evidence to support management's assessment. These included discussions with engineers and other members outside of the finance team, to determine any changes in the status of each of the inventory lines, including obsolescence. We have assessed the completeness over these provisions, by reviewing the subsequent sale of finished items held within year-end inventory, and reviewed items held within raw materials to ensure that they are still used within the business, and to consider whether there is evidence that an inventory provision is required. Where we have become aware of changes in the pattern of customer orders through our inquiries and other procedures performed; we have challenged management as to whether these changes in circumstances may indicate additional provisions required. We performed a retrospective review of the prior year inventory provisions held by the group, to assess the reliability of the estimation process. In addition to all of the procedures above, for certain components where ageing is used to calculate provisions, we have assessed the appropriateness of the basis of the provision. We have also reviewed these inventory provisions made by management, by agreeing the invoice date which was used to calculate the age of inventory to supplier invoices, and recalculated the provisions to determine the accuracy of the provision calculations. **Key observations:** Based on the work performed, we consider the inventory provision assessed by management to be reasonable.

Independent auditor's report to the members of Oxford Instruments plc continued

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of Group goodwill (Andor CGU) The Group's accounting estimates and policies relating to the impairment of the carrying value of goodwill are shown in the material accounting policies section ((b) and (k)) with the supporting disclosures outlined in note 13.	Management exercises significant judgement in determining the underlying assumptions used in the impairment review of the Group's cash-generating units ("CGUs"). These assumptions include the determination of the discount rate, CGU forecast performance including revenue growth, adjusted operating profit growth, and cash conversion over the measurement period. Due to increased risk factors for the Andor CGU including poor performance against budget, and the significance of the impairment charge in the year, we assessed the risk on impairment to be significant for the Andor CGU, impacting Group goodwill. Due to these factors, we considered the valuation of Group goodwill (Andor CGU) and the related disclosures to be a key audit matter.	We have performed the following procedures over the impairment assessment performed by management on the valuation of goodwill on consolidation: • We have assessed management's determination of the Andor CGU against the criteria of IAS 38. We also confirmed the carrying value of the CGU, and the allocation of goodwill and net assets of the Andor CGU to the underlying consolidation, which we have performed detailed testing on. • We have obtained, reviewed and challenged the impairment model prepared by management including confirming their arithmetic accuracy and obtaining an understanding of the assumptions included within the CGU forecasts. • With the assistance of our internal valuation experts we have reviewed and assessed the appropriateness of the post-tax weighted average cost of capital rate applied. We independently recalculated the CGU specific post-tax weighted average cost of capital rate, based on applicable gearing, risk and equity premiums and compared this to the rate used by management. • We have performed retrospective review of the performance of the Andor CGU in the current year in comparison to the budget for FY25, to inform our assessment and challenge of the assumptions applied in the forecast. • We challenged and assessed the appropriateness of the Andor CGU level FY26 budgets and the expected growth rates and cash conversion assumptions within the models through agreement to supporting documentation, for example: to confirmed orders, post year end sales, and results, and historical performance data. • We have challenged management on the assumptions used in their budgets and forecasts, applying further sensitivities to test their robustness. • Sensitivities that have been applied by management have been challenged and compared against sensitivities deemed reasonable by the audit team ensuring that the current economic environment has been taken into consideration. • We have reviewed the relevant Group disclosures to assess if the relevant assumptions and sensitivity conclusions have been correctly summarised by management based on their assessment performed. **Key observations:** We considered the judgements made by management in the impairment assessment of the Andor CGU, and the related disclosures, to be reasonable.

Independent auditor's report to the members of Oxford Instruments plc continued

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2025 £m	**2024 £m**	**2025 £m**	**2024 £m**
Materiality	**3.30**	3.50	**3.10**	3.15
Basis for determining materiality	**5% of Profit before tax**	5% of Profit before tax	**Lower of 2% of net assets and 95% of group materiality**	Lower of 2% of net assets and 90% of group materiality
Rationale for the benchmark applied	As a trading Group, profit before tax is considered to be the most relevant GAAP measure for the users of the financial statements.		Net assets is considered to be the most appropriate benchmark as the parent entity is an investment holding company and does not trade. Materiality was capped at 95% (2024: 90%) of group materiality.	
Performance materiality	**2.30**	2.28	**2.19**	2.04
Basis for determining performance materiality	**70% of materiality**	65% of materiality	**70% of materiality**	65% of materiality
Rationale for the percentage applied for performance materiality	We set performance materiality taking into account our assessment of the control environment, the history of misstatements, along with management's attitude to proposed adjustments. This has increased to 70% in the current year based on our assessment of the aggregation risk in the current year.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 5% and 95% (2024: 30% and 90%) of Group performance materiality dependent on a number of factors on the size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £0.1m to £2.19m (2024: £1.1m to £3.15m). The lower component materiality threshold in the current year relates to components where specific procedures were performed only over cash.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £100,000 (2024: £80,000) and £95,000 (2024: £70,000) for the group and parent company financial statements, respectively. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent auditor's report to the members of Oxford Instruments plc continued

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 80; • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 80; and • The Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities set out on page 80.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 144; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 71 to 72; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 69 to 78; and • The section describing the work of the audit committee set out on pages 109 to 115.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Oxford Instruments plc continued

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. These procedures were incorporated into our instructions to the component auditors for the material and significant components not audited by the Group engagement team, and the results included as part of our review of their work. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, in-house legal counsel, internal audit and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be the Companies Act 2006, the relevant tax legislations, UK Listing Rules, along with the relevant financial reporting framework (UK adopted international accounting standards, United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the bribery legislation, modern slavery and data protection.

