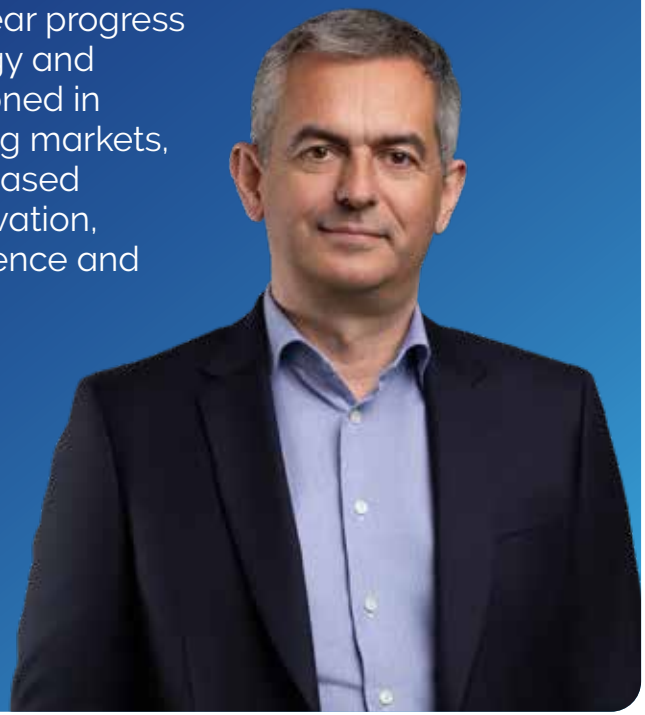
Chief Executive Officer's review

Delivering on our **strategy,** powering **future growth**

"We are making clear progress against our strategy and remain well positioned in structurally growing markets, supported by increased investment in innovation, operational excellence and our people."

RICHARD TYSON
Chief Executive Officer



A strong second half delivered a good full-year performance, slightly ahead of expectations, in a year characterised by geopolitical uncertainty, as we responded to external challenges with agility and strong strategic and operational execution. Given the H2 trajectory, the significant growth opportunity in compound semiconductors, and the strategic actions taken since 2024, we are confident in our ability to deliver attractive growth and create value in FY27 and beyond.

Despite the macro challenges in the early part of the year, the Group delivered order growth of 8.0% on an organic constant currency (OCC) basis. This growth is underpinned by the strength of our high margin, diversified Imaging and Analysis (I&A) portfolio, and the expanding opportunities within the compound semiconductor market for our Advanced Technologies (AT) division, where order intake has grown by 28.1%.

Revenue returned to growth in the second half (up 1.3% OCC), finishing the year 3.0% lower than last year following the disrupted first half. Adjusted operating profit rebounded markedly, growing 15.4% in H2 versus H2 FY25, with the full year ending just 1.6% behind last year.

Order intake
£450.4m
(2025: £423.4m)

Revenue
£423.2m
(2025: £443.4m)

Adjusted[1] operating profit
£73.7m
(2025: £79.5m)

Adjusted[1] organic constant currency operating margin
18.2%
(2025: 17.9%)

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

Chief Executive Officer's review continued

Gross margins increased by 70 basis points, driven mainly by the I&A division, where our restructuring of the Belfast cameras and microscopy business has delivered significant savings, and together with tight cost control has allowed us to grow our continuing operations full-year adjusted operating margin on an organic constant currency by 30 basis points to 18.2%, despite absorbing 80 basis points of stranded cost following the NanoScience divestment.

I am extremely proud of all my colleagues who have not only taken such effective action to mitigate and manage geopolitical volatility, but have also continued to drive forward the strategy we set out in 2024, building a more commercial and operationally focused business, better able to deliver sustainable future growth.

Imaging & Analysis returning to growth

We acted quickly in **our Imaging & Analysis (I&A) division**, which was most impacted by the tariff and funding disruption to orders and revenue in the first half, as customers sought to clarify funding sources and delayed placing orders. We repriced our open order book, adjusted our manufacturing footprint, and sought new funded market opportunities to restore the business to growth. Our response, coupled with the division's exposure to structurally resilient end markets, helped this division to deliver an improving growth rate every quarter. Order intake grew 8% in H2, and full-year orders closed 1.3% OCC up for the year. As a result of the profit improvement actions taken in our cameras and microscopy business, and improved operational execution, adjusted operating margin improved 120 basis points on an already strong prior year. This margin improvement offset a 3.0% decline in revenue and delivered divisional operating profit growth of 2.3%.

Strong order momentum in Advanced Technologies

Advanced Technologies (AT) delivered 28.1% CC order intake growth, with the second half order intake growing over 30%, and our year-end orderbook closing up 27% versus the prior year. Following receipt of a significant multi-year order in April 2026, the current AT order book materially covers planned revenue for FY27, with orders now extending into FY28. The investment thesis behind the £75m investment in our state-of-the-art, purpose-built facility at Severn Beach, now fully operational, is playing out as planned. The significant growth in data centres has driven high demand for compound semiconductor chips for optical data switching and early positioning for power applications. Orders for these datacomms applications have grown more than 200% in FY26, mainly from large high-volume commercial manufacturers who now make up more than 50% of our order volume. We are also seeing healthy growth momentum in micro LED and lens etchings related to the development of augmented reality (AR) and virtual reality (VR) glasses.

