Accelerating breakthroughs

Oxford Instruments plc

Annual Report 2025

OXFORD INSTRUMENTS

About this report
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Our Purpose

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

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

We provide academic and commercial organisations worldwide with market-leading scientific technology and expertise across our key market segments: Materials Analysis, Semiconductors, and Healthcare & Life Science.

Innovation is the driving force behind our growth and success, supporting our core purpose to accelerate the breakthroughs that create a brighter future for our world.

We hold a unique position to anticipate global drivers and connect academic researchers with commercial applications engineers, acting as a catalyst that powers real world progress.

Visit our investor centre on our website to view the rest of our reporting suite:
www.oxinst.com/investors-hub

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2025 highlights

Strong **performance** with **significant growth**

Strategic actions drive strong revenue and profit growth, together with margin progression.

Adjusted financial highlights[1]

Revenue

£500.6m
(2024: £470.4m)

+6.4%

% change organic constant currency (OCC)[2]

+6.5%

Adjusted operating profit

£82.2m
(2024: £80.3m)

+2.4%

% change OCC

+10.8%

Cash conversion[3]

89%
(2024: 64%)

Adjusted basic earnings per share

112.4p
(2024: 109.0p)

+3.1%

Adjusted operating profit margin

16.4% (70bps)

Organic constant currency profit margin

17.8% +70bps
(2024: 17.1%)

Net cash[4]

£84.4m
(2024: £83.8m)

1 Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, business reorganisation costs, other significant non-recurring items, and the mark-to-market movement of financial derivatives. A full definition of adjusted numbers can be found in the Finance review, pages 37 to 44 and Note 2, pages 161 to 162.
2 References to year-on-year movements and margin percentages are shown at OCC or constant currency (CC) as appropriate. Constant currency numbers are prepared on a month-by-month basis using the translational and transactional exchange rates which prevailed in the previous year rather than the actual exchange rates which prevailed in the year. Transactional exchange rates include the effect of our hedging programme.
3 Normalised cash conversion measures the percentage of adjusted cash from operations to adjusted operating profit, as set out in the Finance review.
4 Net cash includes total borrowings, cash at bank and bank overdrafts but excludes IFRS 16 lease liabilities.
5 Proposed dividend per share, to be confirmed at the annual general meeting on 28 July 2025.

2025 highlights continued

Statutory financial highlights

Revenue	Operating profit margin	Basic earnings per share
£500.6m	7.8%	44.8p
(2024: £470.4m)	(2024: 14.5%)	(2024: 87.7p)
+6.4%	(670bps)	(48.9%)

Operating profit	Profit before taxation	Dividend per share for the year (proposed)[5]
£39.2m	£39.8m	22.2p
(2024: £68.3m)	(2024: £71.3m)	(2024: 20.8p)
(42.6%)	(44.2%)	+6.7%

2025 highlights continued

Financial and operational highlights

- Revenue exceeds £500m for the first time, up by 6.5% at OCC[2]
- Good growth in semiconductor and materials analysis, offsetting continued weakness in healthcare & life science
- Strong performance across North America, Asia and Europe, with successful pivot to new markets in China, now complete
- Double-digit revenue growth from commercial customers (c. 50% of revenue, up from 45% in 2024) as we leverage our strength in our priority technologies, from academia to commercial and applied R&D
- Adjusted operating profit of £82.2m, up 10.8% OCC, and adjusted operating profit margin of 17.8% OCC, up 70bps, supported by operational efficiencies and new, simplified Group structure
- Imaging & Analysis: OCC margin 24.7%, up 60bps – in the upper range of medium-term guidance, reflecting early results in strategic action, and despite market headwinds in life science holding back growth and operating leverage
- Advanced Technologies: constant currency margin of 4.5%, up 360bps – fix and improve action plan on track, with continued double-digit growth in compound semi business scaling and quantum returned to profitability
- Robust demand and resulting orderbook provide good visibility for year ahead
- £84.4m net cash (2024: £83.8m) after £15.4m acquisition consideration; normalised cash conversion improved to 89% from 64% in 2024
- FX headwind of £8.5m on adjusted operating profit, largely due to USD weakening
- 6.7% increase in the total dividend to 22.2p (2024: 20.8p)[5]

See page 03 for notes 2 and 5.

Sale of quantum business and £50m share buyback programme launched

- Binding agreement to sell NanoScience, the Group's quantum business, for consideration of £60m, of which £3m deferred. One-off transaction costs expected to be £2m–£3m
- Enables the Group to focus on businesses with strong growth and margin characteristics where it is best placed to deliver value for shareholders
- Accelerates progress to deliver the Group's medium-term margin targets
- Strength of balance sheet and proceeds from the sale of NanoScience enable up to £50m share buyback programme which will commence shortly

At a glance

We are a **leading provider** of **scientific technology** and expertise to academic and commercial **partners worldwide**

+2,200
Employees

27
Base locations

23
Countries from which we operate

What we do

We develop and manufacture market-leading imaging, analysis and fabrication tools that accelerate new scientific breakthroughs. Our technology and market insight place us in a unique position to anticipate global drivers and connect academic researchers with commercial applications engineers, acting as a catalyst that powers real world progress.

Our divisional structure

Imaging & Analysis

Microscopy, cameras, analytical instruments and software

Advanced Technologies

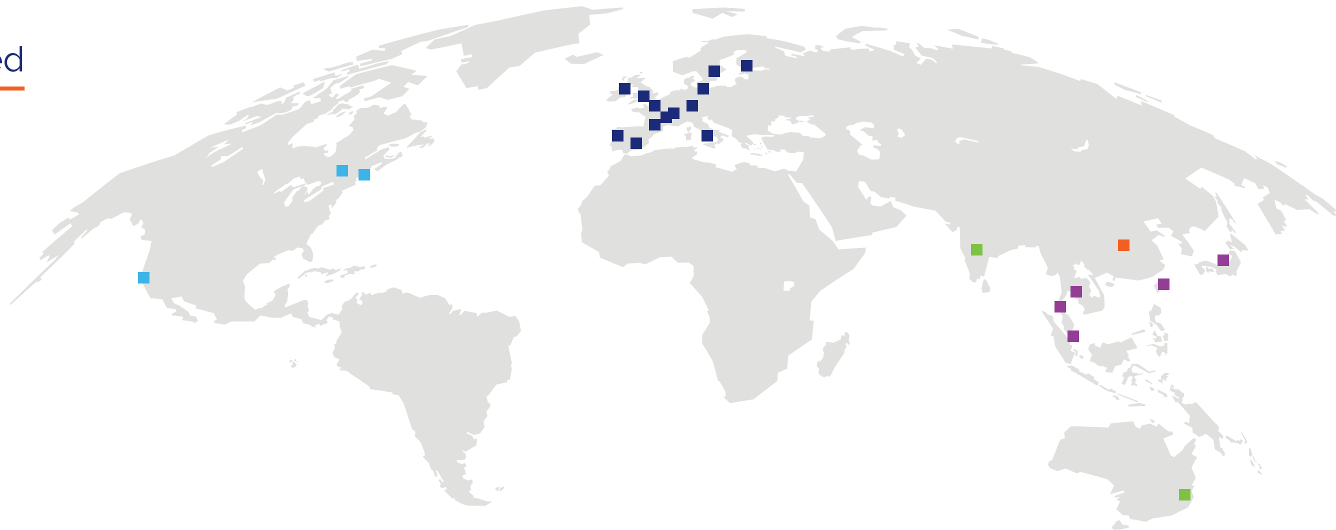
Compound semiconductor fabrication equipment, cryogenic and superconducting magnet technology and X-ray tubes

Revenue split by sector

Imaging & Analysis	£330.5m
Advanced Technologies	£170.1m

For further details / Pages 15 to 18

At a glance continued



Where we operate

We sell products and services all over the world, employing more than 2,200 people across 27 bases in 23 countries.

Revenue by region

EMEA-I	£134.9m
North America	£154.5m
China	£107.2m
East and Southeast Asia	£100.5m
Rest of world	£3.5m

Who we work with

We work with thousands of academic and commercial organisations in three key structural growth markets.

Revenue by market

Materials analysis	£203.7m
Semiconductor	£144.8m
Healthcare & life science	£78.3m
Other markets, including quantum	£73.8m

Our purpose-led approach

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

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

Powering our ambition

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

Driven by our strategy

- Deliver strong **growth through 'customer first'** ways of working
- Deliver a step **change in operational performance** (delivery, quality, efficiency)
- **Simplify** the organisation, **increasing collaboration** and **accountability**
- **Continue to invest** in **new technology** and **products, protecting** and **enhancing** our **core strengths**
- Embed our **values and ways of working** so that they are **lived every day**
- **Reach net zero** in our own operations by 2030 and contribute to **global sustainability**

Our strategy for growth / **Pages 29 to 32**

Our purpose-led approach continued

Delivering for our key end markets

Materials analysis

Market drivers

Supporting advanced material development and sustainability progress, with improved performance from finite resources

Semiconductor

Market drivers

Supporting growth in bandwidth, connectivity and faster devices; power efficiency and the greening of the economy

Healthcare & life science

Market drivers

Supporting development of improved treatments & vaccines at lower cost, and personalised medicine & therapies

Our key structural growth end markets / **page 25**

Creating value for our stakeholders

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

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

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

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

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

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

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

Underpinned by our values

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

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

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

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

Chair's statement

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

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

NEIL CARSON
Chair

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

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

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

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

Our people delivering positive change

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

Chair's statement continued

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

Sustainability

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

Board changes in the year

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

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

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

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

Parting ways with NanoScience

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

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

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

Dividend

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

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

Looking ahead

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

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

NEIL CARSON
Chair

12 June 2025

Chief Executive Officer's review

Excellent performance with significant progress on strategic priorities

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

RICHARD TYSON
Chief Executive Officer

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

Orders

£463.7m
(2024: £459.1m)

Revenue

£500.6m
(2024: £470.4m)

Adjusted[1] operating profit

£82.2m
(2024: £80.3m)

Adjusted[1] organic constant currency operating margin

17.8%
(2024: 17.1%)

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

Chief Executive Officer's review continued

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

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

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

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

Positive strategic and operational progress

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chief Executive Officer's review continued

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

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

Driving a step change in operational performance and productivity

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

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

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

Execution of our regional pivot

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

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

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

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

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

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

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

Chief Executive Officer's review continued

Positioned in structurally growing markets

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

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

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

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

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

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

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

Focusing on our key strengths

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

£203.7m
Materials analysis revenue, +3.4% CC

£144.8m
Semiconductor revenue, +16.4% CC

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

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

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

Chief Executive Officer's review continued

Imaging & Analysis

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

Imaging & Analysis market dynamics

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

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

Key highlights

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

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

Chief Executive Officer's review continued

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

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

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

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

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

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

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

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

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

Strategic and operational progress

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

Over the course of the year, we have integrated five materials analysis businesses under one leadership team.

This has facilitated a degree of delayering, resulting in £1.9m of cost efficiencies as well as streamlining processes. We have also developed a shared innovation roadmap for the division, enabling us to target new product development based on the Group's strategic goals rather than at a business unit level.

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

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

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

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

Chief Executive Officer's review continued

Advanced Technologies

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

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

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

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

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

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

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

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

Key highlights

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

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

Chief Executive Officer's review continued

Compound semiconductor operational developments and market dynamics

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

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

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

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

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

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

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

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

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

Quantum operational developments and market dynamics

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

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

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

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

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

Chief Executive Officer's review continued

Capital allocation priorities

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

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

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

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

Positive impact and progress to net zero

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

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

Benefits of integration

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

Chief Executive Officer's review continued

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

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

Talented global workforce addressing strategy

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

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

A new chapter for NanoScience

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

Leadership changes

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

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

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

Summary and outlook

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

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

RICHARD TYSON
Chief Executive Officer

12 June 2025

Reasons to invest

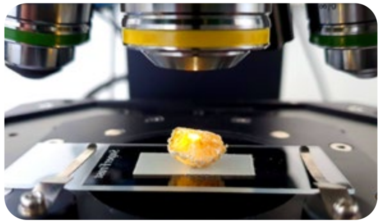
Exceptional technology and software in attractive structural growth markets with significant **value creation potential**

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

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

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

Reasons to invest continued



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

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

See Sustainability report / Pages 45 to 68

Exceptional technologies and unique expertise provide high value add to customers

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

See CEO review / Pages 11 to 20

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

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

See CEO review / Pages 11 to 20

Strong financial profile supports investment in growth and innovation

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

See Finance review / Pages 37 to 44

Clear opportunities to accelerate growth and enhance margins

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

CEO review / Pages 11 to 20

Our business model

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

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

Explore

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

Resilient market with diversified funding

Find out more / Pages 11 to 20

Develop

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

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

Find out more / Pages 11 to 20

Produce and test

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

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

Find out more / Pages 11 to 20

Our business model continued

Through a new, simplified divisional structure for the Group

Imaging & Analysis

2025

66%
of Group revenue

93%
of Group profit

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

Capabilities include:

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

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

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

Advanced Technologies

2025

34%
of Group revenue

7%
of Group profit

Manufacturing sites in the UK and US

Capabilities include:

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

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

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

Our business model continued

Across three key structural growth end markets

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

Materials analysis

41%
of Group revenue*

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

Find out more / Pages 11 to 20

Semiconductors

29%
of Group revenue*

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

Find out more / Pages 11 to 20

Healthcare & life science

16%
of Group revenue*

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

Find out more / Pages 11 to 20

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

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

Our business model continued

How we add value:

To our customers

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

To our people

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

To our shareholders

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

To our planet

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

Outcomes:

Revenue

£500.6m

+6.5% at organic constant currency

Adjusted operating profit

£82.2m

+10.8% at organic constant currency

Adjusted EPS

112.4p

2024: 109.0p

Return on capital employed

27.1%

How we invest our capital:

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

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

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

Engaging with our stakeholders

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

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

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

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

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

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

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

Engaging with our stakeholders continued

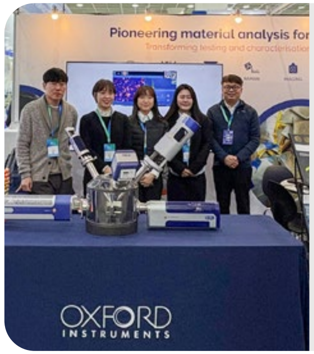
Promoting the success of the company for the **benefit** of all stakeholders

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

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

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

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

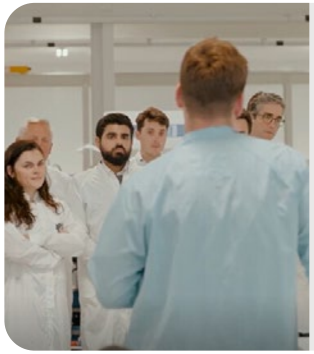


Customers

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

Employees

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



Shareholders

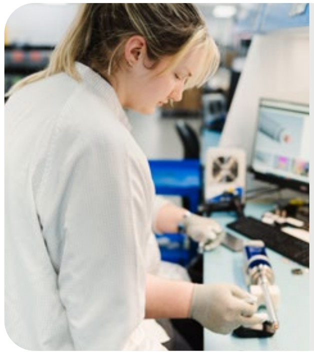
Delivering strong growth and shareholder returns promotes the long-term sustainable success of the company

Suppliers

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

Local communities

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



Society

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

Our strategy for growth

Our purpose

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

Our opportunity

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

Our ways of working

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

Medium-term KPIs

Enhance growth, margins and returns:

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

Our ambition

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

Our strategic priorities

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

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

Our strategy for growth continued

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

8%

order growth in China as we target industrial customers

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

+60%

productivity enhancement

Our strategy for growth continued

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

£1.9m
efficiency savings in Imaging & Analysis to date

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

8.2%
revenue invested in R&D

Our strategy for growth continued

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

'One to Watch'

Rating from Best Companies

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

Progress in 2024/25

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

Focus for 2025/26

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

Strategy in action

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

B

CDP score for 2024

Our strategy in action

Case study

Successfully growing our Raman business

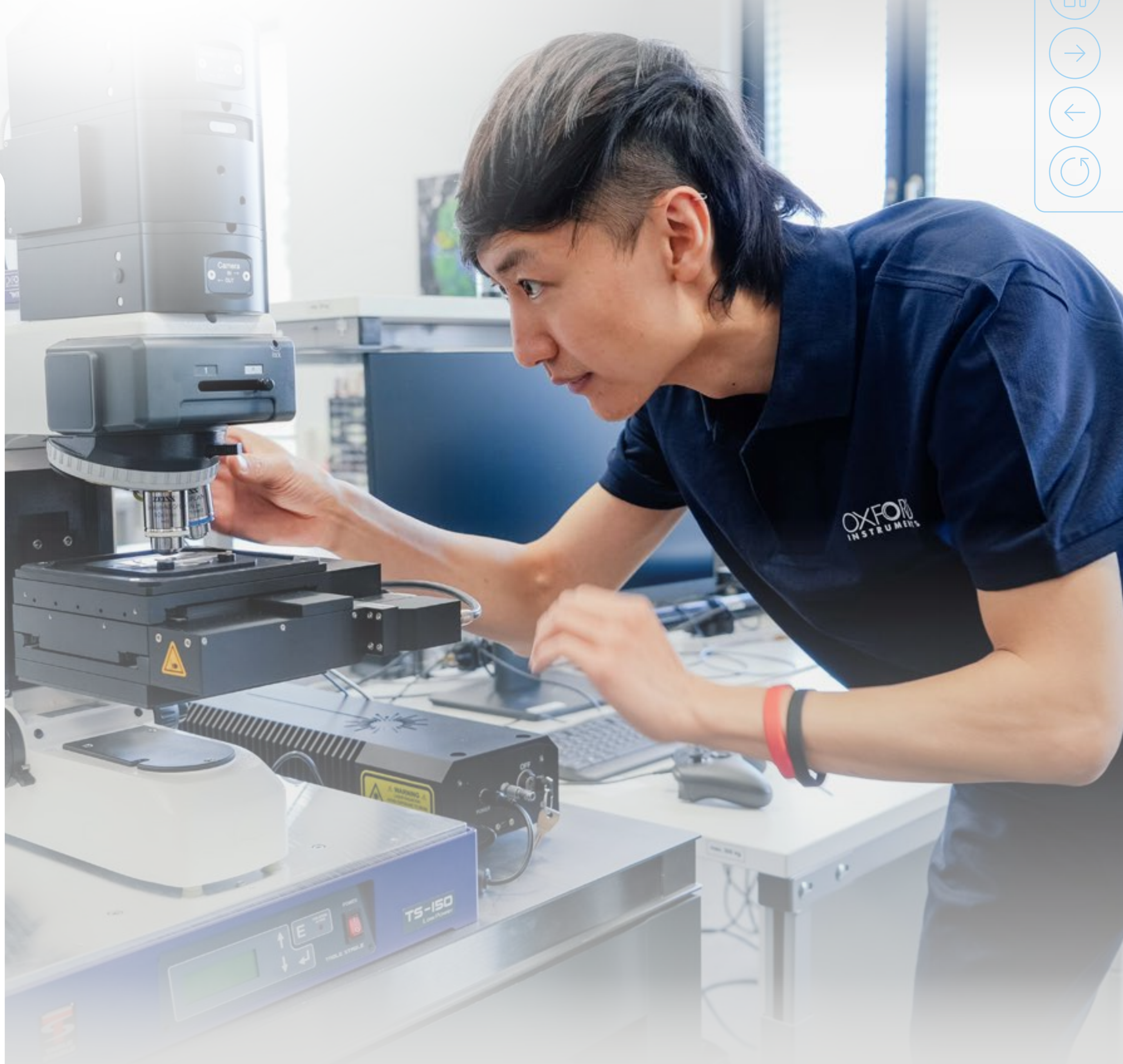
Links to strategy

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

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

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

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



Raman has achieved strong revenue growth

+18% CC

Momentum is accelerating with strong order growth

+47% CC

Our strategy in action continued

Case study

Ramping up to meet growing demand

Links to strategy

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

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

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

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

Strong qualified pipeline of opportunities

£500m+

Double-digit order growth on track with plans

13%

Key performance indicators

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

Measuring our performance

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

Financial KPIs

Revenue growth (%)

6.5% organic constant currency

24/25 **6.5%**
23/24 5.8%
22/23 21.1%

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

Adjusted earnings per share (EPS) growth (%)

3.1%

24/25 **3.1%**
23/24 (3.3)%
22/23 19.5%

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

Cash flow conversion (%)*

89%

24/25 **89%**
23/24 64%
22/23 88%

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

Adjusted operating profit margin (%)

16.4% reported

24/25 **16.4%**
23/24 17.1%
22/23 18.1%

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

Return on capital employed (ROCE) (%)

27.1%

24/25 **27.1%**
23/24 29.1%
22/23 35.2%

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

* Normalised.