Our procedures in respect of the above included:

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

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Independent auditor's report to the members of Oxford Instruments plc continued

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition and key areas of estimation uncertainty or judgement.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in particular in respect of the inventory provisioning, intangible assets impairment review, assumptions used in determining adjusting items, FemtoTools and First Light acquisitions review, revenue recognition of bespoke NanoScience contracts in relation to sale of QX systems, and assumptions used in determining the defined benefit pension liability;
- In response to the risk of fraud in revenue recognition, the procedures set out in the key audit matters section above; and
- Review of the consolidation and, in particular, any late journals posted at consolidated level or to the financial statements.

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

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

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

Use of our report

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

SANDRA THOMPSON (SENIOR STATUTORY AUDITOR)
For and on behalf of BDO LLP, Statutory Auditor

Reading, United Kingdom

12 June 2025

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

Historical financial summary

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Consolidated Statement of Income					
Revenue	318.5	367.3	444.7	470.4	**500.6**
Adjusted operating profit[1]	56.7	66.3	80.5	80.3	**82.2**
Intellectual property litigation settlement	(0.4)	(0.4)	–	3.3	**–**
Transaction-related costs	(0.4)	(0.4)	–	(1.0)	**(1.9)**
Impairment of goodwill	–	–	–	–	**(26.0)**
Release of provision on disposal	–	–	0.4	–	**–**
Adjustments relating to defined benefit pension schemes	–	–	–	(0.4)	**–**
WITec post-acquisition gross margin adjustment	–	(1.7)	(0.5)	–	**–**
Restructuring costs and charges associated with management changes	–	–	(0.4)	(3.7)	**(7.8)**
Intellectual property litigation costs	–	–	(0.5)	(0.4)	**–**
Impairment of capitalised development costs	(1.3)	–	(0.8)	–	**–**
Amortisation and impairment of acquired intangibles	(8.4)	(9.5)	(9.3)	(9.1)	**(9.1)**
Fair value movement on financial derivatives	6.4	(6.4)	3.0	(0.7)	**(0.3)**
Release of contingent consideration	–	–	–	–	**2.1**
Operating profit	53.0	48.3	72.4	68.3	**39.2**
Net financing (costs)/income	(0.8)	(0.7)	1.1	3.0	**0.6**
Profit before taxation	52.2	47.6	73.5	71.3	**39.8**
Income tax expense	(10.4)	(9.0)	(14.9)	(20.6)	**(13.8)**
Profit for the year	41.8	38.6	58.6	50.7	**26.0**
Adjusted profit before tax	55.9	65.9	82.0	83.3	**83.4**

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Consolidated Statement of Financial Position					
Property, plant and equipment	21.1	31.7	59.3	80.5	**85.6**
Right-of-use assets	7.3	17.9	31.4	32.4	**29.9**
Intangible assets	122.6	140.7	132.1	138.2	**121.8**
Long-term receivables	–	–	0.5	1.3	**1.0**
Deferred and current tax	3.9	(5.4)	(2.9)	(5.8)	**(2.2)**
Inventories	58.7	65.3	81.4	108.1	**99.1**
Trade and other receivables	76.0	95.8	115.2	117.2	**128.4**
Trade and other payables	(121.4)	(141.0)	(160.6)	(166.3)	**(158.3)**
Lease liabilities – current	(2.6)	(3.5)	(5.2)	(4.8)	**(4.5)**
Net assets excluding net cash	166.6	201.5	251.2	300.8	**300.8**
Cash and cash equivalents	128.0	96.4	112.7	97.8	**94.1**
Bank overdrafts	(30.4)	(8.7)	(11.2)	(12.3)	**(8.8)**
Bank borrowings	–	(1.8)	(1.3)	(1.7)	**(0.9)**
Net cash	97.6	85.9	100.2	83.8	**84.4**
Lease liabilities – non-current	(4.9)	(14.9)	(26.2)	(28.6)	**(26.7)**
Provisions	(9.4)	(7.8)	(7.6)	(6.4)	**(5.9)**
Retirement benefit obligations	16.3	51.7	26.4	16.1	**23.5**
Net assets employed/capital and reserves attributable to the company's equity holders	266.2	316.4	344.0	365.7	**376.1**

Historical financial summary continued

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Cash flows					
Net cash from operating activities	42.0	49.1	66.5	42.4	**49.1**
Net cash used in investing activities	(5.1)	(45.6)	(36.4)	(37.5)	**(27.4)**
Net cash used in financing activities	(30.5)	(15.7)	(16.6)	(18.0)	**(18.4)**
Net increase/(decrease) in cash equivalents	6.4	(12.2)	13.5	(13.1)	**3.3**

	pence	pence	pence	pence	pence
Per ordinary share					
Earnings – continuing	72.8	67.1	101.6	87.7	**44.8**
Adjusted earnings[1]	78.6	94.3	112.7	109.0	**112.4**
Dividends	17.0	18.1	19.5	20.8	**22.2**
Employees					
Average number of employees	1,619	1,878	2,027	2,244	**2,334**

1. Adjusted numbers are stated to give a better understanding of the underlying business performance. Details of adjusting items can be found in Note 2 to the Group Financial Statements.