Our Unity detector has contributed to our strong orders performance in Imaging & Analysis

The weighting of order book growth to the second half, and of product mix towards larger, multi-chamber systems being ordered by volume production customers, means we have seen later flow through into revenue growth than expected, and are seeing this order momentum convert into revenue and operating profit in H1 FY27.

NanoScience successfully divested

In January 2026 we completed the sale of NanoScience, the quantum-focused business within our AT division. This divestment enabled us to crystallise the performance improvement delivered in FY25, achieving a strong value outcome for shareholders. Whilst the divestment has left stranded cost in the Group to be absorbed by the remaining divisions[1], the Group's FY25 restated adjusted operating margin increased by 150 basis points as a direct result of the sale. The divestment has brought greater focus and predictability to the AT division, allowing us to allocate capital with greater confidence. It has also further simplified the Group, including reducing our site footprint, and releasing management time to focus on higher value growth opportunities.

Recovering cameras and microscopy business

As we described in our FY25 Annual Report, our Belfast-based cameras and microscopy business has struggled to maintain market share in recent years in a declining healthcare and life sciences market. We took decisive, but difficult action to address the competitiveness and the margin structure of the business. This included a 20% reduction in workforce, new leadership, a shift in product strategy towards higher contributing lines, and increased investment in both new products and production facilities, including a full clean room upgrade in April 2026.

1 Stranded costs refer to central costs that were previously charged to the NanoScience business, and remain within the Group post-divestment. These costs are now borne by the remaining I&A and AT divisions.

Chief Executive Officer's review continued

I am pleased to say we are seeing the benefits of these actions, including improved operating margins, higher productivity and lower inventory levels which delivered an extra £5.6m in cash flow. Most importantly we have seen increased orders from OEMs. With a book to bill for these product lines of 1.05, we are moving into FY27 with confidence in the growth prospects for the business.

Customer-centric commercial model

Changes to our operating model have been instrumental in the year's strong recovery. Our regional teams, fully connected to customers and to local market dynamics, are now primarily responsible for driving order growth, while business units, based at our operational facilities, focus on developing market-leading products and software, and ensuring effective delivery. We have realigned our sales teams and increased resources to enable them to build deeper and broader relationships with key customers, with a capability to sell products from across our portfolio. As part of this change to our structure, we have strengthened our presence in Europe, the Middle East, Africa and India (EMEAI), creating a dedicated EMEAI regional leadership team under a regional president, as we have already done successfully in the US and China, and by combining regional teams for Japan and the rest of Asia. The changes made in EMEAI are already having a positive impact, with double digit order growth in the region.

Experience has proved that customers are more likely to order an Oxford Instruments product if they have an opportunity to experience its capabilities in action, in a high technology setting. The prime example of this is the Severn Beach facility, where we are able to demonstrate the capabilities of our equipment on customer wafer samples, in one of Europe's leading clean room settings. However, we are also bringing our I&A tools closer to customers by investing in new demonstration suites in growing markets in Asia, key centres in the US, and our primary regional office in Germany.

Service as a driver of growth and margin opportunity

Service is playing an increasingly important role in our ability to drive high-margin revenue growth, and this will remain a key focus area in FY27. Service revenue now accounts for 18.8% of Group revenue, up from 15.9% in FY23, prior to the launch of our customer-first strategy, as we seek to improve customer experience by delivering support that is faster, more capable and more locally responsive. Service initiatives under way include upskilling employees to support a wider range of systems, improving availability of parts and loan/exchange units, and beginning to introduce local repair centres, as well as adopting new systems to track targets and drive improvements.

The provision of service in commercial settings, where product uptime and rapid issue resolution are critically important to high-volume manufacturers, has been a key focus area in the year. We are now able to offer a higher level of service on a contracted basis for key commercial customers, providing 24/7 on-site support for large, complex installations. Globally, tailored packages now allow customers to choose the elements of service which add most value for them, ranging from preventative maintenance to rapid response on-site repairs.

This targeted focus on delivering first-class customer service has supported a 7.7% uplift in service orders year on year, with scope for further growth in FY27, with standardised reporting highlighting opportunities for improvement across regions, and improved mapping of our installed base supporting increased opportunities to target warranty sales.

Building an operational excellence culture

Our operational excellence programme – OpEx30 – is a fundamental component of our strategy. It is not only aimed at impacting near-term financial performance, but also as a catalyst for transforming the culture of Oxford Instruments to one of disciplined, data-driven execution. First deployed at our Belfast site in 2024, the programme has expanded to all our major UK sites, with impressive results. In Belfast, we have seen a 60% increase in camera productivity and a 30% reduction in customer repair times. In Severn Beach, we have achieved a 40%+ reduction in build time for one of our atomic layer deposition systems, the Plasma Pro ASP. The programme is staffed by a mix of highly experienced operations leaders and key talent at an earlier stage in their careers. We now have a body of experience and lessons learned enabling us to accelerate the impact of the programme in new sites.