Key performance indicators continued

Strategic KPIs

Investment in R&D (%)

8.2%

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

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

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

Value added (#)

1.54

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

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

Why we measure: To measure efficiency.

Absolute carbon emissions (Scope 1 and 2) tCO_2e

3,886

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

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

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

Carbon emissions intensity (tCO_2e per £m revenue)

7.76

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

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

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

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

Non-financial KPIs

Employee engagement

'One to watch'

rating awarded by Best Companies

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

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

Serious injuries (#)

0

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

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

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

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

Finance review

Very positive step forward towards our medium-term financial goals

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

PAUL FRY
Chief Financial Officer

Revenue

£500.6m
(2024: £470.4m)

Adjusted operating profit

£82.2m
(2024: £80.3m)

Adjusted operating profit margin

16.4%
(2024: 17.1%)

Normalised cash conversion

89%
(2024: 64%)

Finance review continued

Key highlights

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

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

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

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

1. Orders

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

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

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

Finance review continued

2. Revenue

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

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

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

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

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

Geographic revenue growth

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

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

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

1 CC growth excluding NanoScience +11.3%.

3. R&D

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

4. Adjusted operating profit and margin

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

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

Finance review continued

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

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

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

5. Adjusting items

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

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

6. Net finance income

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

7. Taxation

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

8. Earnings per share

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

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

9. Currency

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

Finance review continued

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

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

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

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

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

10. Balance sheet

Intangible assets

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

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

Property, plant and equipment

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

Working capital

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

Pensions

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

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

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

Finance review continued

11. Cash and liquidity

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

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

The Group Consolidated Statement of Cash Flows is summarised below:

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

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

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

Finance review continued

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

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

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

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

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

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

12. Dividend

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

13. Return on capital employed (ROCE)

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

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

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

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

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

Return on invested capital (ROIC)

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

Finance review continued

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

Subsequent events

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

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

Capital allocation

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

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

Forward-looking statements

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

PAUL FRY
Chief Financial Officer

12 June 2025

Sustainability

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

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

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

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

Environment

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

For more information / Pages 47 to 51

Social

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

For more information / Pages 61 to 66

Governance

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

For more information / Pages 67 and 68

Sustainability continued

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

Our products contribute toward the following goals:

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

Our sustainability ratings

CDP climate change:
B

ISS:
C-

MSCI ESG Ratings:
AA

S&P:
37
(82nd percentile)

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

Introduction

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

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

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

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

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

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

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

Sustainability – environment

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

Strategy and targets

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

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

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

Overall net zero target

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

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

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

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

Transition plan to net zero

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

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

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

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

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

Sustainability – environment continued

Streamlined Energy and Carbon Reporting (SECR)

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

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

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

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

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

GHG emissions (tCO_2e)

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

Sustainability – environment continued

Energy consumption (kWh)

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

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

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

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

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

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

Sustainability – environment continued

Scope 3 emissions

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

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

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

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

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

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

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

Sustainability – environment continued

Environmental management and legislation

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

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

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

Water and waste

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

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

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

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

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

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

Sustainable product development

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

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

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

Sustainability – TCFD statement

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

Introduction

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

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

Compliance statement

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

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

Sustainability – TCFD statement continued

Governance

Board level

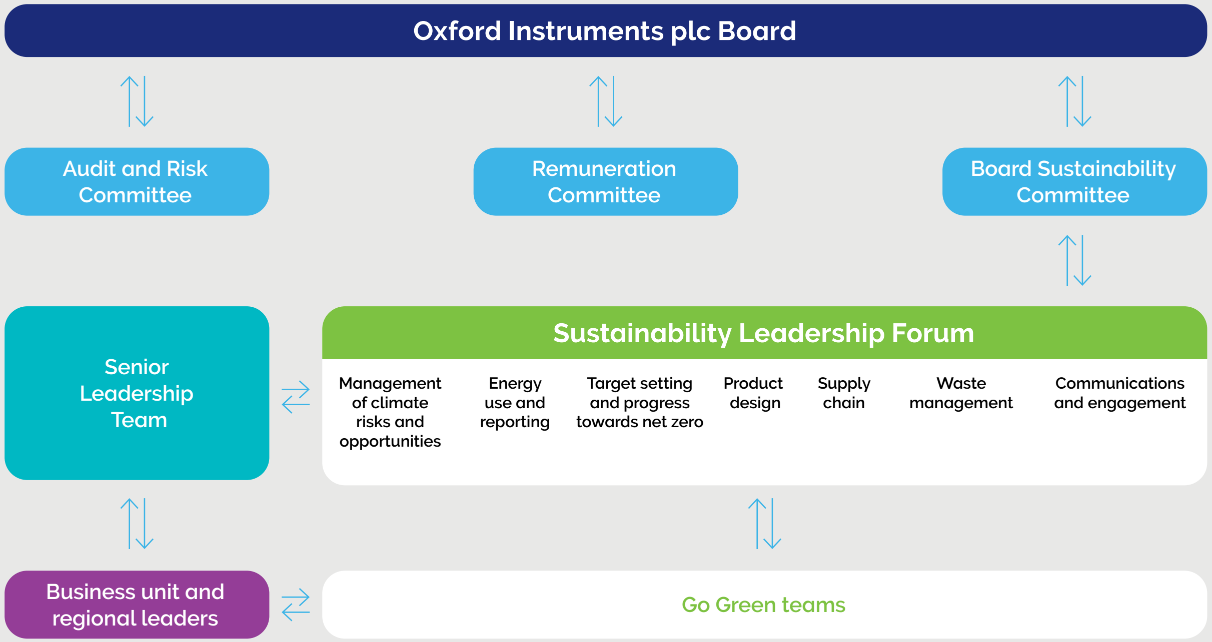
The Board of Directors has ultimate responsibility for the oversight of climate change-related issues and is supported by its Committees (primarily the Sustainability Committee, the Audit and Risk Committee and the Remuneration Committee), the Senior Leadership Team, the Sustainability Leadership Forum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

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

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

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

Climate-related governance framework



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

Sustainability – TCFD statement continued

Management level

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

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

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

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

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

Risk management

Our process for identifying and assessing climate-related risks

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

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

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

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

Financial impact[2]

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

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

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

Sustainability – TCFD statement continued

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

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

Strategy

Climate-related risks and opportunities

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

Transition risks and opportunities

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

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

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

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

Sustainability – TCFD statement continued

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

Transition risks and opportunities

Transition risks identified

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

Sustainability – TCFD statement continued

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

Transition risks identified continued

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

Transition opportunities identified

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

Sustainability – TCFD statement continued

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

Transition opportunities identified continued

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

Sustainability – TCFD statement continued

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

Physical risks

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

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

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

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

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

Sustainability – TCFD statement continued

Impact on strategy and financial planning

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

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

Resilience of the organisation's strategy to climate change

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

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

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

Metrics and targets

Climate-related metrics

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

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

Climate-related targets

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

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

Sustainability – social

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

Our social sustainability agenda

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

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

Culture, values and engagement

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

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

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

Our ways of working

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

Our values

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

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

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

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

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

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

Sustainability – social continued

Creating an inclusive workplace

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

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

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

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

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

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

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

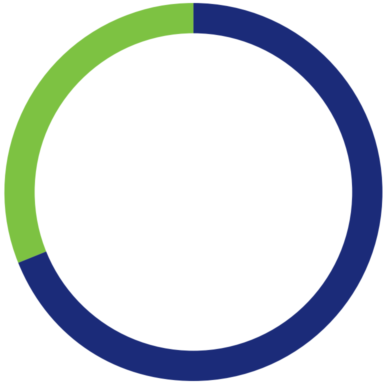
Our inclusive approach to recruitment includes the use of technology to ensure that the language used in job advertisements is free from bias. We operate a hybrid working policy which helps employees to balance work and personal commitments. We also offer support and, where appropriate, special leave,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

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

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

Sustainability – social continued

New employees in FY2024/25 by gender



Male	71%
Female	29%

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

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

Gender split

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

Gender split by region

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

Sustainability – social continued

Health, safety and wellbeing

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

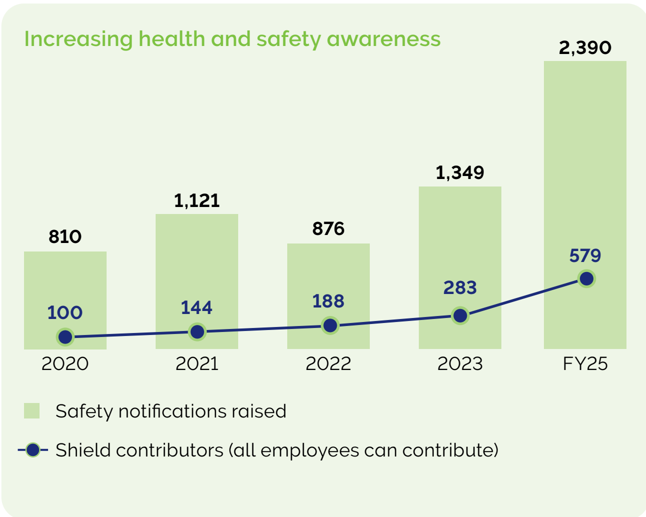
The Board is responsible for oversight of our approach to H&S, supported by the Sustainability Committee.

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

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

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

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



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

Sustainability – social continued

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

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

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

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

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

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

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

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

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

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

Employee turnover rates

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

Employee numbers

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

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

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

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

Sustainability – social continued

Investing in our people

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

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

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

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

Next-generation talent

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

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

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

Community impact

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

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

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

Case study

Supporting the next generation of **STEM leaders**

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

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

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

Sustainability – governance

Upholding high ethical standards

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

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

Our governance sustainability agenda comprises eight key areas

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

1 Anti-bribery and anti-corruption

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

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

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

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

2 Sanctions, export control and customs

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

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

3 Inside information and share dealing

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

4 Supply chain responsible sourcing

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

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

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

Sustainability – governance continued

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

5 Human rights and modern slavery

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

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

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

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

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

6 Intellectual property and confidentiality

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

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

7 Data protection, data privacy and data security

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

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

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

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

8 Financial sustainability and tax transparency

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

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

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

Audit, risk and internal control

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

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

Priorities during financial year ended 31 March 2025

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

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

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

Risk governance framework

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

Operational management

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

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

Internal audit and assurance function

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

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

Audit and Risk Committee

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

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

Board

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

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

Risk management continued

Internal control

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

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

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

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

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

Risk management continued

Risk management process

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

Alignment with strategy

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

Evaluation of risk

Careful consideration is given to:

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

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

Mitigation implementation

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

Risk review

An embedded, cyclical process review:

i) determination of principal risks and uncertainties; and

ii) the effectiveness of the implemented mitigation mechanisms.

Emerging risks

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

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

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

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

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

Risk management continued

Principal risks and uncertainties

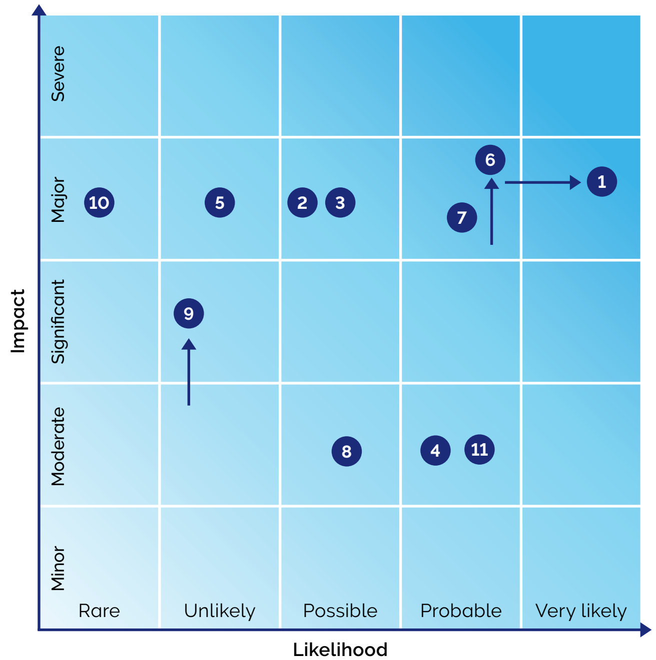
Principal risks are reported and discussed at every meeting of the Audit and Risk Committee. We generally consider that principal risks are those which could have a significant adverse impact on the Group's business model, financial performance, liquidity or reputation. The Audit and Risk Committee also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

Principal risks and uncertainties matrix

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

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

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



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

Risk management continued

1 Geopolitical

Change in the year: ↑

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

2 Operational transformation

Change in the year: =

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

Risk management continued

3 Supply chain

Change in the year: =

Context:

The Group operates a global supply chain, sourcing from many suppliers across a wide range of categories. For certain technologies, there are limited alternative sources. Disruption may be triggered by global events such as conflict, natural disaster, geopolitical developments or a pandemic.

Risk

- Operational disruption or price increases, due to supply chain shortages, particularly in electronic components.
- Suppliers de-committing orders due to their inability to supply as a result of internal production issues.
- Change of supplier ownership resulting in loss of supply.
- Regulatory changes or economic viability causing suppliers to discontinue production, impacting the long-term availability of key components.

Possible impact

- Short-term delays or hiatus in our production arising from component shortages.
- Poor customer service.
- Reputational damage.
- Lost revenue.
- Downward pressure on margins.
- Increased lead times and potential of being unable to fulfil orders.
- Increased stock holding adversely impacting cash conversion.

Control mechanisms

- Sales and operational planning process.
- Group strategic sourcing programme to consolidate demand and manage key supplier risks.
- Sourcing of alternative options and/or buffer stocks in relation to high-risk suppliers.
- Long-term contracts with key suppliers.

Mitigation

- Strategic, selective and diversified supplier base.
- Long-term demand planning.
- Buffer stock in extended supply chain.
- Relationship management with key suppliers.
- Responsive and adaptive engineering change process.

4 Routes to market

Change in the year: =

Context:

In some instances, the Group's products are components of higher-level systems sold by original equipment manufacturers (OEMs), and thus the Group does not fully control its route to market.

Risk

- Vertical integration by OEMs.
- Key relationships with OEMs fail or are diminished.

Possible impact

- Loss of key customers/routes to market.
- Reduction in sales volumes and/or pricing and lower profitability.

Control mechanisms

- Customer insight to match product performance to customer needs.
- Positioning of the Oxford Instruments brand and marketing directly to end users.

Mitigation

- Strategic relationships with OEMs to promote the benefits of combined systems.
- Product differentiation to promote advantages of Oxford Instruments' equipment and solutions.
- Direct marketing to end users.

Risk management continued

5 New Product Introduction (NPI)

Change in the year: =

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

6 Macroeconomic

Change in the year: ↑

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

Risk management continued

7 Cyber/information technology

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
Elements of production, financial and other systems rely on IT availability.	• Cyber-attack on the Group's IT infrastructure. • Ransomware/spread of viruses or malware.	• System failure/data loss and sustained disruption to production operations. • Loss of business-critical data. • Delays in making payments to employees and suppliers. • Financial and reputational damage. • Data privacy breach.	• Suite of IT protection mechanisms including firewalls, penetration testing, regular backups, virtual machines and cyber reviews. • External IT security consultants. • Internal IT governance to maintain protection systems and our incident response. • Employee awareness training.	• Managed service with third-party security specialists providing incident monitoring. • Regular review, monitoring and testing of key security measures to assess adequacy of protection against known threats. • Upgrade of enterprise resource planning (ERP) and other internal systems. • End user education and phishing simulation exercises.

8 Legal and regulatory compliance

Change in the year: =

Context:	Risk	Possible impact	Control mechanisms	Mitigation
The Group operates in a complex and evolving technological, legal and regulatory environment, particularly in areas such as export controls and product compliance. In addition, competitors may seek to protect their position through enforcement of intellectual property (IP) rights and the Group may at times experience unintentional legal, regulatory or IP compliance issues.	• Infringement of a third party's intellectual property. • Legal or regulatory breach.	• Potential loss of future revenue. • Future royalty payments. • Payment of damages. • Fines and non-financial sanctions such as restrictions on trade, exclusion from public procurement contracts. • Reputational damage. • Breach of contract with a third party. • Potential loss of suppliers if they cannot meet requirements that need to be flowed down into supply agreements.	• Formal 'Freedom to Operate' assessment to identify potential IP issues during product development. • Internal control framework including Code of Conduct policies, procedures, risk assessments and training in risk areas such as bribery and corruption, sanctions, export controls, modern slavery, market abuse and data protection. • Specialist compliance teams, supported by external advisers. • Internal and external audits. • Whistleblowing hotline. • Supplier excellence programme.	• Confirmation of 'Freedom to Operate' during new product development stage gate process. • Compliance training, communications and monitoring programmes for key compliance risks. • Regular reviews of policies, procedures and risk assessments. • Channel partner de-risking project.

Risk management continued

9 People and capability

Change in the year: ↑

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

10 Business interruption

Change in the year: =

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

Risk management continued

11 Climate change

Change in the year: =

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

Viability statement

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

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

Scenario testing

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

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

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

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

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

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

RISK AREA
2. Supply chain, macroeconomic, climate change

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

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

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

RISK AREA
4. Business interruption

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

Viability statement continued

Methodology

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

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

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

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

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

Conclusion

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

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

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

Going concern statement

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

Approval

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

RICHARD TYSON
Chief Executive Officer
12 June 2025

Non-financial information statement

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

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

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

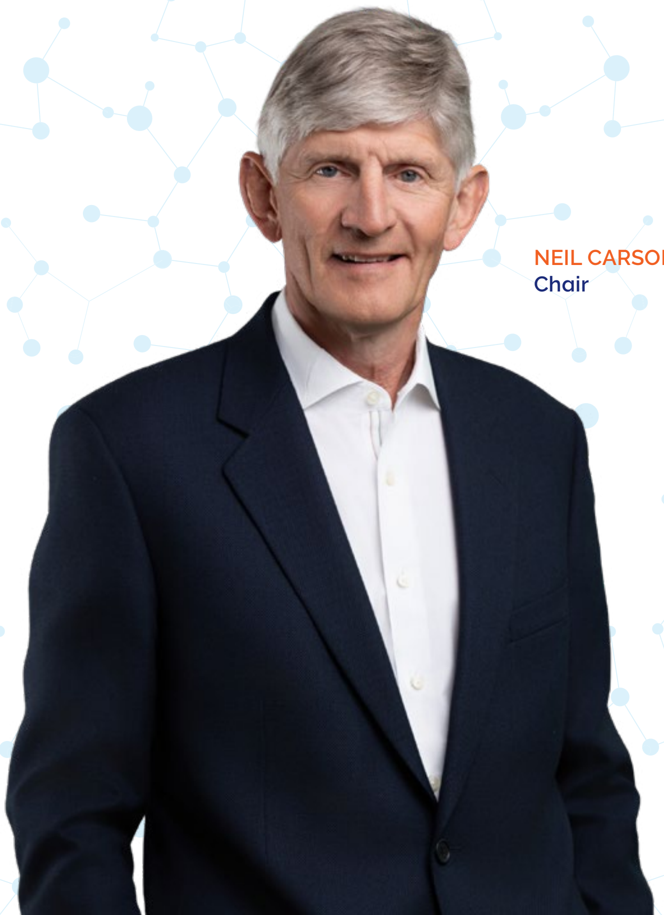
The Directors' Report is approved by the Board and signed on its behalf by

LOUISE MEADS
Interim Company Secretary
12 June 2025

Governance

Chair's overview

Promoting the **sustainable success** of the company



NEIL CARSON
Chair

Governance highlights

- Paul Fry joined the Board as Chief Financial Officer on 1 April 2025, following a robust appointment process.
- Rowena Innocent joined the Board as a Non-Executive Director, effective 17 February 2025, and will serve as a member of the company's Audit and Risk, Nomination, Remuneration and Sustainability Committees.
- Oversight of significant progress with the execution of the redeveloped strategy and purpose.
- Gained meaningful insights through our programme of employee engagement activity.