A beneficiary will be our compound semiconductor facility in Severn Beach, where our experience of made-to-order configuration processes in our NanoScience business has direct relevance, as we strengthen our production capabilities and supply chain to address current and future growth.

A new customer demonstration centre in Seoul enables us to showcase our technology in person

Chief Executive Officer's review continued

Strategic sourcing

A strategic approach to managing our supply chain has become even more important in the context of geopolitical uncertainty, inflationary headwinds, and a step change in growth trajectory in our AT business. Led by our Chief Operating Officer and the global sourcing team, we have been very active in ensuring greater resilience in our supply chain to support future growth through dual sourcing, strategic supplier relationships, and long-term inventory planning. We continue to work to mitigate this risk in line with our overall risk appetite. The work carried out to mitigate the impacts of geopolitical uncertainty, including rare earth supply challenges, has delivered lasting benefits, in terms of long-term expansion of the supply base and improved commercials for our UK manufacturing sites Separately, the team's forward planning for universally required components for I&A improved security of supply and avoided £1m of inflationary cost.

So far, the current energy crisis has not had a material impact on our cost base, with energy costs typically representing less than 1% of revenue at our UK sites, which have the highest energy consumption in the Group, and which will benefit from hedged pricing contracts over the next six to 12 months. However, we will expect to see second order impacts filter into our supply chain. Where we have faced inflationary pressures, we have worked to secure the best deals we can, and have found sources of value in taking a more global approach to sourcing, moving on from a legacy of individual business units making individual buying decisions. During FY26 the sourcing team has generated a £1m annual saving and improved service by consolidating logistics partners.

Looking forward, our procurement and engineering teams are working closely together to drive forward a value engineering agenda, designing out cost and complexity from key product lines, positively impacting product contribution margins. Significant savings have been achieved on new product launches: most notably, c.£7k per unit was shaved from the cost of components for a recent product launch, generating a 5%+ gross margin improvement versus near-final designs and thereby enabling a competitively priced market position.

Sustained commitment to innovation and R&D

Innovation remains at the heart of Oxford Instruments. Recognising that our differentiated technology is a key source of strength for Oxford Instruments, we have invested almost £40m in R&D in FY26, representing 8.8% revenue (2025: 8.7%). We are also proud of our academic heritage and the continued strong links we have into academia around the world, which help to ensure we are at the forefront of new analytical techniques and new applications for our technology. In I&A, our long-term growth has come from delivering the best products in the world, but also from making these products more accessible to less expert users in both academic and commercial settings, significantly expanding our addressable market. Today, our R&D priorities for this division include continuing to develop our highly regarded software interface to encompass our full analytical suite of tools, providing greater functionality and ease of use. We are also investing in incorporating AI further into our products, accelerating analysis and decision making for our customers. We continue to successfully bring new products to market, with a particular focus on our camera portfolio, where we are incorporating new sensor technologies and software tools to ensure we remain leaders in this area. Recognising the significant opportunities in semiconductors for our I&A division, as well as AT, we are also investing more to adapt our tools to fit seamlessly into high-volume chip manufacturing environments.

In AT, we work closely with our customers to understand future market needs and ensure we have a product development roadmap in place to meet them. High-volume manufacturing customers in particular want confidence not only that we can meet their requirements today, but that we can grow and innovate with them to support their growth plans. A clear example is the need to ensure our equipment can continue to accommodate larger wafer sizes, as customers seek to drive economies of scale. We are committed to working with our customers over the long term and are ensuring we are allocating sufficient capital to R&D in these areas.

We have launched a number of new products in I&A, while in AT's compound semiconductor business we have created new and improved processes and semiconductor 'recipes' to maintain our leading edge and support our customers' roadmaps. Developments across both divisions are covered in more detail in the divisional overviews below.

The principles of maintaining and developing new leading-edge capabilities, combined with increasing ease of use, are common to the whole Group's R&D programme.

Given our strong net cash position, and the opportunities for long-term growth in both divisions, we plan to incrementally increase our cash investment in R&D in FY27, to capture more of our growth opportunities, recognising that innovation is a key organic growth engine for Oxford Instruments. Key areas of focus include:

- adapting our metrology equipment to better suit a semiconductor production environment, and supporting our customers to move to larger wafer sizes,
- broadening the scope of our software and integrating further AI capabilities; and
- refreshing our camera lines and exploring further OEM integration.

Chief Executive Officer's review continued

Strong progress on Group medium-term actions

	Medium-term target	FY24	FY26	Future
Revenue growth	5–8% organic growth CAGR	3-year CAGR 12.1%	3-year CAGR (3.4%)	Life science recovery Commercial investments Service growth
Group margin	20%+	17.1%	18.2%	AT growth – operating leverage Belfast return to growth Service revenues
ROCE	>30%	29.1%	28.2%*	Steps back to range with profit growth Focus for future investments
Cash conversion	>85%	64%	89%	Improvements in working capital Pension buy out
Investment in R&D	8–9% revenue invested	8.3%	8.8%	Periodic investing in additional growth opportunities
M&A	Selective M&A	Acquired First Light Imaging and FemtoTools	Disposal of NanoScience	Disciplined approach to opportunities, ensuring they meet investment thresholds

* Ex NanoScience

Progress on medium-term goals

In 2024 we set out our key medium-term financial goals:

- Organic revenue growth of 5–8% CAGR
- Adjusted operating margin improvement to 20%+
- Cash conversion of over 85%
- Continuing to invest in growth, including 8–9% on R&D
- Strong return on capital employed (30%+)
- Selective acquisitions bringing complementary capabilities

As set out above, we are investing in R&D aligned to our target range of 8–9% of revenue. Our adjusted operating profit margin continues to improve, from 16.4% in FY25 to 18.2% in FY26, supported by the divestment of NanoScience, restructuring in our cameras business, and a greater focus on operational excellence. Despite the 130bps of currency headwinds since 2024, we remain confident in our medium-term margin goal of 20%.

This reflects the benefit of the actions taken in Belfast, supply chain and operational efficiency initiatives, and the operating leverage benefit expected from a growing AT division, for which we are now guiding to a margin range of 12–15%, up from the 10–12% set out in 2024. Cash conversion also remains high at 89% for FY26 and has averaged 85% over the last three years. We remain confident that average cash conversion over the medium term will be at or above our goal of 85%.

Challenging trading in Q1 of FY26, together with currency headwinds in recent years, has meant revenue growth since FY24 has been below our target range on a reported basis, and this is reflected in our FY23 to FY26 compound annual growth rate (CAGR) of 3.4%. However, with a return to growth in I&A in H2 of FY26, and a very strong order book in AT, we remain confident in our medium-term organic revenue CAGR goal of 5%–8%.

Our return on capital employed (ROCE) goal is to deliver above 30%. Excluding NanoScience, we delivered a reported ROCE of 28.2%. Given the progress being made, and the expected future growth profile of the business, we still expect to see an average ROCE above 30% over the medium term, even with our additional organic investment plans.

The outcomes we have achieved in such a challenging year reinforce our confidence in our ability to achieve these mid-term targets.

Disciplined capital allocation

With £94.0m net cash at the end of the year, our balance sheet is strong, providing us with resilience and the flexibility to invest to drive future returns. As anticipated, cash conversion was strong in H2, with full-year cash conversion at 89%, and free cash flow is anticipated to accelerate through FY27, as the business grows, restructuring costs fall away, and following the cessation of contributions to our defined benefit pension scheme.

Our primary capital allocation priorities remain as follows:

- **Organic investment,** encompassing:
  - R&D, to which we remain committed to investing 8%–9% of revenue; and
  - capital investment in organic growth opportunities, where the basis for investment is increased returns, rather than simply maintaining the capital base.

  We see a number of growth investment opportunities in FY27 in both I&A and AT, and we plan to allocate more capital to these next year.
- **Dividend:** our dividend programme, through which we are returning £13.0m to shareholders in FY26. Subject to ratification by shareholders at the Annual General Meeting, we intend to increase the dividend by 6.3% to 23.6p per share, reflecting our confidence in long-term growth.

Chief Executive Officer's review continued

- **M&A:** After allocating free cash flow to organic investment and dividends, any remainder will be considered for allocation to inorganic growth and margin opportunities. We continue to actively review M&A opportunities, primarily focused on our I&A division. However, we are disciplined in our approach to assessing these opportunities to ensure they provide clear strategic advantages and meet our investment returns threshold.
- **Additional capital returns to shareholders:** We will consider additional capital returns via further share buy backs if surplus capital remains once the three avenues above have been explored.

Since successfully executing two smaller acquisitions, First Light Imaging and FemtoTools in 2024, we have considered capital returns as delivering greater value to shareholders. We announced the company's first buyback programme in June 2025 for £50m and extended it further to £100m in November. Over the course of the year, we deployed £62.2m of capital to share buybacks, and will continue to execute on this programme into FY27.

Positioned in structurally growing markets

We remain confident in the structural growth potential of our three primary markets: **materials analysis, semiconductors** and **healthcare & life science**.

Materials analysis, which remains our largest market segment at £178m revenue, rebounded from the disruption of H1 to achieve strong order growth up 5.5% OCC in H2, demonstrating broad-based demand for our capabilities. Full-year orders were broadly in line with the prior year.

Here, customers use our technology to understand, test and improve the properties of materials across a wide range of markets, from the development and analysis of advanced, structural and energy-efficient materials including metals, alloys and polymers, through the production life cycle to quality control, in areas such as automotive and food. Environmental applications such as geology and microplastics analysis are also reported in this segment.

Revenue growth in materials analysis applications has lagged orders, down 4.4% OCC year on year following the tariff and US academia-related disruption of Q1, but with a strong recovery in H2 following the pattern of order intake.