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Governance Report for the year ended 31 March 2025. This report describes our governance structures and procedures, summarises the work of our Board and its Committees during the year and illustrates how our responsibilities have been discharged. We recognise that the Board's fundamental role is to promote the long-term sustainable success of the company and the Group, generating value for shareholders and contributing to wider society. To achieve this, we strive to ensure that we implement and follow good governance practices.

Strategy and purpose

As noted in the 2024 Annual Report, one of the most important areas of focus for the Board was the redevelopment of our strategy and purpose. The Group's new strategy is founded on developing focused, customer-first ways of working, simplifying our organisation and processes, and making a step change in operational performance, while protecting our investments in products and technology – the foundation of our existing success. During the year to 31 March 2025, the Board focused on monitoring the execution of this strategy and I am pleased to report that our strategic actions to target enhanced growth and profitability through customer-first ways of working have gained real traction and have started to generate many of the outcomes we set out to achieve. The delivery of our strategic programme has also enabled us to identify further growth and margin opportunities, giving scope to build on progress already made.

For more information, see Our purpose-led approach on pages 7 and 8, Our Strategy on pages 29 to 32, the Chief Executive Officer's review on pages 11 to 20 and the case studies on pages 33 and 34.

Chair's overview continued

Positive progress

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

A year on, we have streamlined our divisional structure, begun our operational transformation and completed our regional pivot, while continuing to focus on our core strengths. The sale of our quantum-focused business NanoScience is consistent with our strategy to focus and invest in the best areas of opportunity to create value for shareholders. Through these actions, we are creating a simpler, sharper and more commercially focused organisation, to put ourselves in the best possible shape to fulfil our strong potential. The revenue, profit and margin growth we have achieved demonstrate that we are heading in the right direction.

Board composition and succession planning

It is essential that our Board's composition encompasses the necessary skills, knowledge and experience to provide effective leadership. Our Nomination Committee actively keeps the constitution of the Board and its Committees under review and there have been a number of changes to the Board during the year and up to the date of signing the Annual Report, as follows:

As noted in the Report and Financial Statements 2024, after having served on the Board for almost nine years, Mary Walden stepped down as a Non-Executive Director of the company with effect from 4 February 2025. Ahead of this departure in relation to her tenure and independence, the Board, supported by the Nomination Committee, appointed Hannah Nichols as a Non-Executive Director with effect from 1 January 2024. Hannah took up the role of Chair of the Audit and Risk Committee with effect from 25 July 2024 as part of the planned transition from Mary.

Rowena Innocent was appointed as a Non-Executive Director of the company with effect from 17 February 2025. Rowena has over 30 years' experience in high-tech product design and manufacturing and the Board will benefit from her deep technical understanding combined with her commercial acumen.

On 31 March 2025, Gavin Hill stepped down as Chief Financial Officer and was succeeded in this role by Paul Fry. Paul has a strong track record in senior positions at international healthcare and technology companies, having held the role of CFO, most recently at Argenta Group. The Board appreciates the very significant contribution Gavin has made to the success of Oxford Instruments over nearly nine years.

Reshma Ramachandran stood down as a Non-Executive Director with effect from 25 July 2024, due to her appointment in a new executive role externally, which would have restricted the time she had available to commit to her role with the company. The Board thanks Reshma for the valuable contributions she has made during her time as a Director.

Further information regarding the work of the Nomination Committee can be found on pages 105 to 108.

Employee engagement

The Board was again pleased to participate in its formal programme of employee engagement activity this year. We strongly believe that this strengthens the Board's understanding of employees' perspectives and enables us to more effectively consider their interests when we are making decisions. The Board plays a role in shaping the programme each year and we aim to meet with employees across a broad range of roles, sites and stages in their career. This year our programme included, amongst other things, full-Board site visits to our Severn Beach site in Bristol and our Andor Technology site in Belfast, as well as a dedicated session on remuneration hosted by Alison Wood in her capacity as Chair of the Board's Remuneration Committee. After each of these events the Board discusses, as a specific agenda item at the next Board meeting, the insights gained and determines any appropriate actions. We look forward to participating in our programme of engagement activity for 2025/26.

To find out more about our approach to stakeholder engagement, please see the 'Engaging with our stakeholders' section on pages 27 to 28 and the 'How we engage with our stakeholders' section on pages 89 to 93.

Annual General Meeting

The 2025 Annual General Meeting (AGM) of Oxford Instruments plc will be held at Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW at 11.00am on Monday 28 July 2025.

Further details, including the resolutions to be proposed to our shareholders, can be found in the Notice of Meeting which has been sent to our shareholders and which is also available on our website at: www.oxinst.com/investors-content/annual-general-meeting. The result of the votes on the resolutions put forward at the AGM will be publicly announced to the stock exchange and published on our website as soon as possible following the conclusion of the meeting.

As usual, I will be available at the AGM and will be very happy to take any questions you may have regarding the operation of the Board during the year.

NEIL CARSON
Chair

12 June 2025

Board of Directors

Strength in our **leadership**

Changes to the Board and its Committees

During the financial year and up to the date of signing of the Annual Report, the composition of the Board changed as follows:

- Reshma Ramachandran stepped down as a Non-Executive Director on 25 July 2024.
- Mary Waldner stepped down from the role of Chair of the Audit and Risk Committee with effect from 25 July 2024 and stepped down from the Board on 3 February 2025.
- Hannah Nichols took up the role of Chair of the Audit and Risk Committee with effect from 25 July 2024.
- Rowena Innocent was appointed as a Non-Executive Director on 17 February 2025.
- Gavin Hill stepped down as CFO and Executive Director on 31 March 2025.
- Paul Fry was appointed as CFO and Executive Director on 1 April 2025.

Committee Membership

A Audit and Risk Committee Member
R Remuneration Committee Member
N Nomination Committee Member
S Sustainability Committee Member
C Chair of Committee

Neil Carson
Chair

Appointed to the Board:
1 December 2018

Non-Executive

Independent: No[1]

Skills and experience:

Neil is a former FTSE 100 chief executive. After completing an engineering degree, Neil joined Johnson Matthey in 1980 where he held several senior management positions in the UK and the USA, before holding the role of Chief Executive Officer from 2004 to 2014. He has a broad industrial outlook and a highly commercial approach with a practical perspective on business. He provides valuable insight based on his former executive position and operational experience and brings a track record of strong operational exposure, familiarity with capital-intensive business and a first-class international perspective on driving value in complex environments, and this experience makes him particularly well suited to serving as Chair of the Board. Neil was awarded an OBE for services to the chemical industry in 2016.

Neil's previous non-executive roles include serving as Chairman of TT Electronics plc, Deputy Chairman of TI Fluid Systems plc and as a Non-Executive Director of Paypoint plc and Amec Foster Wheeler plc.

External appointments:

Non-Executive Director, member of the Sustainability Committee and Chair of the Remuneration Committee of Shell plc.

Committee Membership

N R S

Richard Tyson
Chief Executive

Appointed to the Board:
1 October 2023

Executive

Independent: No

Skills and experience:

Richard has a track record of business leadership in the advanced technology sector spanning more than 30 years. In his previous role as Chief Executive Officer at TT Electronics plc from 2014 to 2023, Richard transformed, reshaped and refocused the business, delivering product innovation, building the group organically and through acquisition, and delivering strong growth in revenue, profits and margin. Richard previously held senior roles at defence group Cobham plc, where he was a member of the executive committee and led the aerospace and security division, and at Goodrich Aerospace.

Richard is a fellow of the Royal Aeronautical Society and a Governor of St Swithun's Independent School for Girls in Hampshire. He is a graduate of the Executive Senior Leadership programme at Henley Business School, and holds a diploma from the Chartered Institute of Marketing and a BSc in Management Sciences from The University of Manchester.

External appointments:

Senior Independent Director of Videndum plc.

Committee Membership

None

1. Neil was independent upon appointment to the Board, in line with provision 10 of the UK Corporate Governance Code 2018.

Board of Directors continued

Paul Fry
Chief Financial Officer

Appointed to the Board:
1 April 2025

Executive

Independent: No

Skills and experience:

Paul has a strong track record in senior positions at international healthcare and technology companies, having held the roles of CFO, most recently at Argenta Group and previously at Vectura plc and Immunocore Limited. With a career spanning more than 35 years, Paul has also held a number of senior roles at Vodafone and GlaxoSmithKline. He brings a wealth of highly relevant experience in business transformation, a clear understanding of Oxford Instruments' growth drivers, and a shared commitment to our purpose and values-led approach. Paul holds a BA in Philosophy, Politics and Economics from the University of Oxford and is an associate of the Chartered Institute of Management Accountants.

Paul's previous roles include serving as the Chief Financial Officer at Argenta Group Limited, as the Chief Financial Officer with a period as acting Chief Executive Officer at Vectura Group plc and as the Chief Financial Officer at Immunocore Limited.

External appointments:

Non-Executive Director and Chair of the Audit Committee of Avacta Group plc.

Committee Membership

None

Alison Wood
Senior Independent Director

Appointed to the Board:
8 September 2020

Non-Executive

Independent: Yes

Skills and experience:

Alison holds a BA in Engineering, Economics and Management from the University of Oxford and an MBA from Harvard Business School. Her background is in leading business development, M&A and strategic planning across blue-chip UK companies, particularly in the defence sector. She was formerly the Global Director for Corporate Development & Strategy at National Grid plc and before that, Group Strategic Development Director for BAE Systems plc. She is a highly experienced Non-Executive Director and committee chair, with her experience being particularly well suited to her role as Chair of Oxford Instruments' Remuneration Committee.

Alison's previous roles include serving as Senior Independent Director and Remuneration Committee Chair of Costain Group PLC and the British Standards Institute, a Non-Executive Director and Remuneration Committee Chair of TT Electronics plc, Cobham plc and Capricorn Energy PLC (formerly Cairn Energy PLC), Senior Independent Director of e2v plc and a Non Executive Director of both BTG plc and THUS plc.

External appointments:

Non-Executive Director and Chair of Galliford Try Holdings plc.

Senior Independent Director of Morgan Advanced Materials plc.

Committee Membership

A N **R** S

Rowena Innocent
Non-Executive Director

Appointed to the Board:
17 February 2025

Non-Executive

Independent: Yes

Skills and experience:

Rowena is currently a consultant for AcoustoFab Ltd, which aims to create precision-driven, sustainable solutions that address real-world challenges across sectors such as lab automation, 3D printing and agritech. She also serves as a member of the Advisory Council at the National Composite Centre, and the Digital Program Expert Group for the DSIT National Measurement System, and is an Aegis Professor for Technology, Innovation and Equality and Chair of the IAB School of Physics at the University of Bristol. Rowena has over 30 years' experience in high-tech product design and manufacturing. She is a Chartered Engineer and holds a degree in Physics with Astrophysics from the University of Leicester. Prior to her current role, Rowena served as the Chief Operating Officer of Ultraleap Limited. She has also held the position of Group Head of STEM strategy at Spectris as well as a range of engineering leadership roles with Malvern Panalytical (a Spectris company), General Electric and Druck.

External appointments:

Consultant at AcoustoFab Ltd.

Committee Membership

A N R S

Board of Directors continued

Sir Nigel Sheinwald
Non-Executive Director

Appointed to the Board:
22 September 2021

Non-Executive

Independent: Yes

Skills and experience:

Sir Nigel previously served as a British diplomat and has deep knowledge of international politics, strategy, regulation and communication. He holds an MA from Balliol College, University of Oxford, where he is now an Honorary Fellow. He joined the Diplomatic Service in 1976 and served in Brussels, Moscow, Washington and in a wide range of policy roles in London. He served as British Ambassador to the United States (2007-12) and European Union (2000-03) and as Foreign Policy and Defence Adviser to the Prime Minister (2003-07). Since leaving the Diplomatic Service in 2012 he has served on a wide range of corporate and not-for-profit boards. The extensive range of skills and experience that he brings, along with his commitment to Oxford Instruments' sustainability agenda, is a good fit with the Group's requirements and particularly benefit his role as Chair of the Sustainability Committee.

Sir Nigel was previously a Non-Executive Director and Chair of the Safety, Environment and Sustainability Committee at Royal Dutch Shell plc (now Shell plc).

External appointments:

Non-Executive Director of Invesco Ltd.

Visiting Professor at King's College, London.

International Advisory Board member of BritishAmerican Business.

Advisory Board member of Centre for European Reform, London.

Committee Membership

A N R S

Hannah Nichols
Non-Executive Director

Appointed to the Board:
1 January 2024

Non-Executive

Independent: Yes

Skills and experience:

Hannah is currently Chief Financial Officer of Coats Group plc, a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials and a constituent of the FTSE 250 index on the London Stock Exchange, a role she has held since May 2025. She holds a Classics degree from the University of Cambridge and is a qualified chartered accountant. Hannah is an experienced financial professional; prior to her current executive role she held the role of Chief Financial Officer of Hill & Smith PLC, and prior to this, had a successful 15-year career at BT Group plc, latterly serving as Chief Financial Officer, Asia, Middle East and Africa for BT Global Services, based in Singapore. She also held a number of commercial roles at Cable & Wireless plc and qualified as a chartered accountant at Arthur Andersen. Hannah's expertise demonstrates how she is well suited to the role of Chair of the Audit and Risk Committee, a role which she has held since July 2024.

External appointments:

Chief Financial Officer of Coats Group plc.

Committee Membership

A N R S

Board leadership and company purpose

Effective Board

The primary function of the Board is to promote the long-term sustainable success of the Group, to generate and preserve value and to contribute to wider society. Our Board equips itself to achieve this by utilising good governance practices and it comprises Directors who possess the necessary skills, knowledge and experience to provide effective leadership.

The Board's approach to governance is explained throughout this Governance Report, on pages 88 to 104, and each Director's biographical information is set out in the Board biographies on pages 85 to 87.

Purpose, strategy and stakeholders

Our core purpose is to accelerate the breakthroughs that create a brighter future for our world. Our technology and expertise enable our customers to discover and bring to market exciting new advances that drive human progress.

The Board is responsible for establishing our purpose. It is also responsible for setting the strategy which will deliver in line with the purpose, and which is underpinned by our values, culture and how we do business. Read more about the Board's work on redefining the company's purpose and resetting its strategy on pages 11 to 14.

For more information on our purpose, see pages 7 and 8 and for more information on our strategy, see pages 29 to 34.

To ensure that it fulfils its obligations to its shareholders and wider stakeholders, the Board actively engages with these groups in order to understand their needs and how delivery of our strategy impacts and delivers value for them.

For more information on our approach to shareholder and stakeholder engagement, see pages 27 to 28 and 89 to 94.

Corporate Governance statement

for the year ended 31 March 2025

This Corporate Governance Statement, along with the Governance Report as a whole, details how the Group has applied the principles and complied with the relevant provisions of the UK Corporate Governance Code 2018 (the 'Code') and other relevant requirements to which it is subject, such as the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules, during the financial year ended 31 March 2025.

This Corporate Governance Statement, as required by the Disclosure Guidance and Transparency Rules, forms part of the Directors' Report and has been prepared in line with the Code, which can be found on the website of the Financial Reporting Council at www.frc.org.uk. The structure of the Governance Report largely aligns with the structure of the Code in order to most effectively demonstrate how its principles have been applied.

During the financial year ended 31 March 2025, the Board considers that it has complied with the provisions of the Code.

Whilst the specific disclosures required by Disclosure Guidance and Transparency Rule 7.2 are covered in more depth throughout the Annual Report, by way of reference, they can be found as follows:

- A description of the main features of our internal control and risk management systems in relation to the financial reporting process can be found on page 114.
- Share capital information can be found in the Directors' Report on page 142.
- Details of the composition of the Board and its Committees can be found on page 96.
- Our Board diversity policy is described on page 107.

Board approval of the Corporate Governance Statement

This separate Corporate Governance Statement is approved by the Board and signed on behalf of the Board by its Chair and Interim Company Secretary.

NEIL CARSON
Chair

LOUISE MEADS
Interim Company Secretary

12 June 2025

How we engage with stakeholders

The Board remains **committed to developing its understanding** of the views of its key stakeholders

Our approach to engagement

On pages 27 and 28 we have described our key stakeholder groups, the value of each group to the company, the issues which matter most to them and how we engage with them, focusing on our activity over the past year. The Board is committed to developing its understanding of the views of its key stakeholders. As noted earlier in this Annual Report, in some instances the Board engages directly with stakeholders, but there is also significant engagement by senior management and throughout the company. The Board receives reports and updates on such engagement, and the views and feedback gathered from stakeholders are used to inform discussion and decision making.

For a snapshot of our key stakeholders / Page 28

Stakeholder and why we value them	What matters to them	How we engage	Outcomes of our engagement	Board decisions where stakeholders were considered
Customers **We put our customers' needs at the centre of our conversations and decision making.** **Customer intimacy is key not only to helping us identify additional opportunities to deliver increased value to our customers, but to the long-term growth of our business.**	• Excellent customer support and engagement throughout the buying cycle. • High-quality products and technical expertise. • Products which deliver value and help to meet their objectives. • Remote access and continuity of supply during disruption.	• The Executive Directors and senior management frequently host direct meetings with key customers from around the world, both virtually and in person at our sites. These meetings provide meaningful opportunities to understand first hand, at a senior level of the organisation, how we can enhance our offering to customers by shaping our understanding of their current and future needs. • The Board considers feedback from these meetings, together with, for example, outputs from our heightened customer intimacy such as customer trends.	• Our technology and scientific expertise enable our customers to discover and bring to market exciting new advances that drive human progress. • Continuing to invest in R&D allows us to deliver cutting-edge products and services. Insights gained from customer intimacy are instrumental in helping to determine where investment should be made. • Through deep knowledge of our target market segments and the challenges faced by customers, we have changed the way we communicate with prospective and existing customers, more clearly identifying the value our products can add. • Our portfolio focuses on areas where our key enabling technologies are driving long-term success. This allows us to help customers to make ground-breaking discoveries, accelerate their applied R&D and increase productivity in high-tech manufacturing. • Insights from customers help us to align our innovation and product development initiatives to their strategic roadmaps, so we can create differentiated products and solutions which provide significant value. • We have continued to refine our service offering with digital connectivity helping to maintain productivity through remote access and service.	Continued investment in high-quality products and technical expertise is key to the long-term growth of the business and is in firm alignment with the company's strategy, which the Board sets and supports. See our strategy / Pages 29 to 34