We have delivered strong order growth in **semiconductors**, up 28.1% CC. This was largely driven by the 28% CC order intake growth in our AT compound semiconductor business; however, we also achieved 12.7% OCC growth in I&A semiconductor orders. As semiconductor design and manufacture reshoring programmes take place, customers are increasingly using our Imaging & Analysis metrology tools for quality control in final assembly, among other tasks.

In Advanced Technologies, our strategy is to focus on multiple areas of potential demand across data communications, augmented reality, power electronics and quantum. In FY26 this has underpinned strong orders and a growing pipeline as our expertise generates demand from our target volume manufacturers, notably resulting from the following developments:

- The full capacity build-out in response to growth in generative AI applications and the associated demand for data, which requires a step change in the performance and cost-effective manufacturing of data communication devices with laser optics.
- The evaluation of future power chip requirements using gallium nitride for data centres, electric vehicles and next generation consumer electronic devices, as customers test the technology in a production setting ahead of scaling.
- Corporate R&D to test cost-effective volume manufacturing potential of augmented reality glasses.

With our longstanding expertise, we are well placed to address the current demand for new material science to support the development of the properties of compounds on semiconductors. As well as advancing our customers' capabilities in these and other areas, we play a vital role in supporting efficient and robust wafer production, enabling the cost of each wafer to be reduced.

For further detail on compound semiconductor market dynamics, see the Advanced Technologies divisional overview on pages 20 to 23.

Revenue for the semiconductor segment was £136m, 62% of which was generated by AT, and 38% by I&A. H2 saw significant growth in both divisions; however, the timing of order receipt in AT, and the lead times associated with the increasing number of orders for volume production, combined with the Q1 tariff disruption in I&A, has led to a lag in receipt of revenue, with full-year revenue down 3.3% at constant currency versus prior year, again tracking order intake patterns.

The early signs of recovery in **Healthcare & Life Science** signalled at half year have continued into the remainder of the year, with 7.5% OCC order growth in H2 in the Imaging & Analysis division as a whole and 12% OCC order growth in our Belfast cameras and microscopy facility, as well as an increasing use of our atomic force microscopy equipment in this market. Healthcare & Life Science revenue was broadly level at £71.6m, down 0.9% OCC year on year, with £73.9m of orders giving a full-year book to bill of 1.03, reflecting positive momentum into FY27.

Other markets represent £37m of revenue, of which the largest portion stems from quantum applications across both divisions.

Chief Executive Officer's review continued

Imaging & Analysis

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

Orders
£317.3m
(2025: £318.6m)

Revenue
£314.7m
(2025: £330.5m)

Key highlights

Imaging & Analysis	2026	2025[1]	growth	OCC growth[2]
Order intake	**£317.3m**	£318.6m	(0.4%)	+1.3%
Revenue	**£314.7m**	£330.5m	(4.8%)	(3.0%)
Adjusted operating profit[3]	**£70.9m**	£73.2m	(3.1%)	+2.3%
Adjusted operating profit margin[3]	**22.5%**	22.1%	40bps	
OCC adjusted[3] operating margin	**23.3%**	22.1%		+120bps
Statutory operating profit	**£59.0m**	£37.8m		
Statutory operating margin	**18.7%**	11.4%		

1 FY25 restated to classify NanoScience as a discontinued operation.
2 For definition refer to note above.
3 Details of adjusting items can be found in Note 2 to the financial statements.

The I&A division brings together the Group's extensive capabilities in imaging and analysis, where we offer highly sophisticated, but relatively small-scale scientific instruments, paired with bespoke software, to a wide range of customers from academic research institutions to commercial R&D teams and volume manufacturers. The division generates strong margins and runs on a shorter order cycle than our Advanced Technologies division, where we typically sell larger scale capital equipment with longer lead times and structurally lower, albeit growing, margins.

Chief Executive Officer's review continued

Imaging & Analysis market dynamics

We have a strong divisional presence in each of our three main markets: materials analysis, semiconductors and healthcare & life science. The primary drivers of each are set out in 'Positioned in structurally growing markets' above.

Divisional performance in **materials analysis** was resilient, with a strong rebound from H1 disruption into H2, to end the year with orders broadly flat, down 0.5% CC and revenue down 3.4% OCC.

Demand for **semiconductor-related** applications was strong, with orders growing by 12.7% OCC, while revenue was down 0.9% OCC against a strong prior year comparator.

We are able to showcase our metrology capabilities to an increasing range of volume manufacturing customers via our compound semiconductor facility in Severn Beach, where we have installed a full range of Imaging & Analysis products in our state-of-the-art cleanroom, which is aiding conversion of prospects to orders.

Following early signs of order stabilisation over the past two reporting periods, the **healthcare & life science segment** has returned to order growth in H2.