How we engage with stakeholders continued

Stakeholder and why we value them	What matters to them	How we engage	Outcomes of our engagement	Board decisions where stakeholders were considered
Employees **Our employees are the foundation of our business success, and we have a responsibility to support their health, wellbeing and development.** **A highly capable, diverse workforce also enables us to better understand our customers and markets. Building an organisation with a broad range of perspectives and experiences increases our ability to innovate, to make the right decisions and to meet or exceed our customers' expectations.**	• Development and progression opportunities. • Health, safety and wellbeing. • Fostering an inclusive workplace. • Understanding how they contribute to our strategy and success. • Fair and consistent remuneration. • Clarity of expectation on how recognition and remuneration structures align with accountabilities.	• The Board was delighted to again participate in a formal programme of employee engagement activity this year, which included sessions focused on executive remuneration, the ways of working which will enable our colleagues to deliver our strategy, and a full-Board site visit to our camera and microscopy facility in Belfast. • We maintain an engaging and structured approach to connecting with our employees, with regular sessions for all employees held at business unit and regional level, together with a lively and active intranet and Group-wide email communications on key strategic initiatives. An annual engagement survey tracks employee sentiment. • We continue to promote our 'Push for Zero' health and safety programme and Shield reporting system.	• The Board discusses the insights and actions from all of its employee engagement activity. This continues to foster meaningful consideration of employees as key stakeholders. The Board will be participating in an extensive programme of engagement activity during 2025/26. • The Remuneration Committee reviewed the wider workforce remuneration landscape and related policies, and considered these when setting Executive Director and Management Board remuneration. • We have continued to promote observation reporting, aiming to ensure that remedial actions can be taken to prevent accidents from happening. • The Sustainability Committee considered our maturing approach and internal targets and measures relating to equality, diversity and inclusion.	Decisions relating to our social sustainability agenda, from health, safety and wellbeing to investment in our people. See the Sustainability Report / Pages 45 to 68 and Sustainability Committee Report / Pages 116 to 118 Setting Executive Director and Senior Leadership Team remuneration. See the Directors' Remuneration Report / Pages 119 to 139
Shareholders **Generating value for shareholders is part of the Board's fundamental role, alongside promoting the long-term sustainable success of the company and the Group and contributing to society.** **Our goal is to deliver shareholder returns through profitable, sustainable growth with strong cash conversion and efficient use of capital.**	• Current and future financial performance. • Communication and engagement. • Sustainability.	• We actively engage with shareholders throughout the year to ensure they understand the performance of the business. • Following the launch of our strategy in June 2024, we held a well-attended capital markets day for analysts and shareholders at our new compound semiconductor facility. • Our ongoing programme of dialogue includes numerous shareholder meetings and roadshows, which are facilitated alongside the publication of the Annual Report and full-year and half-year results announcements. • During the year, the Chair, Senior Independent Director, Remuneration Committee Chair and Executive Directors all directly engaged with a range of shareholders, including both virtual and in-person meetings at our sites. Key topics included the company's financial results and strategy. • Our externally appointed IR specialist increases the bandwidth available to meet and inform a broader range of new shareholders.	• The Board as a whole receives updates regarding the nature and outcome of meetings and engagement by certain Directors with the company's shareholders. This feedback helps the Board to shape the strategy which enables the company to deliver shareholder returns through profitable, sustainable growth with strong cash conversion and efficient use of capital.	Developing and delivering against our strategy. See our strategy / Pages 29 to 32 Implementation of the Directors' Remuneration Policy. See the Directors' Remuneration Report / Pages 119 to 139 Consideration and decisions relating to our wider sustainability agenda, from inclusion to setting net zero targets. See the Sustainability Report / Pages 45 to 68 and Sustainability Committee Report / Pages 116 to 118

How we engage with stakeholders continued

Stakeholder and why we value them	What matters to them	How we engage	Outcomes of our engagement	Board decisions where stakeholders were considered
Suppliers **Our supply chain plays a vital role in supporting sustainable growth and efficiency across the business.** **It is imperative that we attain the highest quality products and service for our customers, whilst also striving to enhance the efficiency of the business and to reduce risk.** **Engaging with our supply chain is also crucial in the development and delivery of our net zero commitment.**	• Long-term partnerships. • Visibility of the wider supply chain, so that they can best forecast future requirements. • Strong relationships built on trust and respect.	• It is crucial to provide our suppliers with accurate forward visibility in order to align our customers' requirements with our total supply capabilities. We share the output from our sales and operations planning process with them, and we have dedicated Category Managers to help reduce risk and improve efficiency. We must ensure our extended supply chain meets our strict environmental compliance requirements, whilst challenging them to provide improvements to quality. Our key suppliers are encouraged to become part of our new product introduction process, allowing them to add value to our process. • The Board remains mindful of potential supply chain challenges and where appropriate, will be briefed as regards any necessary work to mitigate the impacts of these challenges.	• As part of our operational excellence programme, we continue to work to strengthen our supply chain by executing a procurement strategy focused on leveraging our scale and building long-term strategic relationships with fewer suppliers. During the year, our Chief Transformation Officer took on the permanent role of Chief Operating Officer with a remit which includes supply chain best practice. • We have continued to develop our supplier due diligence and audit procedures, including engaging a leading compliance partner to support our collection and assessment of data. We have a zero-tolerance approach to all forms of modern slavery, including servitude, forced, bonded and compulsory labour, and human trafficking, and we expect our suppliers to adopt the same approach.	Developing and delivering against our operational excellence programme. Decisions relating to the environmental and governance strands of our sustainability agenda, from supply chain responsible sourcing to human rights and modern slavery. See the Sustainability Report / Pages 45 to 68 and Sustainability Committee Report / Pages 116 to 118
Local communities **Striving to meet our purpose in alignment with our values enables us to support the development of stronger communities and have a positive environmental and social impact.**	• The environment. • Local small businesses. • Schools and colleges within their region. • Volunteering opportunities. • Charitable donations. • The appearance and tangible impact of our sites and operations.	• We actively engage in locally focused activities that make our communities and environments a better place to live and work. • We are committed to empowering students with an understanding of the working world and the range of career opportunities that choosing STEM subjects could open up, so we facilitate school visits, work experience programmes and industrial post-doctoral placements. • We aim to support the small, independent businesses near our sites. • We help our employees to support their local communities through charitable donations. • We aim to be considerate neighbours in all aspects of how we operate, but in particular, we recognise the importance of the appearance and tangible impact of our sites and operations.	• We operate 'Go Green' committees at many of our sites to deliver a local environment agenda and promote positive behaviours amongst peers. They are focused on finding innovative ways to improve our environmental impact. • Many of our people are keen to share their expertise and to make a difference to the people and organisations that are close by, and we encourage them to get involved through volunteering schemes. We operate a 'Volunteer time-off' programme for eligible employees which offers many benefits, including increasing the positive impact we have in our communities, boosting employee morale and enhancing team bonding. • We have facilitated collections of contributions to local food banks and fundraising activity for local charities and causes. • We are committed to minimising emissions.	Decisions relating to our wider sustainability agenda, from community impact to supporting next-generation talent. See the Sustainability Report / Pages 45 to 68 and Sustainability Committee Report / Pages 116 to 118

How we engage with stakeholders continued

Stakeholder and why we value them	What matters to them	How we engage	Outcomes of our engagement	Board decisions where stakeholders were considered
Society **Through our stated purpose – to accelerate the breakthroughs that create a brighter future for our world – we are committed to making a positive impact on the world through our solutions and services.** **Our purpose underpins our wholehearted commitment to playing our part in creating a sustainable future throughout our operations, and by behaving as a responsible business.**	• Protecting and enhancing the environment. • Addressing the impacts, risks and opportunities arising from climate change. • The development of new and affordable vaccines and treatments for diseases. • Fostering a more connected world. • Enabling advances in technology.	• Our technology and scientific expertise enable our customers to discover and bring to market exciting new advances that drive human progress. • We use our market intimacy to develop new products and services in pursuit of our purpose. • We engage directly with universities, governments and leading companies to explore and develop new ideas, and to support productivity. • Our Sustainability Committee elevates oversight of the Group's sustainability agenda to Board level, with a specific focus on considering our approach to climate change, amongst other things.	• Our sites and grounds are well maintained and sensitive to the local environment and wildlife. • We continue to develop new products and services, as set out in the CEO review on page 19. • Our Sustainability Committee has continued to keep under review the progress being made across its wider remit, including our work towards achieving our ultimate net zero target of 2045 and interim targets to 2030 in respect of both our Scope 1 and 2 emissions.	See our Sustainability Report / **Pages 45 to 68** Information on the work of the Sustainability Committee / **Pages 116 to 118**

How we engage with stakeholders continued

Principal decision case study

Augmenting our materials analysis capabilities

A key development during the year was the acquisition of FemtoTools AG, agreed on 7 June 2024, and completed on 28 June 2024.

Based in Zurich, Switzerland, FemtoTools specialises in nanoindentation, a technique used to image the mechanical properties of intricate microstructures for materials research and semiconductor applications. The company joined Oxford Instruments' Imaging & Analysis division, where its products are now sold in conjunction with the Group's existing range of materials analysis tools, including electron microscope micro-analysers and Raman microscopes.

The Board was pleased to approve the addition of FemtoTools to the Group, in particular since the acquisition has brought capabilities not previously held by Oxford Instruments. In making their decision, Board members considered the opportunities and risks to key stakeholder groups of proceeding with the transaction. Detailed financial projections were secured, and growth plans set out, in order to identify the likely impact on the Group's revenue and, by extension, the interests of shareholders. Given the complementary nature of FemtoTools' offering to the existing suite of techniques offered by the Imaging & Analysis division, the Board was satisfied that management had developed a strong business case focused on the companies' shared end markets and customer bases.

Both the Board and management were mindful of the impact on FemtoTools' employees of becoming part of Oxford Instruments and, in parallel, the impact that assimilating new colleagues and new technology into the Group would have on the Imaging & Analysis and sales and service teams around the world. Care was taken with in-person briefings and ongoing engagement to ensure the benefits for both were clear. Several key members of the Imaging & Analysis leadership team, together with additional colleagues with relevant expertise, travelled to Zurich to support the announcement of the acquisition, and an extensive integration plan has been implemented since completion.

News of the acquisition, announced as part of the Group's annual results presentation, was well received by analysts and shareholders. Customers and prospective customers have also welcomed FemtoTools' decision to become part of Oxford Instruments, and the expansion of our materials analysis capabilities. The business has performed well during the reporting year, with further ambitious growth plans set out for 2025/26.

Read more about our nanoindentation capabilities at **www.femtotools.com**

Section 172(1) Statement

During the year to 31 March 2025, the Board of Directors has acted to promote the long-term success of the company for the benefit of its shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

a. The likely consequences of any decision in the long term.

b. The interests of the company's employees.

c. The need to foster the company's business relationships with suppliers, customers and others.

d. The impact of the company's operations on the community and the environment.

e. The desirability of the company maintaining a reputation for high standards of business conduct.

f. The need to act fairly between members of the company.

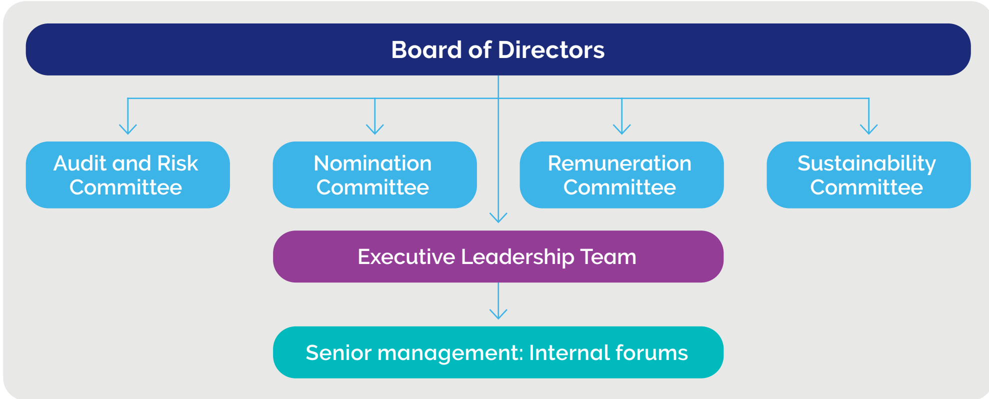
Further information which demonstrates how the Board has had regard to these matters can be found in the preceding 'How we engage with our stakeholders' section on pages 89 to 93.

Additional information demonstrating how the Board has had regard to the factors set out in Section 172(1) of the Companies Act 2006

Matters per Section 172(1)(a) to (f) of the Companies Act 2006	Key example(s)	Page number
Consequences of any decision in the long term	Our purpose-led approach	7 and 8
	Our strategy	29 to 32
	Risk management	69 to 78
Interests of employees	Employee engagement	61 and 90
	Our purpose-led approach	7 and 8
	Sustainability	45 to 68
Fostering business relationships with suppliers, customers and others	Engagement with suppliers	91
	Engagement with customers	89
	Supply chain practices	67
Impact of operations on the community and the environment	Sustainability	45 to 68
	Our purpose-led approach	7 and 8
Maintaining a reputation for high standards of business conduct	Our purpose-led approach	7 and 8
	Compliance	67 and 68
	Anti-bribery and anti-corruption	67
	Human rights and modern slavery	68
	Privacy and data protection	68
	Data security	68
	Whistleblowing	114
	Export Control Policy	67
Acting fairly between members	Shareholder engagement	89 to 93
	Shareholder information	140

Division of responsibilities

Our governance **structure**



The structure shown on the right summarises our approach to governance throughout the organisation. The Board is ultimately responsible for having oversight of and providing leadership to the Group. Our governance structure demonstrates how the Board is supported in carrying out its responsibilities. It is particularly supported by its Committees, the Executive Leadership Team and the work of various internal forums led by senior management.

Board of Directors

- The role of the Board is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.
- Responsibilities of the Board are documented within its schedule of reserved matters which forms part of its governance reference materials; these are reviewed and amended by the Board periodically.
- Certain matters are delegated to its Committees and the day-to-day running of the business to the Executive Directors and the Executive Leadership Team.
- Collectively responsible for engagement with the workforce.

Board Committees

- There are four dedicated Committees: Audit and Risk, Nomination, Remuneration, and Sustainability.
- In June 2025, the Board appointed a Disclosure Committee to deal with the management of inside information in accordance with the UK Market Abuse Regulation.
- With the exception of the Disclosure Committee, all Committees comprise Non-Executive Directors and meet the independence requirements set out in the UK Corporate Governance Code 2018.
- The Committees are responsible for a range of matters specifically delegated by the Board, as set out in their respective terms of reference, which are reviewed on an annual basis and can be found on our website at: www.oxinst.com/investors/corporate-governance. A summary of the key responsibilities of each Committee is set out in their respective reports included within this Annual Report.

Executive Leadership Team

- The Executive Leadership Team is responsible for the day-to-day running of the business of the Group, where delegated by the Chief Executive Officer.
- The team meets at least monthly and focuses on Group-wide performance, strategy and risk management.

Senior management: Internal forums

- Senior management and internal forums report to the Executive Leadership Team either directly or indirectly.
- They lead internally on delivering the objectives delegated by management as well as workstreams which encompass our sustainability strategy via the Sustainability Leadership Forum.

Division of responsibilities continued

Responsibilities of the Chair, Chief Executive Officer and Senior Independent Director

The responsibilities of the Chair, Chief Executive Officer and Senior Independent Director are formally documented and are reviewed and amended by the Board on a periodic basis. A high-level summary of these responsibilities is set out below.

Chair

- The Chair leads the Board, promotes high standards of governance and ensures the Board is effective in directing the company.
- He ensures that the Board has effective decision-making processes and applies appropriate challenge to the Executive Directors.
- He sets the agenda of the Board and facilitates participation and engagement by all Directors in Board meetings.
- He ensures that there are good information flows from the Executive to the Board, and from the Board to the company's key stakeholders.
- He leads an annual Board effectiveness review and is responsible for ensuring all new Directors have an appropriate tailored induction programme.

Chief Executive Officer

- The Chief Executive Officer is responsible for the day-to-day running of the Group and ensuring the Board's decisions are implemented.
- He leads the development of strategy for approval by the Board as well as working with the Chief Financial Officer to develop budgets and medium-term plans to deliver the agreed strategy.
- He is responsible for providing regular reports to the Board on all matters of significance to ensure that the Board has accurate, clear and timely information on all key matters.

Senior Independent Director

- The Senior Independent Director acts as a sounding board to the Chair and supports delivery of their objectives.
- She is available to the other Non-Executive Directors, including acting as an intermediary if necessary.
- She is also available to the company's shareholders.
- She leads the evaluation of the Chair on behalf of the other Directors.

Board and Committee meetings and attendance

The table below sets out the number of meetings attended by each Director during the year ended 31 March 2025, of those which they were required and eligible to attend.

This includes all customary meetings as well as ad hoc meetings scheduled during the year. The Non-Executive Directors also held a number of meetings without the Executive Directors present, both with and without the external auditor in attendance. As noted in the Committee reports, Directors who are not members of the respective Committees may be invited to join meetings as regular or ad-hoc attendees.

Director	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
Neil Carson	9/9	N/A	4/4	5/5	4/4
Richard Tyson	9/9	N/A	N/A	N/A	N/A
Gavin Hill[1]	8/9	N/A	N/A	N/A	N/A
Alison Wood	9/9	5/5	4/4	5/5	4/4
Mary Waldner[2]	6/6	5/5	4/4	5/5	4/4
Sir Nigel Sheinwald	9/9	5/5	4/4	5/5	4/4
Reshma Ramachandran[3]	2/2	1/1	1/1	1/1	1/1
Hannah Nichols	9/9	5/5	4/4	5/5	4/4
Rowena Innocent[4]	2/2	1/1	N/A	1/1	1/1

1. Gavin Hill did not attend the meeting held to discuss arrangements and approvals relating to his stepping down from the Board and the appointment of Paul Fry.
2. Stepped down from the Board on 4 February 2025.
3. Stepped down from the Board on 25 July 2024.
4. Appointed to the Board on 17 February 2025.

Division of responsibilities continued

Stakeholders considered key:
1 Customer 2 Employees 3 Shareholders 4 Local communities 5 Suppliers 6 Society

Directors' continuous development and access to advice

The Chair is responsible for ensuring that all Directors are appropriately briefed on matters arising at Board meetings and that they have full and timely access to accurate and relevant information. To enable the Board to discharge its duties, all Directors receive sufficient information including briefing papers distributed in advance of their meetings. The Committees of the Board have access to sufficient resources to discharge their duties, including external advisers and access to internal resources and personnel.

Where they judge it to be necessary to discharge their responsibilities, Directors may obtain independent professional advice at the Company's expense. All Directors also have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

For information regarding the development activities undertaken by the Board during the year, see the Board professional development section on page 101.

Stakeholder engagement

The Board is committed to developing its understanding of the views of its key stakeholders. In addition to the direct engagement described on page 90, there is also significant engagement by senior management and throughout the company.

During the year, the Board has been collectively responsible for workforce engagement and has not designated a specific Non-Executive Director. The Board receives reports and updates on such engagement and the views and feedback gathered from stakeholders are used to inform discussion and decision making. Please see pages 27 and 28 regarding 'Engaging with our stakeholders' and pages 89 to 94 regarding 'How we engage with our stakeholders' for more information, including the Board's Section 172(1) statement. The Board considers that these mechanisms for workforce engagement have been effective, however this will be kept under review in the coming year.

Board priorities during the year

The table below summarises some of the highlights from the Board's key areas of focus and discussion during the financial year. For more information regarding the key areas of focus for the Committees of the Board, please see their respective reports within this Annual Report.

THEME
Strategy, performance and operations

Key areas of focus and discussion	Stakeholders considered
Annual dedicated strategy review session and across a range of meetings, with a focus on progress with implementation of agreed strategy	1 2 3 4 5 6
Regularly reviewed business development activities and the acquisition proposal pipeline, including approval of the acquisition of FemtoTools AG	2 3 4 6
Monitored performance and provided challenge relating to key areas within operations in the broadest sense, including health and safety, operational excellence, human resources, innovation and business development. Considered in particular the ongoing operational improvement-related work	1 2 4

THEME
Finance, reporting, risk management and controls

Key areas of focus and discussion	Stakeholders considered
Monitored progress against the 2024/25 financial plan and reviewed and approved the 2025/26 financial plan	1 2 3 4 5 6
Considered and approved the Annual Report, half-year results and trading updates, as well as the proposed interim and final dividend payments	3
Monitored the outputs from the formal process which identifies, evaluates and reports on risks and opportunities across the Group	1 2 3 4 5 6

Division of responsibilities continued

Stakeholders considered key:

1 Customer 2 Employees 3 Shareholders 4 Local communities 5 Suppliers 6 Society

THEME
Leadership and people

Key areas of focus and discussion	Stakeholders considered
Assessed current composition of the Board including tenure, skills, experience and diversity characteristics, in order to inform the approach to future Board composition	2 3 6
Continued focus on organisational capability and succession planning within senior leadership teams and across the organisation	3
Completed the recruitment process for a new Non-Executive Director resulting in the appointment of Rowena Innocent, effective 17 February 2025	2 3
Concluded the succession process regarding our change of Chief Financial Officer, with Paul Fry succeeding Gavin Hill as Chief Financial Officer with effect from 1 April 2025	2 3
Reviewed the outputs and actions resulting from the 2024 employee survey	2

THEME
Governance and responsible business

Key areas of focus and discussion	Stakeholders considered
Consideration of views of key stakeholders and impact of decisions on them, including reviews of shareholder feedback as collated by external advisers	1 2 3 4 5 6
Full-Board site visit to our Andor facility, including dedicated workforce engagement activities, strategy deep-dive session and a full site tour	1 2 3 4 5 6
Reviewed and discussed the outcomes of the external Board performance review and agreed an action plan for 2025/26. Reviewed progress against the 2024/25 internal Board evaluation action plan	3
Regular meetings without the Executive Directors present	3
Regular meetings with our external auditors, BDO LLP, both with and without the Executive Directors present	3
Maintained oversight of our progress towards achieving our net zero targets	1 2 3 4 5 6
Monitored progress against the targets and measures which aim to advance the social and governance pillars of our sustainability strategy	1 2 3 4 5 6
Oversight of the Group's sustainability-related narrative reporting and external disclosures, including our Task Force on Climate-related Financial Disclosures Statement, the integrated Sustainability Report and our standalone Sustainability Report	1 2 3 5 6

Division of responsibilities continued

Board independence

At the conclusion of the financial year, the Board comprised seven Directors, including the Chair (who was considered independent upon appointment to the Board), four Non-Executive Directors (all of whom were considered by the Board to be independent upon annual assessment), and two Executive Directors (being the Chief Executive and Chief Financial Officer). The Board is therefore compliant with the recommendation of the Code that it should comprise at least 50% independent Non-Executive Directors, excluding the Chair. The Committees of the Board also remained compliant with the recommendations of the Code during the year and further information regarding their membership can be found within the respective Committee reports included within this Annual Report.