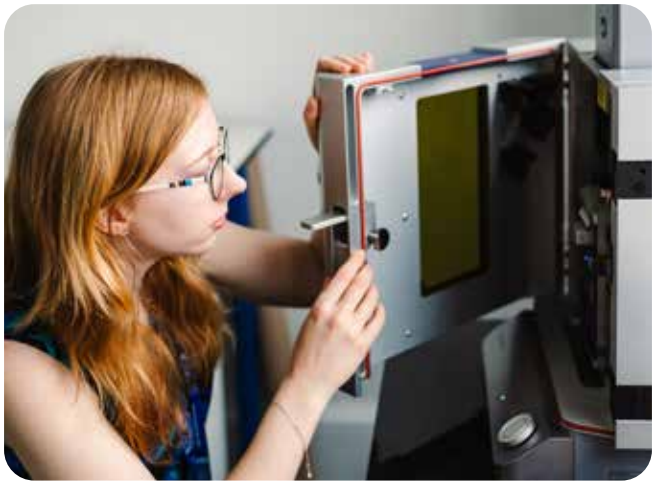
We saw sustained order momentum from the start of the second half, ending H2 7.5% OCC up versus prior year and with a 29% uplift in system sales for BC43, our flagship confocal microscope. Healthcare & life science revenue was 0.9% OCC behind prior year.

Our increasing exposure to commercial customers has enhanced the resilience of the division, with growth in commercial R&D orders of 18% year-on-year more than offsetting a reduction in pure academic demand.

Increasing traction with commercial customers has also underpinned our strong recovery in China, where divisional orders were up 14% CC year on year following our pivot to new sources of funding.

Strategic and operational progress

As set out earlier in this review, the start of the year was disrupted by tariffs and uncertainty in US academic funding, resulting in a slower order flow and lower revenue in H1. However, the actions we have taken to restore order growth and manage costs, combined with the underlying strength of our market positions, and improving markets, enabled us to deliver a strong recovery in the second half, as anticipated.



We showcase our Imaging & Analysis metrology products at our Severn Beach facility

At the start of the year, we accelerated the progress of our 'Made in China' project, through which we now manufacture some of our detectors through a supply chain partner in China. This has helped to protect market share for these products, which are not strategically sensitive, in the context of increased appetite for locally produced products. We have also shifted production of some of our atomic force microscopes from Santa Barbara in California to Ulm in Germany, and moved some nanoindentation production from Zurich in Switzerland to our High Wycombe base. Both of these initiatives, completed in the second half of the year, have increased flexibility for customers as well as helping us achieve operational efficiencies, fulfilling the order book at pace.

Our swift actions in the face of US federal budget uncertainty, pivoting to new funding markets, primarily in commercial settings, have contributed to our resilient performance.

As detailed in 'Recovering cameras and microscopy business' above, our Belfast facility has been a further key focus area this year. Here, our OpEx programme continues to deliver increased productivity and quality and, more timely delivery to customers and significant inroads into repair backlogs. Progress on our OEM strategy is also encouraging, with a key OEM partner returning to Oxford Instruments from a competitor, an important framework order for cameras won with a large manufacturer, and discussions under way with a number of existing partners.

Chief Executive Officer's review continued

However, significant work and relationship building is required to achieve our full potential, and OEM partnerships will continue to be a primary focus area for FY27.

Continued investment in innovation is central to our growth plans fro I&A. New launches this year include:

New launches in Imaging & Analysis this year include:

- an easier-to-use extension to our atomic force microscopy range, which delivers excellent capabilities at a more attractive price point relevant for certain customer types, extending our market reach; this has been well received by customers, supporting strong early order intake and broadening our addressable market among both academic and commercial users;
- a significantly updated benchtop nuclear magnetic resonance instrument which has enabled us to regain technology leadership in the space;
- a new in operando high-speed nanoindenter suited to industrial settings rather than lab conditions, developed by our team in Zurich who joined as part of the acquisition of FemtoTools in 2024;
- a new suite of high-speed, high-resolution, visible light and UV scientific cameras created by the team that joined Oxford Instruments as part of the acquisition of First Light Imaging in 2024; and
- a refreshed core Raman microscope line with a groundbreaking new spectrometer, which together offer customers greater speed, ease-of-use and flexibility in obtaining research-grade results.

Across the year's launches, customer feedback and early order patterns reinforce our confidence in the commercial relevance of our innovation pipeline.

In August 2025 we shipped our first 'Made in China' XPlore detector to a customer in China

We were delighted to be awarded the Institute of Physics' Business Innovation of the Year award for our revolutionary Unity detector, which combines backscatter electron microscopy with X-ray to create detailed analysis of samples at a scale and pace not previously feasible.

We have also made good progress with the development of new products to be launched in FY27, including an extension to our range of scientific cameras, as set out in 'Sustained commitment to innovation and R&D' above.

Chief Executive Officer's review continued

Advanced Technologies

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

Orders
£133.1m
(2025: £104.8m)

Revenue
£108.5m
(2025: £112.9m)

Key highlights

Advanced Technologies	2026	2025[1]	growth	CC growth[2]
Order intake	**£133.1m**	£104.8m	27%	28.1%
Revenue	**£108.5m**	£112.9m	(3.9%)	(3.2%)
Adjusted operating profit[3]	**£2.8m**	£6.3m	(55.6%)	(47.6%)
Adjusted operating profit margin[3]	**2.6%**	5.6%	(300bps)	
Operating profit margin OCC[3]	**3.0%**	5.6%		(260bps)
Statutory operating profit/(loss)	**£1.5m**	£0.7m		
Statutory operating margin	**1.4%**	0.6%		

1 FY25 restated to reclassify NanoScience business as a discontinued operation.
2 For definition refer to note on page 3.
3 Details of adjusting items can be found in Note 2 to the financial statements.

The Advanced Technologies division has a different profile from Imaging & Analysis, primarily selling much lower product volumes of larger-scale complex capital equipment for the compound semiconductor market. Our compound semiconductor business represents more than 90% of the division's revenue, with the remainder in our small components business specialising in X-ray tubes.

Chief Executive Officer's review continued

Compound semiconductor market dynamics

The market is currently in a phase of strong growth, driven primarily by surging demand for high-performance electronics in applications such as the hyperscale data centres needed to support growth in AI. Additionally, the shift toward electrification and renewable energy systems is accelerating adoption, as these materials enable smaller, faster, and more energy efficient power devices compared with traditional silicon.

Market insight from Yole Group indicates that the size of the overall semiconductor capital equipment market is c. $130bn with a CAGR of 10–12%. Compound semiconductor, which represents the majority of AT's business and therefore the majority of Oxford Instruments' activity at Group level, accounts for c. $10bn of that figure, growing rapidly and with an expanding number of applications.

Our own current positive momentum is underpinned by our expertise in, and our strategic focus on, select key markets with strong opportunity, such as power, datacomms, micro LED and augmented reality, where we know we can add value through our leading technology and partnerships with our customers.

As major semiconductor manufacturers ramp up production optoelectronics applications for data centres to support AI applications, our differentiated capabilities are attracting an increasing portfolio of reference customers, who use our equipment to fabricate laser transceivers. These include a significant and ongoing partnership with global advanced chips manufacturer Coherent Corp. to support its 6" indium phosphide fab ramp for AI data centres in Europe and the US, with several orders placed in FY26.

Post year-end, the business received a significant long-term purchase agreement from a US customer for a number of large, fully automated etch and deposition systems to be delivered over the latter part of FY27 and into FY28, aligned with the customer's fab build out. This order exemplifies the shift we have made from a relatively small-scale academic R&D specialist to become a strategic partner of many of the world's leading technology companies. The growing demand for our capabilities is testament to over 40 years of specialist expertise which have enabled us to develop market-leading capabilities in our chosen niches.

We have also been chosen by a leading provider of optoelectronic components to install a number of large, fully automated etch and deposition systems as it rolls out new manufacturing capacity to support the need for high-speed data transceivers. With existing customers, we see three primary drivers for sustained engagement:

- repeat orders to support capacity requirements, where we are the process of record;
- the opportunity to cross sell, both in terms of processes for next-generation devices and for 'commodity' applications, where production cost is key; and
- the capacity of our new facility which allows us offer highly competitive lead times on occasions where this makes a material impact on our ability to win orders.

Gallium nitride (GaN) power electronics applications, which enable customers to increase power and drive efficiency in applications including onboard automotive chargers, consumer devices and AI servers, are a further focus area for the business. With this market in the positioning stage, we continue to see strong customer interest in piloting and validating applications for future production.

Micro LED is a further future growth area, currently in a corporate research stage as customers explore the feasibility of future consumer technology. Advances in process technology are enabling more cost-effective manufacturing of micro LEDs which is critical for market adoption and unlocking new end market applications, such as display applications where high brightness and small emitter size are required. We are already working with globally recognised customers to advance their technology roadmaps for products such as augmented reality glasses, in applications including meta lenses, wireless charging and 3D sensors. We received a £10m micro LED order from a single customer in FY26, marking the business's largest ever order to that point (superseded since by the major multi-year optoelectronics order for data centres referenced above).

We also continue to play a role in the transition of quantum technology from academic research to corporate R&D, providing products and applications to support the fabrication of qubits, and the acceleration of capabilities in quantum sensing and quantum communications. We recently won a significant order from Rigetti to supply atomic layer etch capabilities to its dedicated quantum fab in California.

The silicon carbide market remains weak globally. However, we continue to be active in the sector, and are focusing on applications that enable next-generation devices, winning a small number of orders in the period.

Across our process portfolio, the combination of our deep expertise in our chosen niches, and the differing life cycle stage of each technology ramp, provides us with strong growth opportunities stretching well into the medium term, and protection against overconcentration on a single market area. Demand indicators are very positive, with a record pipeline of qualified compound semiconductor opportunities even after accounting for the significant order growth in FY26, and growing visibility of customers' fab ramp roadmaps.

Chief Executive Officer's review continued

Strategic and operational progress

As set out in 'NanoScience successfully divested' above, we divested our Oxford-based quantum-focused business at the beginning of January 2026. This strategic divestment crystallised the value of the business following its return to profitability and, as intended, will enable us to devote full management focus to maximising the division's opportunity for profitable growth amid tailwinds in the compound semiconductor market.

We also completed the move to our new compound semiconductor site during the year, giving us scope to increase capacity by 3x versus our legacy site at Yatton, in North Somerset. Following the transfer of tools via a phased programme over the summer of 2025, the Yatton site was sold in early September for £4.8m.