External commitments

The Board is mindful of the time commitment required by the Non-Executive Directors in order to effectively fulfil their duties. Prior to appointment, prospective Directors provide details regarding other roles and significant commitments which may impact their ability to commit to the company. All Directors keep the Board informed regarding proposed external appointments or significant commitments as they arise, with Chair approval required prior to taking on any additional external appointment and commitments monitored to ensure that each Director has sufficient time to fulfil their obligations. Each Director's biographical information and significant time commitments are set out in the Board biographies on pages 85 to 87. Changes to Directors' commitments during the year are noted in the table to the right.

Conflicts of interest

The Companies Act 2006 states that Directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Boards of public companies may authorise conflicts and potential conflicts, where appropriate, if permitted by the company's Articles of Association – and the company's Articles of Association do allow for this.

Directors are required to disclose conflicts and potential conflicts to the Chair and the Company Secretary as and when they arise. When a Director takes on additional external commitments, they will discuss the potential position with the Chair and confirm that, as far as they are aware, there are no conflicts of interest. During the year, none of the Directors declared to the company any actual or potential conflicts of interest between any of his or her duties to the company and his or her private interests and/or other duties, except for the Executive Directors, who hold the position of Director of the Company as well as acting as director of a number of Group subsidiary companies. The system for monitoring potential Director conflicts remained effective throughout the period.

Change in Directors' commitments

The table below sets out the changes to the external appointments of the Directors which took effect or were confirmed during the financial year and up to the date of signing the Annual Report.

Director	Change in commitment	Effective date of change
Neil Carson	Resigned as a Director of The Goldsmiths Company Charity	May 2024
Alison Wood	Appointed as Senior Independent Director of Morgan Advanced Materials plc	November 2024
	Resigned as Non-Executive Director and Chair of the Remuneration Committee of TT Electronics plc	May 2025
Nigel Sheinwald	Stepped down as a Senior Adviser to the Universal Music Group	August 2024
	Stepped down as Chair of the Royal Institute of International Affairs (Chatham House)	September 2024
Hannah Nichols	Stepped down as Chief Financial Officer of Hill & Smith plc	January 2025
	Appointed as Chief Financial Officer of Coats Group plc	April 2025

Composition, succession and evaluation

Appointments to the Board

The Nomination Committee is responsible for leading the process for appointments to the Board and its standard process when making new appointments to the Board is set out below.

Director appointment process

Evaluate Board composition and determine required capabilities of proposed appointee	Evaluate the Board's skills, experience, independence, diversity and knowledge, and utilise this to develop a specification which reflects the role and specific capabilities required.
Advertise role and determine long list of potential candidates	Advertise the role using open advertising (unless confidential) and by instructing external executive search consultants with the necessary expertise. Identify long list of potential candidates based on, amongst other things, experience, capabilities, merit and diversity.
Refine short list of potential candidates and complete interviews	Determine short list and invite the potential candidates to complete a formal interview process. Interview process to be facilitated by various Board members but specifically the Chair, Chief Executive and senior management, as appropriate.
Consideration and approval by Nomination Committee	Nomination Committee to consider the short-listed candidates and feedback from interview process from both interviewers and interviewee. Determine the preferred candidate and recommend their appointment to the Board for approval.
Consideration and approval by Board	Board to consider and, if thought fit, approve the proposed appointment of the preferred candidate. Market announcement made in accordance with regulatory requirements.

Director re-election

In line with best practice and the company's Articles of Association, all Directors are required to retire from office at each AGM, in order to be proposed for re-election by the company's shareholders should they wish to continue in their role. At the company's 2024 AGM, all Directors on the Board at that time were reappointed by shareholders with majority votes ranging from 96% to 100%.

On 17 February 2025, Rowena Innocent was appointed to the Board as a Non-Executive Director and on 1 April 2025, Paul Fry was appointed to the Board as an Executive Director in his capacity as Chief Financial Officer. Both Paul and Rowena will stand for election for the first time at the company's 2025 AGM.

Having considered the performance and contribution of each of the Directors, the Board remains satisfied that they are operating effectively and continue to demonstrate commitment to their roles. The Board will therefore recommend the election or re-election of all Directors who intend to stand for appointment at the AGM.

The biographical information of each Director, their initial appointment dates and the reasons for their respective election or re-election, where applicable, can be found on pages 85 to 87. More information regarding the Board and the Director performance review process is set out on pages 101 and 102.

Board induction programme

The Chair and Company Secretary are responsible for ensuring that all Directors receive a full, formal and tailored induction upon joining the Board. Whilst our induction programme will be tailored based on the needs, experience and background of the individual Director, it will ensure that they gain a comprehensive understanding of the Group through activities including: visits to our sites, one-to-one sessions with the Executive Directors, sessions with all members of the Management Board, meetings with various functional and regional heads, and the opportunity to meet with a range of employees across the business.

Composition, succession and evaluation continued

Induction of Paul Fry as Chief Financial Officer

Paul Fry joined the company in January 2025 as Chief Financial Officer Designate and was appointed to the Board with effect from 1 April 2025. During the three months whilst he was the CFO Designate, he immersed himself in getting to know the business first hand, meeting key stakeholders including customers, shareholders and colleagues around the world.

"I am delighted to have joined Oxford Instruments. The opportunity since January to spend time in the business before taking on full CFO responsibilities at the beginning of April has been really valuable. I'm really grateful for the warm welcome from our teams across all the sites I've visited. I've been impressed by the incredible products in our portfolio, and the opportunities for us to continue to grow both revenues and margin in the years to come."

Highlights from Paul's first three months as he immersed himself into the business included:

- embarking on multiple visits to all of our major sites around the world, including those across the UK, China, Europe, Japan and the US, which provided opportunities to hear from a wide range of colleagues across our organisation and gain a first-hand insight into the working practices at our sites;
- visits to labs at four key US academic customer sites, seeing our products in action and listening to customer feedback;
- deep dive reviews including the business divisions, transformation programme, medium-term financial plans, investor relations, finance organisation, M&A pipeline, risk management and internal control;
- meetings with external advisers including corporate brokers, external counsel and the auditor; and
- building strong working relationships with members of the Board and developing his understanding of their views on the opportunities for and challenges facing the business.

Board professional development

The Board and Committees receive dedicated training and information on matters relevant to the Group's business, including operational and technological briefings and updates on legal, regulatory and governance developments. During the year, training and updates were provided by the Company's remuneration adviser and external counsel, as well as internal subject matter experts.

For more information regarding our approach to Directors' continuous development and access to advice, please see page 97.

Board composition

The Board, via the Nomination Committee, keeps under review its composition and that of its committees. Its review considers the balance of the Directors' skills and experience as well as their tenure, independence, time commitment and diversity. The Nomination Committee also carries out a formal, in-depth review of Board and committee composition at least annually.

For more information regarding the recent and anticipated changes to the Board's composition, see the Nomination Committee Report on pages 105 to 108.

Annual Board Performance Review

The Board recognises the need to monitor and improve its performance. It carries out internal or externally facilitated Board performance reviews annually, in order to obtain feedback to help to improve its effectiveness.

Internal Board evaluation 2023/24: Progress

The Board completed an internally facilitated performance review during the previous financial year. This generated recommendations which the Board agreed to implement. In line with its dedicated action plan, during the year the Board:

- enhanced its approach to risk management;
- continued to progress the workforce engagement programme through meeting and hearing from a range of employees at various levels and roles, primarily as part of the full-Board site visits to our new compound semiconductor site at Severn Beach and our Andor Technology site, as well as through a dedicated session on remuneration hosted by Alison Wood in her capacity as Chair of the Remuneration Committee; and
- facilitated Director development opportunities across a range of topics including sustainability, corporate governance and the evolving legal landscape. Also received briefings on matters relevant to the Group's business, including operational updates.

Composition, succession and evaluation continued

External Board Performance Review 2024/25: Process

This year, the Board completed an externally facilitated performance review. The review was facilitated by Round Governance Services, who are independent of the company and are a signatory to the Chartered Governance Institute Code of Practice for Board Reviewers. Round Governance Services are experienced in performing board performance reviews for listed companies and also conducted the review for FY2021/22 against which the 2024/25 review could be benchmarked. The review covered the overall performance of the Board and in doing so considered if the Board as a whole, is fulfilling its purpose and objective. The review sought the views of the Directors and the Company Secretary. The process included:

- discussions between Round Governance, the Chair and the Company Secretary to agree the scope of the review and focus areas. The Company Secretary was responsible for providing all requested reports to Round Governance Services;
- a review of relevant documents;
- online targeted board performance review questionnaire;
- Board meeting observation;
- one-to-one meetings with all Directors;
- observations and recommendations report prepared;
- findings and recommended actions presented to the Board by Round Governance; and
- Board discussed the report and agreed actions to be implemented.

External Board Performance Review 2024/25: Outcomes and actions

The review identified that there is a clear strategic vision for the company and the Non-Executive Directors are engaged and motivated to add value. The Chief Executive Officer is well respected by the Board who recognise the experience and value he brings. There is a strong understanding of the company's stakeholders and stakeholder interests are habitually considered in the Board's decision making. At the time of the review, it was recognised that technical expertise had been lost when Richard Friend stepped down at the end of his nine-year tenure. This has been addressed through the appointment of Rowena Innocent on 17 February 2025. There are no plans to refresh Board composition as a result of the review.

The Board developed and agreed an action plan for the year ahead, highlights from which include:

- additional Board time dedicated to deep dives of key elements of the strategy at each Board meeting;
- more visibility of and engagement with the Senior Leadership Team who will present to the Board on their areas of responsibility, along with more informal engagement with Directors outside of Board meetings; and
- development of the Board's knowledge and understanding of technology and the investment pipeline through sessions at Board meetings delivered by subject matter experts.

Induction of Rowena Innocent as Non-Executive Director

Rowena Innocent was appointed to the Board with effect from 17 February 2025 and has undertaken a full and formal induction, tailored to her needs.

"I am delighted to have joined Oxford Instruments as Non-Executive Director and have thoroughly enjoyed learning about the technology and meeting the teams during my visits to Tubney, High Wycombe and Severn Beach. I have been most impressed by the energy and enthusiasm for progressing both technical and operational excellence across the business."

Key features of Rowena's tailored induction programme included:

- one-to-one sessions with the Executive Directors to gain an in-depth understanding of the business;
- sessions with members of the Executive Leadership Team to develop an understanding of their roles and responsibilities;
- visits to our sites at Tubney Woods, High Wycombe and Severn Beach;
- legal briefing session with external counsel regarding the obligations of a UK listed company and its directors, with a focus on the regulatory framework for UK listed companies, directors' duties and the UK Corporate Governance Code and related obligations;
- meetings with various functional and regional heads including the Company Secretary, General Counsel, Director of Communications, Group Financial Controller, Chief HR Officer, Group Head of Tax, Chief Information Officer and the Head of Internal Audit; and
- introductions to the company's key advisers including its auditor, UK corporate counsel and remuneration consultant.

Composition, succession and evaluation continued

Board skills, experience and diversity characteristics

The Board is committed to promoting diversity and inclusion on the Board. The Board recognises that diversity, construed in its broadest sense and including gender, religious and ethnic diversity, disability, sexual orientation, social and economic backgrounds, age and cognitive and personal strengths, is an important factor in Board effectiveness.

During the year, the Directors participated in a process to identify their own skills, experience and diversity characteristics. The results of this process are set out in the table on the right and the charts on the following page and have been used to help assess the future needs of the Board, particularly in determining the ideal attributes of prospective appointees to the Board.

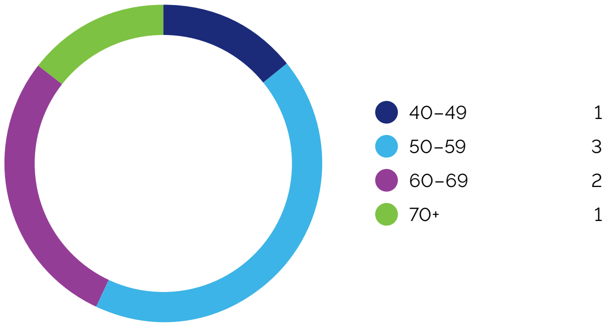
The Board diversity policy and our plans and progress in line with the recommendations of the FTSE Women Leaders Review and the Parker Review, respectively, are described in the Nomination Committee Report on pages 107 to 108.

Board skills and experience

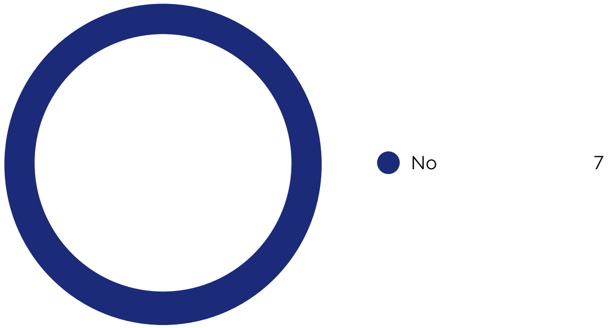
Specific skill, experience or expertise	Number of Directors identifying as having specific skill, experience or expertise
Chairmanship	2
Listed Company Executive directorship(s)	4
Listed Company Non-Executive directorship(s)	5
Financial expertise	3
Financial reporting experience	3
Risk management	6
Investor relations	5
Corporate governance	5
Executive remuneration	4
Workforce engagement	3
Strategy development	7
International business experience	6
Commercial and business development	5
Business management	5
Operations and manufacturing	4
Services and life cycle revenue	2
Technology, Science or Engineering	3
Sustainability	5
Climate change	2
Energy transition	2
Customer focus	2
People leadership	6
Digital experience	2

Composition, succession and evaluation continued

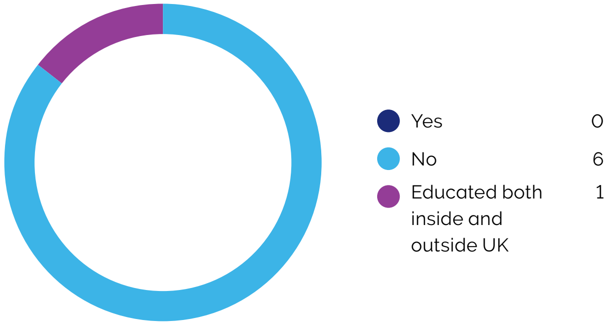
Age



Do you consider yourself to have a disability defined by the Equality Act 2010?

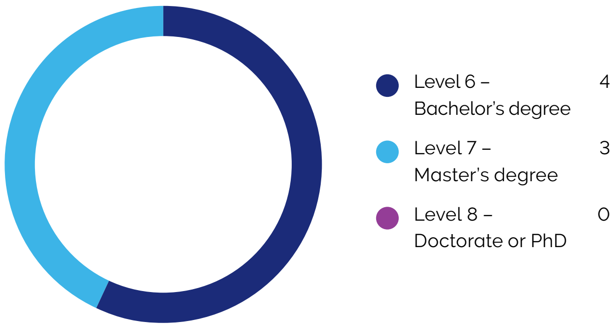


Were you educated outside the UK?

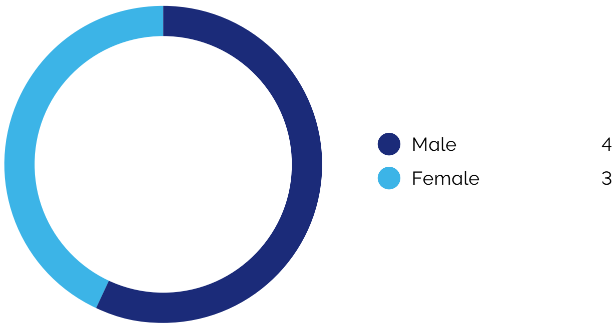


What is your ethnic group?

What is your highest level of educational attainment?



Board gender diversity



Nomination Committee Report

Committee membership

The current members of the Committee are:

Neil Carson (Chair), Alison Wood, Sir Nigel Sheinwald, Hannah Nichols and Rowena Innocent.

Changes to Committee membership:

Reshma Ramachandran and Mary Waldner stepped down as members of the Committee upon their resignations from the Board on 25 July 2024 and 3 February 2025, respectively. Rowena Innocent joined as member of the Committee upon her appointment to the Board on 17 February 2025.

For details of attendance at Committee meetings during the financial year, see page 96. For the biographies of all Committee members, see pages 85 to 87.

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2025.

The Committee has again focused on succession planning and executing those plans during the year with a number of changes to the composition of our Board.

We were pleased to have concluded the succession process regarding our change of Chief Financial Officer, with Paul Fry succeeding Gavin Hill as Chief Financial Officer with effect from 1 April 2025. The Board is thankful for the very significant contribution Gavin has made to the success of the company over nearly nine years and for his strong stewardship of the Company's finances, shaping our growth and building the foundations for ongoing success. Paul has a strong track record in senior positions at international healthcare and technology companies, having held the role of CFO, most recently at Argenta Group. To support a smooth transition, Paul joined the company on 9 January 2025, initially in a non-Board role, and Gavin will remain actively involved with the company until June 2025.

For more detail regarding remuneration arrangements applicable to Gavin's retirement and Paul's appointment to the Board, see the Directors' Remuneration Report on pages 120 and 135.

After completing a rigorous search process, we were pleased to recommend that the Board appoint Rowena Innocent as a Non-Executive Director with effect from 17 February 2025. Rowena has over 30 years' experience in high-tech product design and manufacturing. Her deep technical understanding combined with commercial acumen will be an asset to the Board. Rowena has also been appointed as a member of the Company's Audit and Risk, Nomination, Remuneration and Sustainability Committees.

As explained in the Report and Financial Statements 2024, Reshma Ramachandran stood down as a Non-Executive Director with effect from the conclusion of the 2024 AGM, due to her appointment in a new executive role externally, which would restrict the available time which she can commit to her role with the company.

Mary Waldner stood down as a Non-Executive Director on 3 February 2025 following nine years on the Board. The Board thanks Reshma and Mary for the valuable contribution they have made during their time as a Director.

We have also kept under review our approach to diversity, particularly in light of the recommendations of the FTSE Women Leaders Review and the Parker Review. We remain committed to meeting the targets and recommendations set out in these reviews, at Board level, for senior management and throughout the organisation. Our Board diversity policy and our plans and progress in line with the recommendations of both of these reviews are explained on pages 107 and 108.

I will be available at the AGM to answer any questions you may have regarding the work of the Committee.

NEIL CARSON
Chair of the Nomination Committee
12 June 2025

Nomination Committee Report continued

Key responsibilities

- Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- Ensure plans are in place for orderly succession to Board and Management Board positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future.
- Review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected.
- Ensure that, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them.
- Review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.
- Review annually the time required from Non-Executive Directors.
- The Committee shall also make recommendations to the Board concerning: changes needed to the succession planning process, if required; suitable candidates as new Directors and succession for existing Directors; membership of the Audit and Risk, Remuneration, and Sustainability Committees; the reappointment of Non-Executive Directors at the conclusion of their specified term of office; the re-election by shareholders of Directors; any matters relating to the continuation in office of any Director at any time; and the appointment of any Director to executive or other office.