We are now focusing on maximising the benefits of our ISO 5-standard cleanroom and increased production capacity as we prepare to execute on our order book for FY27. Our new cleanroom dramatically increases our ability to demonstrate our IP and capability in a 'customer-equivalent' fab environment which improves our success rate in order conversion.

We continue to generate efficiencies by streamlining our product portfolio. More than 90% of system orders (up from 75% in FY25) were generated from sales of three core platforms – Plasma Pro, IonBeam and ALD (atomic layer deposition) – with modular assembly carried out in dedicated bays. The production of fully automated and larger production systems has grown significantly as a proportion of overall system orders year on year, supporting our strategy of growing our reach within compound semiconductor production markets.

Our new state-of-the-art Severn Beach facility is optimised to facilitate growth

A team from our OpEx programme has been embedded at the site since January 2026 to support the business' growth trajectory. The first phase of the programme has focused on:

- optimising clean room planning, prioritisation and operational execution;
- optimising front end operations in sales and engineering;
- improving sales, inventory and operational planning; and
- streamlining manufacturing operations by implementing lean methodologies and more modular builds.

Addressing these areas will support improved scheduling of production which is now feasible given our increased order book visibility, as well as helping to ensure that we extract full value from the new clean room. Good initial progress has been made, exemplified by a doubling of demonstration forecast visibility, ensuring that the most impactful demonstrations are prioritised, and a 40% reduction in build time on Plasma Pro ASP systems. A second phase of the programme is now getting under way.

Chief Executive Officer's review continued

Customer service is an important contributor to our current and future growth, with service contracts increasingly sold alongside systems (including, this year, our largest ever service contract at €1.4m). The business has achieved 34% year-on-year growth in service orders as we work to support the 24/7 uptime requirements of our high-volume production customers, including the introduction of a higher level of service whereby customers can have a dedicated representative embedded on site for all service needs.

As part of our commitment to maximising our customers' use of our technology, we have opened a dedicated technical training suite at Severn Beach, where customers can pursue in-depth hands-on training covering system operation, process optimisation, troubleshooting, and maintenance.

Positive impact and progress to net zero

Our products support a range of positive outcomes across our chosen market segments. Environmental examples include the contribution made by our compound semiconductor solutions to the development of more power-efficient data centres, as global demand for data grows ever larger; and the use of our materials analysis tools and software to facilitate the creation and optimisation of more sustainable materials, reducing the need to use finite resources. Elsewhere, our imaging and equipment and software are used by customers to research and develop improved treatments for cancer and other diseases. We are committed to running our own operations sustainably and supporting the wellbeing and career development of our employees.

Following last year's Science Based Targets initiative (SBTi) validation of our ambitious net zero targets and the publication of our transition plan, in FY26 we have focused on putting our plans into action. We are making good progress, with a 25% year-on-year reduction in Scope 1 and 2 emissions versus our 2024 baseline, and positive engagement with suppliers as we begin to address our Scope 3 emissions. We were pleased to achieve a B rating again in CDP's climate change assessment, reflecting our commitment and action in this area, and also to have our supplier engagement recognised by CDP with an A- rating.

The talented teams driving our progress

My thanks, and those of the whole Board, go to our talented and committed teams around the world. In a year of significant external disruption, combined with structural and operational changes within the business, they have maintained focus throughout, responding with flexibility, pace and creativity to support our customers and each other. I am extremely proud and privileged to work with such exceptional people, and grateful for their ongoing commitment as we work together to achieve Oxford Instruments' full potential.

Our second externally benchmarked global employee survey, carried out in April and May of 2026, saw Oxford Instruments achieve a 'One to Watch' rating from Best Companies, recognising that this is a good place to work. We will continue to build on our progress to ensure that Oxford Instruments remains a rewarding environment in which to build a fulfilling career.

Summary and outlook

Strong strategic progress and an effective response to market headwinds led to a good full-year performance, despite significant disruption in the first half. This is down to a combination of the agility and hard work of my colleagues and the continuing structural demand for our market-leading solutions, across a diversified portfolio.

Management initiatives in Imaging & Analysis, particularly within our Belfast-based imaging business, where we restructured the cost base and sharpened our product focus, drove a stronger second-half performance. The division enters the year ahead well positioned, benefiting from organic investment and good strategic progress.

In Advanced Technologies, our updated strategy, market-leading compound semiconductor technology and commercial focus have generated a record orderbook, providing revenue visibility in FY27 and into FY28. We are focused on executing this significant opportunity to drive sustainable profitable growth.

Whilst the macroeconomic and geopolitical environment remains uncertain, we are making clear progress against the strategy set out in 2024 and remain well positioned in structurally growing markets, supported by increased investment in innovation, operational excellence and our people.

With a strong order book, a robust balance sheet and clear priorities, we are confident in our ability to deliver attractive sustainable growth and value for all our stakeholders in the new financial year and beyond.

RICHARD TYSON
Chief Executive Officer
8 June 2026