Committee composition

In line with the Committee's terms of reference, which are available on our website at: www.oxinst.com/investors/corporate-governance, the Committee comprises a majority of independent Non-Executive Directors and is chaired by the Chair of the Board, Neil Carson.

Meetings

The Nomination Committee holds a minimum of one meeting annually, as required under its terms of reference, and this year held four meetings. Regular attendees at meetings may include the Chief Executive Officer, Chief Financial Officer and Chief HR Officer, where appropriate. The Company Secretary is the secretary to the Committee.

Committee performance review

During the year, an external performance review of the effectiveness of the Board and its Committees was conducted. More information can be found on pages 101 to 102. The review found that the Committee functions effectively.

How the Committee spent its time during the year ended 31 March 2025

The responsibilities of the Committee are set out in its terms of reference, which were last reviewed in January 2025 and which are summarised above. Whilst these responsibilities guide the operation of the Committee and shape its agenda, it will also consider other matters as requested by the Board and as relevant to its remit.

The key activities and areas of focus for the Committee during the year are as set out below.

- Reviewed the Board's composition and future needs, bearing in mind in particular the current tenure, skills, experience and diversity characteristics of the Directors.
- Reviewed the succession plans for Board and Executive Leadership Team positions.
- Continued to consider our approach to diversity, particularly in light of the recommendations of the FTSE Women Leaders Review and the Parker Review.
- Completed the recruitment process for a new Non-Executive Director, resulting in the appointment of Rowena Innocent, effective 17 February 2025.
- Concluded the succession process regarding our change of Chief Financial Officer, with Paul Fry succeeding Gavin Hill in this role with effect from 1 April 2025.

Board composition and succession planning

The Nomination Committee keeps under review the composition of the Board and its Committees. We take seriously our responsibility for Board effectiveness and continuity and the need to conduct a continuous and proactive process of planning and assessment, in the context of the company's strategic priorities and the main trends and factors affecting the long-term success and future viability of the company.

Recognising the value of adding technical understanding to the Board, particularly following the departure of Richard Friend in July 2023, the Committee acted to identify a suitable candidate to appoint as an additional Non-Executive Director. As a result, we were pleased to recommend that the Board appoint Rowena Innocent as a Non-Executive Director with effect from 17 February 2025. Rowena's experience in high-tech product design and manufacturing will complement the current range of expertise and experience on our Board. See page 100 for further information regarding the Committee's appointment process and page 102 for details regarding Rowena's appointment and induction experience. The Nomination Committee engaged EgonZhender, an executive search agency, to assist with this appointment.

Nomination Committee Report continued

The company and the Directors have no other connection with EgonZhender. In order to retain access to Richard Friend's technical expertise and experience whilst the search process was ongoing, the Board engaged Richard in an advisory capacity to ensure that the Board retained the skills, knowledge and experience it needs to operate optimally.

As announced in January 2025, after nearly nine years with the company, Gavin Hill agreed with the Board that he would step down from his role of Chief Financial Officer on 31 March 2025, the end of the financial year. After a rigorous search process, Paul Fry was appointed as Chief Financial Officer with effect from 1 April 2025. The Director appointment process detailed on page 100 was followed, except that open advertising was not utilised as it was not appropriate in these circumstances. The interview process gave each of the Committee members a meaningful opportunity to carefully assess the experience and capabilities of the potential candidates. The Committee ensured that the insights gained by each of its members were carefully considered in coming to a conclusion regarding their preferred candidate.

The Nomination Committee engaged Russell Reynolds, an executive search agency, to assist with this appointment. The company and the Directors have no other connection with Russell Reynolds.

In addition to reviewing Board composition, the Nomination Committee oversees the succession plans for the Executive Leadership Team. It has regular opportunities to meet with its members and other members of the wider senior leadership through their attendance at Board meetings to report on their respective business areas or functions and through workforce engagement activities.

Board diversity

The Board is committed to promoting diversity and inclusion on the Board. The Board recognises that diversity, construed in its broadest sense, is an important factor in Board effectiveness. The Board's diversity policy considers a range of characteristics, namely age, disability, social and educational backgrounds, as well as gender and ethnicity, and includes a commitment to sustaining an effective balance of female and ethnic representation on the Board and throughout the wider organisation.

At the end of the financial year, the Board had 43% female representation but did not include ethnically diverse representation. The composition of our Board therefore met the recommendation of the FTSE Women Leaders Review (40% female representation by the end of 2025) but did not meet the recommendation of the Parker Review (at least one Director of colour by the end of 2024).

We are pleased to have surpassed the target for at least 40% of the Board to comprise women, with 43% female representation at present, as three of the Board's seven Directors are women. We are pleased to have also met the recommendation to have at least one woman in one of four specified senior roles by the end of 2025, as Alison Wood currently serves as our Senior Independent Director.

Following Reshma Ramachandran stepping down as a Non-Executive Director in July 2024 due to a change in her external appointments and capacity to commit sufficient time to the company, we no longer meet the target of the Parker Review for the Board to include at least one Director of colour by the end of 2024. We remain committed to meeting the Parker Review target of one Director of Colour and the Board will seek to address this through its ongoing succession planning.

Any future appointments to the Board will continue to be based on merit and objective criteria to ensure that the best individuals are considered and appointed to the role. Wherever possible, the search pool will be extensive and where an executive search consultancy is used, we will only engage with those firms that have adopted the Voluntary Code of Conduct for Executive Search Firms.

The Parker Review also recommends that we devise and work towards a specified target for the percentage of our senior management team to be from ethnic minorities by the end of 2027. As an international company, we recognise the importance of ensuring we have strong ethnically diverse leadership role models and a diverse decision-making team that reflects our customer base and the communities in which we operate.

As of the date of the Annual Report, the Senior Leadership Team comprises 16 persons, of whom 19% are Asian or mixed ethnicity. We will be seeking to maintain and improve the ethnic diversity of this cohort on a year-on-year basis, within a target range of 20% to 25%.

In March 2025, we published our second year of ethnicity pay gap data which showed that there was an ethnicity pay gap in mean (15.2%) and median (2.4%) pay across our UK workforce. This contrasts to 2022/23 where pay was slightly higher against both measures for those in ethnic minorities (1.4% and 1.7% respectively). We continue to focus on achieving a fully inclusive and representative workforce where all employees have the opportunity to develop their career to reach their full potential.

Nomination Committee Report continued

Diversity of individuals on the Oxford Instruments plc Board and executive management

In accordance with the UK Financial Conduct Authority's Listing Rule 6.6.6 (9), the Board confirms that as of 31 March 2025, Oxford Instruments plc:

- had surpassed the target for at least 40% of the Board to comprise women, with 43% female representation given that three of the Board's seven Directors are women; and
- had (i) met one of the remaining targets set out in that rule with Alison Wood holding the role of Senior Independent Director and a woman therefore holding one of the specified senior positions on the Board (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer); and (ii) had not met the other remaining target set out in that rule, with the Board including no Directors from a minority ethnic background.

In accordance with UK Financial Conduct Authority's Listing Rule 6.6.6 R (10) the below tables provide data as of 31 March 2025 regarding the gender identity or sex and the ethnic background of both the Oxford Instruments plc Board and the Senior Leadership Team.

Our approach to collecting this data was two-fold. For our Directors, we asked that they complete a questionnaire regarding their skills, experience and diversity characteristics, including their gender identity or sex and their ethnic background. For our Senior Leadership Team, we collated this data from our employee records, which they have provided on a voluntary basis understanding that it may be used for disclosure purposes, as well as to help to ensure that our processes and pay are fair and equitable with respect to race and ethnicity, as well as the characteristics on which we have had full data for several years.

Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Senior Leadership Team	Percentage of Senior Leadership Team
Men	4	57%	3	12	75%
Women	3	43%	1	4	25%
Not specified/prefer not to say	–	–	–	–	0%

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	100%	4	13	81%
Mixed/Multiple ethnic groups	–	–	–	1	6%
Asian/Asian British	–	–	–	2	13%
Black/African/Caribbean/ Black British	–	–	–	–	0%
Other ethnic group, including Arab	–	–	–	–	0%
Not specified/prefer not to say	–	–	–	–	0%

Audit and Risk Committee Report

Committee membership

The current members of the Committee are:

Hannah Nichols (Chair), Alison Wood, Nigel Sheinwald and Rowena Innocent.

Changes to Committee membership:

Reshma Ramachandran and Mary Waldner stepped down as a members of the Committee upon their resignations from the Board on 25 July 2024 and 3 February 2025, respectively. Rowena Innocent joined as member of the Committee upon her appointment to the Board on 17 February 2025.

- For details of attendance at Committee meetings during the financial year, see page 96.
- For the biographies of all Committee members, see pages 85 to 87.

Dear Shareholder,

I am delighted to present the Report of the Audit and Risk Committee for the year ended 31 March 2025, my first as Chair of the Committee, having taken up this role with effect from the conclusion of the AGM on 25 July 2024. I would like to extend my thanks to Mary Waldner as the preceding Committee Chair, for her valuable leadership of and contributions to the Committee during her tenure.

The Committee has continued to play an integral role as part of the Group's governance framework, monitoring the integrity of the financial statements of the company and providing oversight and challenge across the financial reporting processes and internal control environment. The Committee sets a structured programme of activities for the year, developed from its terms of reference and including standing items for its consideration at certain meetings. This is explained in more detail on page 111.

In addition, it considers specific risk areas identified for detailed review in light of the evolving risk environment, assurance activities relating to key non-financial areas and any other matters that arise during the year.

During the year, the Committee's work focused particularly on the Group's approach to several key areas of governance whilst continuing to deliver its core remit.

Specific areas of focus included:

- delivery of the internal audit plan across a broad range of key risk areas;
- considering the procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives;
- monitoring the processes for identifying, evaluating and reporting on climate-related risks and opportunities across the Group and their integration into the wider enterprise risk management processes. This includes the detailed assessment of key risks using a standardised methodology, as performed by the business units across the Group;
- working with BDO LLP in respect of the annual audit for the year ended 31 March 2024 to ensure a smooth conclusion to this process;
- the review of papers and supporting calculations and data relating to the significant judgements and estimates used in the preparation of the financial statements for the financial year ended 31 March 2025; and
- initial consideration of the approach to be taken to address the changes the Committee believes necessary to comply with the revised UK Corporate Governance Code published in January 2024.

During the year, an external performance review of the effectiveness of the Board and its Committees was conducted. More information can be found on pages 101 to 102. The review found that the Committee functions effectively.

Should you have any questions or comments regarding the work of the Committee during the year, I would be pleased to hear from you.

HANNAH NICHOLS
Chair of the Audit and Risk Committee
12 June 2025

Audit and Risk Committee Report continued

Key responsibilities

- Monitor the integrity of the Financial Statements of the company and Group, and review and report to the Board on significant financial reporting issues and judgements.
- Review statements relating to financial performance and narrative reporting, including any climate-related financial disclosures.
- Review the company's internal control and risk management systems.
- Review the arrangements relating to compliance, speaking up and fraud.
- Monitor and review the effectiveness of the company's internal audit function.
- Advise the Board on the appointment, reappointment and removal of the external auditor, agree their terms of engagement and monitor their independence and objectivity.
- Review the effectiveness of the external audit process.
- Develop and implement the policy on the engagement of the external auditor to supply non-audit services.

Committee composition

In line with the requirements of the UK Corporate Governance Code and the Committee's terms of reference, which are available on our website at: www.oxinst.com/investors/corporate-governance, the Committee comprises independent Non-Executive Directors and, as a whole, has competence relevant to the sector in which the company operates. All members of the Committee are considered to be independent. Hannah Nichols, the Committee Chair, has specific, recent and relevant financial experience as the Chief Financial Officer of Hill and Smith plc and currently of Coats Group plc, is a qualified chartered accountant and has also held a number of senior executive financial roles with major public companies.

Meetings

The Audit and Risk Committee holds a minimum of three meetings annually, as required under its terms of reference, and this year held five scheduled meetings. See page 111 for a summary of the key matters considered at each meeting during the year. Regular attendees at meetings include the Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Risk, Assurance and Trade Compliance, and BDO LLP, our external auditor. Other attendees who join meetings as required include the Chair and members of senior management. The Company Secretary is the secretary to the Committee.

Audit and Risk Committee Report continued

How the Committee spent its time during the year

Matters considered	June 2024	Sept 2024	Nov 2024	Jan 2025	Mar 2025
Half-year and full-year Financial Statements including appropriateness of accounting policies, representation letters, associated narrative reporting (Annual Report and Financial Statements) and market announcements	●		●		
External auditor Year-end Audit Report and Interim Review Report	●		●		
Significant accounting estimates and judgements	●		●		
Going concern	●		●		
Viability statement	●				
Group risk register, including climate-related risks and opportunities	●	●	●	●	
Principal risks and uncertainties	●		●		
Adequacy of internal control environment including internal control framework and risk management processes	●				
Internal audit update (specific theme addressed at each meeting, per the internal audit plan for the financial year)	●	●	●	●	●
Internal audit plan				●	
Effectiveness of internal audit function				●	

Matters considered	June 2024	Sept 2024	Nov 2024	Jan 2025	Mar 2025
External auditor strategy for year-end audit					●
External auditor terms of engagement					●
External auditor independence and objectivity	●		●		●
Effectiveness of external audit process		●			
Policy on non-audit services carried out by external auditor	●				
Litigation register	●		●		
Annual tax review		●			
Systems and controls for detecting fraud and the prevention of bribery and corruption	●				
Whistleblowing arrangements				●	
Committee effectiveness review	●				
Committee terms of reference				●	
Committee members and external auditor closed meeting	●	●	●	●	●

Audit and Risk Committee Report continued

Significant Audit and Risk Committee judgements and estimates during the financial year ended 31 March 2025

The Committee considered reports from management on accounting policies, current accounting issues and the key judgements and estimates in relation to this Annual Report. It assessed whether suitable accounting policies had been adopted and the reasonableness of the judgements and estimates made by management. The following sections summarise the significant judgements and estimates considered by the Committee in relation to the Financial Statements for the year ended 31 March 2025 and how they were addressed.

Revenue recognition

Significant matter: Revenue recognition

Sales of some of our systems within NanoScience are recognised by reference to the progress towards completion of the performance obligation, using the cost input method. This requires management to estimate profit margin with reference to prior systems sold. Additionally, the Group generates a significant portion of revenue and profit in period 12 and any errors in revenue cut-off could potentially have a significant impact.

Our action: We reviewed management's reports on the approach to revenue recognition and assumptions used, including in relation to revenue cut-off testing.

Our conclusion: We concluded that management's approach to revenue recognition was reasonable and controls around revenue cut-off were adequate.

UK defined benefit pension scheme

Significant matter: Valuation of UK defined benefit pension scheme liabilities and assets

IAS 19 requires the Group to recognise any difference between the net present value of the defined benefit pension scheme's liabilities and the fair value of its assets as at 31 March 2025 in the balance sheet as either a pension scheme asset or deficit.

The valuation of the Group's obligations to members of the defined benefit pension schemes is based on a number of assumptions including discount rate, inflation and actual membership experience.

Our action: We reviewed management's reports on key assumptions with respect to the valuation of the defined benefit scheme's liabilities and assets. We challenged the basis of the assumptions underlying the valuation.

Our conclusion: We concluded that the valuation is reasonable and appropriately supported by the valuation conducted by an external actuary, Aon Hewitt.

First Light Imaging acquisition

Significant matter: Recognition and valuation of contingent consideration

The Group completed the acquisition of First Light Imaging SAS ('First Light') on 9 January 2024 for cash consideration of €14.6m with an additional €3.0m contingent on the business meeting certain performance targets during the first 12 months of Group ownership. The thresholds to pay the contingent consideration were not met and as a result the contingent consideration has been released into the Consolidated Statement of Income with adjusting items.

Our action: We reviewed management's assessment of performance against targets for reasonableness.

Our conclusion: We concluded that the release of the contingent consideration was appropriate.

Significant matter: Finalisation of purchase price allocation

KPMG LLP was appointed to value First Light to help determine the allocation of the purchase price to First Light's assets. This allocation relies on a number of inputs and judgements including forecasts of future financial performance. Where information is not available due to the proximity of the acquisition date to the balance sheet date, management applies judgement in estimating the provision value of acquired intangibles. This provisional allocation was finalised during the current reporting period and resulted in a £0.3m adjustment to inventory related to FY24.

Our action: We reviewed the updates made to provisional fair valuation of intangible assets acquired in the preceding reporting period for reasonableness.

Our conclusion: We concluded that the updates made to provisional fair valuation of intangible assets were reasonable.

FemtoTools acquisition

Significant matter: Recognition and valuation of contingent consideration

The Group completed the acquisition of FemtoTools AG on 28 June 2024 for a cash consideration of CHF 17.9m with an additional CHF 5.5m contingent on the business meeting certain performance targets over a period of 33 months. The Group accrues the fair value based on the estimated additional consideration payable as a liability at the acquisition date. To the extent that contingent consideration is payable after one year from the acquisition date, the contingent consideration is discounted at an appropriate discount rate and carried at fair value in the consolidated balance sheet.

Our action: We reviewed and challenged the calculations in respect of contingent consideration in light of forecast performance.

Our conclusion: We concluded that the valuation of contingent consideration was reasonable.

Significant matter: Purchase price allocation

KPMG LLP was appointed to value FemtoTools to help determine the allocation of the purchase price to FemtoTool's assets. This allocation relies on a number of inputs and judgements including forecasts of future financial performance.

Our action: We reviewed the provisional fair valuation of intangible assets acquired and the subsequent finalisation of this valuation for reasonableness.

Our conclusion: We concluded that the purchase price allocation and valuation of FemtoTools was reasonable.

Audit and Risk Committee Report continued

Impairment

Significant matter: Valuation of goodwill

In carrying out impairment reviews of goodwill, a number of significant assumptions have to be made when preparing cash flow projections. These include the future rate of market growth, discount rates, the market demand for products acquired and the future profitability of products.

Our action: We reviewed management's reports on the key assumptions with respect to goodwill. We also challenged the downside sensitivity analysis undertaken. Particular focus was given to ensuring that the carrying value of Andor Technology, the Group's Belfast microscopy and scientific cameras business assets, was properly supported given the recent challenging trading period for this business. The Committee reviewed management's forecasts for future performance and challenged the assumptions adopted.

Our conclusion: The Committee agreed with management's conclusions that there should be an impairment charge of £26.0m in FY25 accounts in respect of Andor Technology. We concluded that the carrying values of other acquired assets are reasonably and appropriately supported by the cash flow projections.

Provision for inventory

Significant matter: net realisable value of 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 Group policy was revised during the year and presented to the Board in November 2024. This provided a consistent approach to inventory provisioning across the Group for all inventory, including demonstration stock.

Our action: We reviewed the revised policy and how it would be applied.

Our conclusion: We approved the implementation of the new policy for FY25.

Subsequent events

Significant matter: Disposal of NanoScience business

On 10 June 2025, the Group entered into a binding agreement to sell its NanoScience business. IFRS 5 sets out the conditions requiring assets to be classified as 'held for sale' at the balance sheet date.

Our action: The Committee reviewed whether the IFRS 5 conditions requiring the classification of the NanoScience as 'Assets Held For Sale' at the balance sheet date had been met.

Our conclusion: Whilst a sale process was ongoing prior to 31 March 2025, the Committee was satisfied that at that point no binding offer or terms from prospective buyers had been received and therefore actions to complete the sale remained highly uncertain. In addition, management was not committed to sale and given the macro conditions prevailing at that time a successful sale remained highly uncertain. The Committee concluded therefore that the conditions for classifying the NanoScience business as held for sale at 31 March 2025 had not been met.

Other matters related to the financial statements

Adjusted profit and EPS

The Group applies adjustments to the statutory definition of profit and EPS to present adjusted profitability and earnings, as the Board considers that they present a clearer picture of the financial performance of the Group. These adjustments are set out at Note 2 to the Financial Statements.

The Committee has reviewed the nature of the adjustments and the methodologies used to calculate them. Based on these enquiries and explanations provided, the Committee concluded that adjustments have been applied consistently. Further, the Committee is satisfied with the presentation of these adjusting items in the 2025 Financial Statements.

Viability and Going Concern Assessment and Statements

The Committee and the Board reviewed the Viability and Going Concern Statements as presented in more detail on pages 79 to 80.

The Committee reviewed the Viability Assessment, which was based upon consideration of the Group's current financial position and the potential impact of certain of its principal risks and uncertainties on future performance. It performed a review of the scenario analyses prepared by management in the Viability Assessment and concluded that the Group would be able to continue in operation and meet its liabilities as they fall due over the next three years.

In addition, the Committee noted that there were no material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern over the period of at least 12 months from the date of approval of the Financial Statements and concluded that it was appropriate to continue to adopt the going concern basis of accounting.

Misstatements

Management has provided the Committee with reports that they were not aware of any material or immaterial misstatements that had been made with the intent of achieving a particular presentation in the Financial Statements. The Committee also reviewed BDO's report on unadjusted audit differences and these were discussed by the Committee in June 2025. On the basis of its review and those discussions, the Committee concluded that the unadjusted differences were not material to the Financial Statements and therefore no adjustment was required.

Fair, balanced and understandable

The Board asked the Committee to consider whether the 2025 Annual Report is fair, balanced and provides the necessary information for shareholders to assess the Company's position and prospects, business model and strategy. In performing this review, the Committee received a report from management and considered if it meets the requirements of the 2018 UK Corporate Governance Code including the following considerations:

- Is the Annual Report open and honest with the whole story being presented?
- Have any sensitive areas been omitted that are material?
- Is there consistency between different sections of the Annual Report, including between the narrative and the financial statements, and does the reader get the same message form reading the two sections independently?

Audit and Risk Committee Report continued

- Is there a clear explanation of key performance indicators and their linkage to strategy?
- Is there a clear and cohesive framework for the Annual Report with key messages drawn out and written in accessible language?
- Is there an appropriate balance between the use of statutory accounting measures and adjusted performance measures, and are adjusted performance measures adequately explained?

Following this review, we confirmed to the Board that, in our view, the Annual Report is fair, balanced and understandable in accordance with the requirements of the UK Corporate Governance Code.

Whistleblowing

Employees can report concerns of non-compliance, ethical issues or malpractice via an independent and confidential reporting route. Reports can be made anonymously if required and are covered by the Group's Whistleblowing Policy which provides for protected disclosure. The Group recognises the importance of other reporting channels such as via line management and HR. A reporting route to the Senior Independent Director is also available. Employees are informed of the reporting channels through the company's Code of Conduct. Irrespective of the reporting channel used, the Group operates a formal protocol for the independent investigation of reports which is overseen by the Chief HR Officer and Group Compliance.

The Committee performs an annual review of the Whistleblowing Policy and receives a summary report into the outcome of investigations during the year.

It also receives a report from management on its activities in this area. The latest report and review took place in January 2025 and all matters raised in the year to date had been resolved.

The Committee was pleased to note that during the year, management had completed a campaign to ensure employee awareness of the whistleblowing channels available to them, including guidance and an online training course.

Risk management

The key risk management activities performed by the Group are described on pages 69 to 71.

The Committee reviews the Group risk register, which includes climate change-related risks, at each meeting and uses these, supplemented by reports from management, the external auditor and other subject matter experts, to assess the approach taken to identify and mitigate the risks faced by the Group.

The Committee will continue to carefully review risk reporting and the associated risk management activities during the year ahead, in particular aiming to develop and enhance its approach to the consideration of climate-related risks and opportunities as well as the broader landscape of emerging risks.

For more information regarding our approach to risk management see pages 69 to 78.

Internal control

The Committee oversees the internal control framework on behalf of the Board. In June each year, it undertakes an annual review of the effectiveness of the internal control environment, comprising the company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems. To support this review, the Committee liaised with the Head of Risk, Assurance and Trade Compliance and considered the internal and external audit reports presented. In respect of the financial year ended 31 March 2025 and up to the date of the approval of this Annual Report, the Committee concluded that the required standards had been met and noted that during the financial year, it had received no reports in the year about concerns of possible improprieties in matters of financial reporting.

Internal audit

During the year the internal audit function was led by the Head of Risk, Assurance and Trade Compliance, who was a regular attendee at Committee meetings. The Company is pleased to have appointed a new, dedicated Head of Internal Audit who has commenced leadership of the function with effect from 1 April 2025.

The purpose of the internal audit function is to provide assurance regarding the effectiveness of internal controls through regular reviews and the provision of reports to the Committee. Once finalised, all internal reports are also shared with the external auditor. The Head of Internal Audit and, prior to his appointment, the Head of Risk, Assurance and Trade Compliance, have had direct access to the Chair of the Board and the Chair of the Committee, to help safeguard independence from the executive and accountability to the Committee. The internal audit function also continues to benefit from a co-sourcing relationship, whereby an external service provider has been engaged to supplement certain of the work on internal audits focused on financial controls and to provide support in other areas where specific subject matter expertise is required or advantageous.

Internal audit plan

The annual internal audit plan was presented to the Committee at its meeting in January 2025. It comprises audits which assess the effectiveness of internal financial controls, to be performed on a rotational basis across business units and the principal regional offices. Complementing this, the programme also includes risk-based audit areas which are proposed or recommended by a combination of the Committee and management. Following due consideration, the Committee approved the proposed annual internal audit plan.

Effectiveness review

The Committee has a responsibility to carry out an annual assessment of the effectiveness of the internal audit function. As part of its assessment in respect of the financial year ended 31 March 2025, the Committee liaised with the Head of Risk, Assurance and Trade Compliance, reviewed and assessed the annual internal audit plan, reviewed the results of the internal auditor's work and considered whether the quality, experience and expertise of internal audit remains appropriate for the business. It also reviewed the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.

The Chair also held a one-to-one meeting with the Head of Risk, Assurance and Trade Compliance in January 2025 to discuss key risk areas in advance of the new financial year.

Audit and Risk Committee Report continued

Following due consideration, the Committee agreed that the internal audit function had remained effective.

External auditor

The Committee has principal responsibility for managing the relationship with the external auditor, including assessing its performance, effectiveness and independence and making recommendations to the Board regarding its reappointment, removal and terms of engagement, including all fees.

BDO LLP ('BDO') was reappointed as external auditor at the 2024 Annual General Meeting, having been initially selected to undertake this role with effect from the financial year ended 31 March 2021 following a competitive tender process. The Committee regularly meets with the external auditor, both with and without the Executive Directors or members of the management team present, to discuss any appropriate matters in a frank and open manner.

Audit strategy

BDO presented its proposed audit strategy and plan for the financial year ended 31 March 2025 to the Committee. The suggested strategy had been informed through feedback from various stakeholders including the Committee Chair, Chief Financial Officer and Group Financial Controller. The proposal included details of the recommended scope, materiality, fees and timelines plus the principal areas of audit risk and the anticipated approach for addressing such. Following due consideration, the Committee approved BDO's proposed audit strategy and plan.

Effectiveness review

The Committee has a responsibility to review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

As part of its assessment in respect of the financial year ended 31 March 2024, the Committee considered reports from BDO and feedback from key members of the finance teams across the Group.

The assessment noted that BDO had demonstrated strong investigative, analytical and judgemental competence in addition to providing a good degree of challenge to management. BDO's increasing familiarity with the Group and individual business units had supported the delivery of the audit at a component level. Following due consideration, the Committee agreed that the audit, particularly its quality, had been effective. The Committee also noted the FRC's Audit Quality Inspection and Supervision report relating to BDO as published in July 2024, and confirmed that it would continue to work with BDO to ensure that the audit quality received by the company remained appropriate.

In line with the Committee's structured programme of activities, an assessment of the effectiveness of the audit for the financial year ended 31 March 2025 is expected to be carried out in September 2025.

Independence and objectivity

The Committee should assess the external auditor's independence and objectivity on an annual basis, considering relevant law, regulation, the Ethical Standard and other professional requirements, and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services.

To make this assessment, the Committee obtains confirmation from the external auditor regarding whether it considers itself to remain independent and also satisfies itself that there are no relationships between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity. During the financial year, the Committee made this assessment in both June 2024 and March 2025, in addition to again assessing in June 2025. In March 2025 and June 2025, the Committee was comfortable that BDO remained independent and objective.

Non-audit services

The Committee oversees the company's formal policy regarding the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited Financial Statements. During the financial year, the Committee approved the provision of non-audit services by BDO amounting to £8k which, when considered in light of the audit fees amounting to £1,251k, represented less than 1% of the total fees payable to the auditor and its associates. A further illustration of this comparison can be seen in the following table.

Audit and non-audit fees for the financial year ended 31 March 2025

	Fees (£'000)	Proportion
Audit fees	1,190	95%
Audit-related assurance services	53	4%
Non-audit services	8	1%
Total fees payable to the auditor and its associates	1,251	100%

See Note 5 of the Financial Statements for further information regarding the external auditor's remuneration.

Statement of Compliance with the Competition and Markets Authority (CMA) Order

The company confirms that it has complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014 (Article 7.1), including with respect to the Audit and Risk Committee's responsibilities for agreeing the audit scope and fees and authorising non-audit services.

Reappointment of external auditor

BDO LLP has expressed its willingness to continue as auditor of Oxford Instruments plc and separate resolutions will be brought to the Oxford Instruments plc 2025 AGM, proposing BDO LLP's reappointment as auditor and to authorise the Board, through the Committee, to negotiate and agree its remuneration.

Sustainability Committee Report

Committee membership

The current members of the Committee are:

Sir Nigel Sheinwald (Chair), Neil Carson, Alison Wood, Hannah Nichols and Rowena Innocent.

Changes to Committee membership:

Reshma Ramachandran and Mary Waldner stepped down as a members of the Committee upon their resignations from the Board on 25 July 2024 and 3 February 2025, respectively. Rowena Innocent joined as member of the Committee upon her appointment to the Board on 17 February 2025.

- For details of attendance at Committee meetings during the financial year, see page 96.
- For the biographies of all Committee members, see pages 85 to 87.

Dear Shareholder,

I am pleased to present the report of the Sustainability Committee for the year ended 31 March 2025.

The Committee has continued to discharge its wide-ranging remit covering the company's policies and performance in the environmental, social and governance areas.

We have made significant progress with our environmental programme during the year. Building on the targets set in 2024, which will see the company reach net zero in Scopes 1 and 2 by 2030, this year, the Committee addressed Scope 3, approving an interim target of a 25% absolute reduction in emissions by 2030. The proposed reduction and metric (opting for an absolute reduction rather than a measure of intensity) were agreed following a baseline-setting exercise led by management with support from external advisers. The Committee then reviewed and approved our net zero transition plan in November 2024, which sets out the steps required to achieve our targets across all three scopes, including extended procurement of renewable energy, an amount of capital investment to replace gas boilers, the deepening of the company's ongoing supplier engagement programme, and action to reduce emissions from our products.

Following internal confirmation of our targets and publication of the plan, our science-based near-term and net zero targets, using an updated 2023/24 baseline, were submitted to the Science Based Targets initiative (SBTi) for validation and approval. This was secured in March and published by SBTi in April. We will now move to overseeing and monitoring progress on the delivery of the net zero plan.

The Committee was pleased to note the award of a B rating for Oxford Instruments' management of climate change by global independent environment disclosure body CDP, reflecting our commitment and action in this area.

We welcomed the structure developed by management to deliver against the sustainability agenda across the company, under the direction of the Sustainability Leadership Forum, which reports to the Sustainability Committee, and approved its programme for 2024/25, which was outlined at the June 2024 meeting.

During the year, in addition to the environmental programme noted above, the Committee has also spent time considering the progress made in areas relating to social and governance matters.

We continue to support the priority given by management to further improving our health and safety performance, and welcomed the extension of new Institution of Occupational Safety and Health (IOSH)-accredited health and safety training to reach a wider group of colleagues, together with the increased focus on reporting accidents and near-misses through the Shield system. We noted that a small increase in minor injury reports largely reflected these improved reporting protocols.

We also discussed the company's continued efforts to foster an inclusive workplace, welcoming the positive progress made by employee impact groups focusing on less represented groups among the workforce, including the recently launched women's group and NeuroInclusive, focusing on neurodiversity. All of our employee impact groups are open to all employees.

The embedding of the company's new Ways of Working, launched in spring 2024, is seen as a key initiative to support a positive, inclusive culture, and this has been a key focus of the Senior Leadership Team throughout the year, as reported to the Committee.

Oxford Instruments remains committed to being the company where the best people in our sector want to work, to developing the next generation of the workforce, and to training our people and enabling their career development and employability. We therefore welcomed the ongoing activity across this area, including the expansion of both the number of participants and the range of opportunities offered in our apprenticeship and graduate programmes; the careers pathway guidance available; the range of training provided to managers; and the continuation of the Foundations programme for emerging talent launched in the prior year. For more information, see page 66.

Sustainability Committee Report continued

The January Sustainability Committee meeting provided an opportunity to discuss in depth the company's Governance agenda. We welcomed the update provided on the new and extended Code of Conduct, which was published in December 2024, accompanied by an extensive internal communications campaign, and is now available in five languages. Management also reported on the success of a year-long campaign of refreshed and updated compliance training, with 100% of assigned courses completed by employees.

We were also very pleased to note that MSCI, a leading provider of critical decision support tools and services for the global investment community, has rated our ESG practices as AA for a second year. Oxford Instruments was also recognised as being in the 82nd percentile among our peer group in our first submission to S&P's Corporate Sustainability Assessment, with only 18% of peers scoring higher.

Our integrated Sustainability Report is available on pages 45 to 69 and includes our Task Force on Climate-related Financial Disclosures Statement, as set out on pages 52 to 60. We are committed to building on past progress and continuing to challenge ourselves to go further.

I will be available at the AGM to answer any questions you may have regarding the work of the Committee. Should you have any queries in the meantime, I would be very happy to hear from you.

SIR NIGEL SHEINWALD
Chair of the Sustainability Committee
12 June 2025

Key responsibilities

The current key responsibilities of the Committee per its terms of reference, are as follows:

- Review all sustainability-related narrative reporting and external disclosures, including, but not limited to, those relating to the Greenhouse Gas Protocol, Streamlined Energy and Carbon Reporting Regulations, Sustainable Development Goals and the Task Force on Climate-related Financial Disclosures.
- Determine the guiding principles to be used when setting targets in relation to the Group's sustainability goals and implementation plans.
- Regularly review and provide advice on the Group's ongoing activities and progress in relation to the three key elements of its sustainability agenda, broadly comprising environmental, social and governance-related matters, as follows:
  - Environmental: review with management and recommend to the Board for approval, sustainability-related targets, including environmental targets and timescales; review the company's progress towards decarbonisation of energy use globally; and consider and recommend to the Board for approval, the methodology to be used for achieving net zero.
  - Social: review any relevant externally published policies and statements and approve targets set in respect of the following areas: equity, diversity, inclusion and belonging; health, safety and wellbeing; investing in our people; next-generation talent; and community impact.
  - Governance: review any relevant corporate policies and approve targets set, in respect of the following areas: anti-bribery and anti-corruption; sanctions, export control and customs; dissemination of inside information to the market and share dealing; supply chain responsible sourcing; human rights and modern slavery; intellectual property and confidentiality; data protection, data privacy and data security; and financial sustainability and tax transparency.
- Through policy reviews and discussions with management, seek to ensure that the highest ethical standards and concern for human rights are embedded in the company across its global operations.

Sustainability Committee Report continued

Committee composition

In line with its terms of reference, which are available on our website at: www.oxinst.com/investors/corporate-governance, the Committee comprises a majority of independent Non-Executive Directors. Nigel Sheinwald, the Committee Chair, brings a wealth of skills and experience, particularly from his time as Chair of Shell plc's equivalent Sustainability Committee.

Meetings

The Sustainability Committee holds a minimum of three meetings annually, as required under its terms of reference, and this year held three meetings. Standing attendees at meetings include the Chief Executive Officer, Chief Financial Officer and Chief HR Officer. Other members of senior management may also attend as required. The Company Secretary is the secretary to the Committee.

Committee performance review

During the year, an external performance review of the effectiveness of the Board and its Committees was conducted. More information can be found on pages 101 and 102. The review found that the Committee functions effectively.

How the Committee spent its time during the year ended 31 March 2025

The responsibilities of the Committee are set out in its terms of reference, which were last reviewed in January 2025 and which are summarised on page 117. Whilst these responsibilities guide the operation of the Committee and shape its agenda, it will also consider other matters as requested by the Board and as relevant to its remit.

The key activities and areas of focus for the Committee during the year are as set out below.

- Kept up to date with the activities ongoing to achieve the company's net zero targets.
- Approved the company's Scope 3 near-term target, together with the publication of its net zero transition plan and the submission of its overall science-based Scope 1, 2 and 3 targets to SBTi.
- Received updates from the Chief Executive Officer and management regarding climate-change related matters.
- Via papers and attendance of selected members at Committee meetings, maintained oversight of the activities of the internal Sustainability Leadership Forum, which leads on delivery of the company's sustainability agenda on a day-to-day basis within the organisation.
- Considered the annual review of social matters forming part of the company's sustainability agenda. Noted the maturing approach and internal activities and measures relating to inclusion, amongst other things. Emphasised its support for the ongoing social initiatives being undertaken and developed to drive change and enhance the culture within the Group.
- Noted the annual review of progress in line with the company's sustainability governance agenda, remaining mindful of developments to either the internal approach or the external landscape impacting the key aspects of this pillar of the sustainability agenda.
- Post year end, reviewed and recommended to the Board for approval, the sustainability-related narrative reporting and external disclosures, including our integrated Sustainability Report, which is available on pages 45 to 68 and includes our Task Force on Climate-related Financial Disclosures Statement, as set out on pages 52 to 60 and our standalone Sustainability Report which will be published on our website at: www.oxinst.com/sustainability.

Remuneration Committee report

Committee membership

The current members of the Committee are:

Alison Wood (Chair), Neil Carson, Nigel Sheinwald, Hannah Nichols and Rowena Innocent.

Changes to Committee membership:

Reshma Ramachandran and Mary Waldner stepped down as members of the Committee upon their stepping down from the Board on 25 July 2024 and 4 February 2025. Rowena Innocent joined as member of the Committee upon her appointment to the Board on 17 February 2025.

- For details of attendance at Committee meetings during the financial year, see page 96.
- For the biographies of all Committee members, see pages 85 to 87.

Dear Shareholder,

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2025.

The report is presented in three sections:

- My annual statement as Chair, summarising the work of the Committee during the year.
- The Directors' Remuneration Policy ('Policy'), which was approved at the 2023 AGM.
- The Annual Report on Remuneration, detailing the remuneration outcomes for the year ended 31 March 2025 and the implementation of the Policy for the year ahead.

Business context

It has been a year of positive progress, culminating in an excellent set of results which underlines the Board's confidence in the mid-term outcomes set out in the Chief Executive's review on page 20. The actions taken to simplify the Group, improve commercial execution and realign our regional presence have resulted in strong growth in revenue and profit, and increased margins in both divisions.

Operation of the Remuneration Policy in 2024/25 and incentive plan outcomes

The outcome for the 2024/25 annual bonus scheme was based on a combination of profit before tax, adjusted operating profit margin, cash conversion and non-financial strategic objectives. The profit before tax and operating profit margin elements both exceeded the maximum performance level and so achieved a full payout, but the cash conversion just missed the payment threshold for the stretching target range that was set. Overall, this resulted in a payout, relating to the financial elements of the scheme, of 100% of salary for the Chief Executive Officer (CEO) and former Chief Financial Officer (CFO), out of a maximum of 150% of salary.

The non-financial strategic targets were based on (i) evolution of the business portfolio (ii) establish and progress our operational transformational programme and (iii) position the business for margin improvement and enhanced growth in 2026. Additionally, the former CFO had two further objectives specific to him. Having considered each element carefully, we determined achievement of 21.5% out of 25% of base salary opportunity for the CEO and 17.5% out of 25% of base salary opportunity for the former CFO. The overall bonus achieved was therefore 141% and 137% of salary for the CEO and former CFO respectively. One-third of the annual bonus will be paid in shares, which must be retained for three years.

Awards granted in 2022 under the Performance Share Plan (PSP) to the former Chief Executive Officer and the former Chief Financial Officer were based on two equally weighted performance measures. Earnings Per Share (EPS) was assessed over the three years to 31 March 2025 and achieved a performance level at 50% of maximum, with EPS growth of 6% per annum. In the final year of the performance period Return on Capital Employed (ROCE) was 26% and therefore achieved a performance level of 25%. As a result of this performance, the 2022 PSP grant will vest at 37.5% overall. A two-year holding period applies to the vested award. The current Chief Executive Officer and Chief Financial Officer did not participate in this award.

Given the company's strong performance during 2024/25 and over the three-year performance period for the PSP, there has been a robust link between reward and performance, as well as alignment with investor returns. We are satisfied that the Policy has operated as intended and the remuneration outcomes are appropriate, considering the relativities between outcomes for employees and Executive Directors, and the wider stakeholder experience as set out above. We therefore concluded that it would not be necessary to exercise discretion to adjust the 2024/25 incentive outcomes.

Remuneration Committee report continued

Operation of the Remuneration Policy in 2025/26

We carefully reviewed the recommendations regarding base salary increases for employees and noted that the average salary increase across the workforce in the UK was 2.5%. In that context we determined that the base salary for the Chief Executive should also increase by 2.5% from £587,100 to £601,778. There was no salary increase for the former Chief Financial Officer.

The annual bonus opportunity will remain at 150% of salary and performance measures will continue to be based on profit (50%), cash conversion (16.7%), adjusted operating profit margin (16.7%) and non-financial strategic objectives (16.7%). One-third of any bonus payable will be delivered in shares which must be retained for three years.

Awards under the Long-Term Incentive Plan (LTIP) will be at 200% of salary for the Chief Executive and Chief Financial Officer. We will retain the same broad mix of measures as in the previous two years, to provide a rounded overall assessment of performance. The measures for the grant will therefore be EPS (30%), ROCE (30%), Total Shareholder Return (TSR) (25%) and a sustainability-related measure (15%). The EPS measure will require compound annual growth of between 3% and 10% over three years and the ROCE measure will be based on a target range of 26%-30% in 2027/28. TSR will be measured relative to the companies comprising the FTSE 250 Index, requiring median performance for threshold vesting and upper quartile performance for maximum vesting. The sustainability target is aligned to our long-term strategy and will require reduction in absolute Scope 1 and 2 market-based carbon emissions by 2028 by 45% (threshold) to 65% (maximum) from the FY2023/24 baseline to drive achievement of Net Zero by 2030.

Chief Financial Officer succession

We announced on 9 January 2025 that, after nearly nine years with the company, Gavin Hill had agreed with the Board that he would step down as Chief Financial Officer on 31 March 2025. He will remain actively involved with the company until 10 June 2025 to support a smooth transition through the results period and is now on garden leave for the remainder of his 12-month notice period. He will be treated as a good leaver in respect of his unvested PSP awards and will be subject to the post-employment shareholding requirement, which requires him to retain 200% of base salary, for two years effective from the end of his notice period. Details of Gavin's leaving arrangements are set out later in this report.

After a rigorous search, the Board was delighted to appoint Paul Fry as Chief Financial Officer with effect from 1 April 2025. The Committee considered the remuneration package carefully, recognising Paul's significant plc experience and calibre, and that he had received an offer elsewhere at significantly higher total remuneration (salary, bonus and long-term incentives). On this basis we agreed with Paul a salary of £460,000 and in view of the significant lead time to his appointment, also agreed that his first salary review would be 1 July 2025, when it will increase by 2.5% to £471,500. We also agreed that his LTIP award would be set at 200% which is in line with the Policy as are all other elements of his reward package. There are no buyout arrangements.

Non-Executive Directors' (NED) fees

The fees of the Chair and NEDs will increase by 2.5%. This is consistent with the base salary increase for the Executive Directors and the workforce.

Committee effectiveness review

During the year, an external performance review of the effectiveness of the Board and its Committees was conducted. More information can be found on pages 101 to 102. The review found that the Committee functions effectively.

Conclusion

We hope that you will be supportive of the annual advisory vote to approve the Annual Report on Remuneration at our AGM on 28 July 2025.

ALISON WOOD
Chair of the Remuneration Committee
12 June 2025

Remuneration Committee report continued

Key responsibilities

The Remuneration Committee (the 'Committee') is responsible for recommending to the Board the remuneration packages for Executive Directors and has oversight of the pay, bonus and share incentive strategy for the Group's executive management. The Chair and the Executive Directors are responsible for determining the remuneration of the Non-Executive Directors, and the Remuneration Committee, in the absence of the Chair, is responsible for determining the remuneration of the Chair. The key responsibilities of the Committee include:

- determining the Policy for the Executive Directors and senior leadership;
- considering and determining the components and total remuneration packages for the Executive Directors;
- determining the Policy for pension arrangements, service agreements, recruitment terms and termination payments for Executive Directors;
- designing effective performance-related incentive plans aligned, for Executive Directors and senior leaders, to the business strategy and the wider workforce;
- approving the structure and targets for all performance-related remuneration plans for executives as well as the overall payments made under such plans; and
- reviewing and noting Policy and trends across the Group and considering the Executive Directors' remuneration within this context.

Committee composition

In line with its terms of reference, which are available on our website at: www.oxinst.com/investors/corporate-governance the Committee comprises a majority of independent Non-Executive Directors. Alison Wood has held the role of Chair of the Committee since 26 January 2021 and has significant prior remuneration committee experience, in particular, chairing remuneration committees at other listed companies, and is sufficiently experienced to undertake this role in line with Provision 32 of the UK Corporate Governance Code 2024.

Meetings

The Remuneration Committee holds a minimum of two meetings annually, as required under its terms of reference, and this year held four meetings. Standing attendees at meetings may include the Chief Executive Officer, Chief Financial Officer and Chief HR Officer. Other members of senior management may also attend as required. The Company Secretary is the secretary to the Committee.

Wider employee remuneration

The Committee seeks to ensure that the underlying principles which form the basis for decisions on Executive Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for Executive Directors.

A formal employee consultation on remuneration is not operated; however, employees are able to provide feedback on the Company's remuneration policies to their managers as well as through the employee engagement survey and formal performance review process.

Committee performance review

During the year, an internal performance review of the effectiveness of the Committee was conducted as part of the wider review of the Board and the Board Committees. More information can be found on pages 101 and 102. The review found that the Committee functions effectively.

Committee advisers

Korn Ferry was the Committee's independent remuneration consultant during the year and continues with this appointment in 2025/26. Korn Ferry is appointed by the Committee to provide advice on all aspects of executive remuneration as required by the Committee.

Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres to the Code. During the year, Korn Ferry had discussions with the Committee Chair on remuneration matters relevant to the company and on how best its team can work with the Committee to meet the company's needs. The Committee is satisfied that the advice it received from Korn Ferry for the year ended 31 March 2025 was objective and independent.

Fees are charged predominantly on a time spent basis. The total fees paid to Korn Ferry for the advice provided to the Committee during the year were £43,170 (excluding VAT).

Directors' remuneration report

Remuneration at a glance

The Committee sets stretching performance targets for the annual bonus and performance share plan, that are clearly linked to the strategy and financial performance of the Group. The outcomes in respect of the financial year ended 31 March 2025 are:

Annual bonus

Adjusted organic constant currency PBT

Threshold:	£82.4m
Target:	£86.5m
Max:	£90.5m

Actual

£90.5m

Adjusted organic constant currency operating profit margin

Threshold:	16.5%
Target:	16.8%
Max:	17.2%

Actual

17.8%

Cash conversion

Threshold:	82%
Target:	85%
Max:	92%

Actual

89%

Strategic objectives

Targets based on a range of objectives linked to operational improvement and progressing the new strategic plan and the evolution of the Group's portfolio.

For details see / Page 132

LTIP

Earnings per share growth (% CAGR pa)

Threshold:	4% pa CAGR
Max:	10% pa CAGR

Actual (CAGR over 3 years to 31 March 2025)

6.0%

Return on capital employed

Excluding Andor impairment and FemtoTools acquisition

Threshold:	26%
Max:	32%

For details see / Page 133

Actual 2024/25

26.0%

Executive Directors' remuneration at a glance

Total remuneration payable for 2024/25

	Base salary £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP £'000	Other £'000	Total £'000
Richard Tyson	583	26	31	828	-	-	1,468
Gavin Hill[1]	409	24	23	565	234	1	1,255

1. Gavin Hill stepped down from the Board and his role as CFO on 31 March 2025.

Directors' remuneration report continued

Directors' Remuneration Policy (A)

This part of the Directors' Remuneration Report sets out the Group's Remuneration Policy ('Policy') for its Directors.

The Policy was subject to a binding shareholder vote at our AGM on 19 September 2023 and the Policy, unless changed with shareholders' prior agreement, will continue until the 2026 AGM. The complete approved Policy can be found in the Directors' Remuneration Report in the Report and Financial Statements 2023, which is available on our website at www.oxinst.com/investors/financial-reports-and-presentations

Policy overview

The Policy promotes the delivery of the Group's strategy and seeks to align the interests of Directors, shareholders and other stakeholders. The Committee regularly reviews the link between its incentive structures and strategy to ensure that remuneration packages are appropriate to attract, motivate and retain the high calibre executives that are needed to deliver the Group's strategy.

The company seeks to reward executives fairly and responsibly based on Group performance and their individual contribution. The company has a strategy aimed at delivering significant, balanced and sustainable long-term growth and it is important for motivation and retention that the remuneration of the executives reflects this.

The Committee carefully considers the motivational effects of the incentive structure in order to ensure that it is effective and does not have an unintentional negative impact on matters such as governance, environmental or social issues. More generally, the Committee ensures that the overall Policy does not encourage inappropriate risk-taking.

The Committee's approach to determining, reviewing and implementing the new Policy

The Committee considered the following factors described below when determining the new Policy. For details of how we will implement the Policy for 2025/26, see pages 130 to 139.

Principle	Committee approach
Clarity: Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	• The metrics used in our annual bonus have a direct link to our company KPIs, which are familiar to our shareholders and the workforce. • Performance Shares are linked to our long-term business strategy, familiar to our shareholders and the workforce. • The Remuneration Committee consults with shareholders to explain and clearly set out any proposed changes to the Policy, and is committed to having an open and constructive dialogue with shareholders.
Simplicity: Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	• Our Remuneration Policy is in line with market norms. • The application of the Policy is described clearly each year in this report with a clear link between reward and performance.
Risk: Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Committee has ensured that risks are identified and mitigated by: • having discretion to override the formulaic outturn of incentives; and • having robust clawback and malus provisions. • Performance Shares (with holding periods), annual bonus deferral in shares, together with share ownership requirements, including post-employment share ownership requirements, ensure executives are not encouraged to make short-term decisions but to deliver sustainable shareholder returns over the long term for the benefit of all stakeholders.

Directors' remuneration report continued

Principle	Committee approach
Predictability: The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	• The scenario chart on page 128 sets out the potential rewards available to the Executive Directors under three different performance scenarios. • Limits to incentive plans and the basis for the Committee to use discretion are clearly set out.
Proportionality: The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	• Variable pay comprises the majority of the Executive Directors' packages, with the individual limits and payout for different levels of performance set out in the Policy and the scenario charts within this Directors' Remuneration Report. • The performance conditions are aligned to strategy and the targets are set to be stretching to reward for delivering above-market returns. • The Committee retains discretion to override the formulaic outturns of incentives if the payout does not reflect broader company performance and other factors.
Alignment to culture: Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	• The alignment of metrics to the medium and long-term strategy ensures behaviours consistent with the company's purpose and values are being encouraged. • Clawback and malus provisions discourage behaviours that are not consistent with the company's purpose, values and strategy. • The Committee reviews the wider workforce pay and policies to ensure there is alignment with the Executive Directors' Remuneration Policy and that remuneration is designed to support the company's people-centric culture. There is a broadly consistent implementation of the Policy throughout the senior management team.

Consideration of shareholder views

The Committee considers feedback from shareholders received at each AGM, together with any feedback from additional meetings, as part of any review of Executive Director remuneration. In addition, the Committee engages proactively with shareholders and their proxy advisers where any material changes to the Policy are proposed. As part of the Policy review during FY23, the Committee wrote to 20 of our largest shareholders and the major shareholder representative bodies to consult on the proposed Policy and its operation going forward. Shareholders were invited to provide any feedback they had and were offered the opportunity to discuss the proposals with the Committee Chair.

Directors' remuneration report continued

Remuneration Policy

Element of pay: Base salary

Purpose and link to strategy	Operation	Maximum opportunity
• To provide a competitive and appropriate level of basic fixed pay to recruit and retain superior talent and avoid excessive risk taking that might otherwise result from an over reliance on variable remuneration. • Reflects the experience, performance and responsibilities of the individual.	• Normally reviewed annually with any increase usually effective 1 July. • Takes account of experience, performance and responsibilities as well as the performance of the company, the complexity of the role within the Group and salary increases for employees generally. • Set with regard to market data for comparable positions in similar companies in terms of size, internationality, business model, structure and complexity, including within the industry. • Pay rises typically aligned with or below that of the workforce.	• There is no minimum or maximum annual increase. • Higher increases than the average percentage for the workforce may be appropriate; for example, where an individual changes role or their responsibilities increase, where the complexity of the Group changes, where an individual is materially below market comparators or is appointed on a below market salary with the expectation that his/her salary will increase with experience and performance.

Element of pay: Benefits

Purpose and link to strategy	Operation	Maximum opportunity
• Provided on a market competitive basis, aids retention and follows the reward structure for all employees.	• Currently include, but are not limited to, the cost of: – life assurance; – private medical insurance; and – company car benefit (car, driver, car allowance, fuel); and/or overnight hotel accommodation where necessary to enable the executive to carry out his duties efficiently at the Head Office and other company sites. • Executive Directors are also eligible to receive long service awards in line with other employees. • The benefits provided may be subject to amendment from time to time by the Committee within this Policy. • Relocation costs and other incidental expenses may be provided as necessary and reasonable. • Benefits are not part of pensionable earnings.	• The value of benefits varies from year to year depending on the cost to the company and is not subject to a specific cap. • Benefit costs are monitored and controlled and represent a small element of total remuneration costs.

Element of pay: Pension

Purpose and link to strategy	Operation	Maximum opportunity
• To contribute towards the cost of living in retirement.	• Company contributions to a money purchase pension scheme and/or salary supplement.	• Pension contributions (or salary supplement in lieu) are aligned to the maximum employer contribution applying to the majority of the UK workforce, currently 6% of salary.

Directors' remuneration report continued

Remuneration Policy continued

Element of pay: Annual bonus

Purpose and link to strategy	Operation	Maximum opportunity
• Drives and rewards the successful achievement of targets set at the start of the year with performance normally assessed over a one-year period.	• Performance targets based on the key performance indicators and strategic objectives of the business. • At least 70% of the bonus is based on financial metrics and the balance on non-financial/strategic metrics. • One-third of any bonus earned will be paid in shares, which are beneficially owned and which must be held by the Executive Director for at least three years. • The Committee may use discretion to override the result of any formula-driven bonus payment. • Clawback and malus provisions apply for misstatement, error, misconduct, corporate failure or reputational damage, or in other circumstances at the discretion of the Committee.	• Up to 15% of salary payable for achieving threshold performance. • 75% of salary at year end payable at target performance. • 150% of salary at year end payable for maximum performance.

Element of pay: Long-Term Incentive Plan (LTIP)

Purpose and link to strategy	Operation	Maximum opportunity
• To incentivise the executives and reward them for meeting stretching long-term targets linked to the business strategy. • To align the Directors' interests with those of shareholders. • Facilitates share ownership to provide further alignment with shareholders.	• Annual awards of Performance Shares with vesting subject to achievement of performance targets. Both the vesting and performance period will normally be over a three-year period. • Awards structured as options may have a zero exercise price or an exercise price equivalent to the par value of an ordinary share. • Awards may be granted in conjunction with a tax-advantaged option granted under the applicable schedule to the LTIP (a Linked Option). This arrangement gives the participant and Group the opportunity to benefit from the tax treatment applicable to tax advantaged options without increasing the pre-tax value of the award delivered to the participant. • The Committee will set targets each year linked to the long-term business strategy and may be based on financial performance, a stock market based metric and non-financial performance. • Up to 25% of the awards will vest at threshold performance under each performance condition. • Vested awards must be held for a further two years before sale of the shares (other than to pay tax). • The Committee may use discretion to override the result of any formula-driven payment. • Clawback and malus may be applied for misstatement, error, misconduct, corporate failure or reputational damage, or in other circumstances at the discretion of the Committee.	• The maximum award limit is 200% of salary. • If an LTIP award is granted as a Linked Option, the shares subject to the tax-advantaged option to which it is linked will not count towards the award limit. • In a recruitment situation the limit may be exceeded to facilitate a buy-out award (see further details in the 'Recruitment and promotion policy for Executive Directors' section on page 129). • Dividend equivalents may accrue on the LTIP awards over the vesting and holding period and would normally be paid out as shares in respect of the number of shares that have vested.

Directors' remuneration report continued

Remuneration Policy continued

Element of pay: All-employee share schemes		
Purpose and link to strategy	**Operation**	**Maximum opportunity**
• To encourage employee share participation.	• The company may from time to time operate tax approved share schemes (such as the HMRC approved Share Incentive Plan (SIP)) for which Executive Directors could be eligible. • The SIP is open to all UK permanent staff.	• The schemes are subject to the limits set by tax authorities.

Element of pay: Shareholding guideline		
Purpose and link to strategy	**Operation**	**Maximum opportunity**
• To further align Executive Directors' interests with shareholders'.	• The Committee has established shareholding guidelines which encourage the Executive Directors to build and retain a holding of company shares equivalent to 200% of base salary. • Until the guideline is met, Executive Directors are expected to retain or acquire shares equivalent to the value of 50% of the net amount realised from exercise/vesting of share awards as appropriate after allowing for tax payable. • Post cessation of employment there will be a requirement to retain the lower of the level of shareholding at that time, or 200% of base salary, for two years (unless by genuine exception eg serious ill health). At the Committee's discretion, shares which have been purchased voluntarily may be excluded, so as not to discourage further self-purchases.	• Not applicable.

Element of pay: Non-Executive Director (NED) fees		
Purpose and link to strategy	**Operation**	**Maximum opportunity**
• To remunerate the Chair and NEDs. The fees may be in the form of cash or shares.	• Normally reviewed annually. • Determined and reviewed taking into account time commitment, experience, knowledge and responsibilities of the role as well as market data for similar roles in other companies of a similar size and/or business to Oxford Instruments. • NEDs based outside the UK may receive additional fees taking into account additional travel and time commitment associated with their role. • Out of pocket expenses including travel may be reimbursed by the company in accordance with the company's expenses policy including tax thereon grossed up as appropriate.	• There is no prescribed maximum or maximum annual increase.

Directors' remuneration report continued

Discretion retained by the Committee in operating its incentive plans

The Committee may adjust the formula driven outturn for an annual bonus or LTIP performance condition if it considers the quantum to be inappropriate in light of wider company performance or overall shareholder experience. Any such use of discretion would be detailed in the Annual Report on Remuneration (Part B) and in the Annual Statement of the Committee Chair.

The Committee operates the Group's incentive plans according to their respective rules and in accordance with HMRC rules, where relevant. To ensure the efficient administration of these plans, it may apply certain operational discretions, including:

- selecting the participants in the plans;
- determining the timing of grants and/or payments;
- determining the quantum of grants and/or payments;
- determining the extent of vesting based on the assessment of performance;
- determining 'good leaver' status and, where relevant, the extent of vesting in the case of the share-based plans;
- where relevant, determining the extent of vesting in the case of share-based plans in the event of a change of control;
- making the appropriate adjustments required in certain circumstances (eg rights issues, corporate restructuring events, variation of capital and special dividends); and
- the annual review of weighting of performance measures and setting targets for the annual bonus plan and discretionary share plans from year to year.

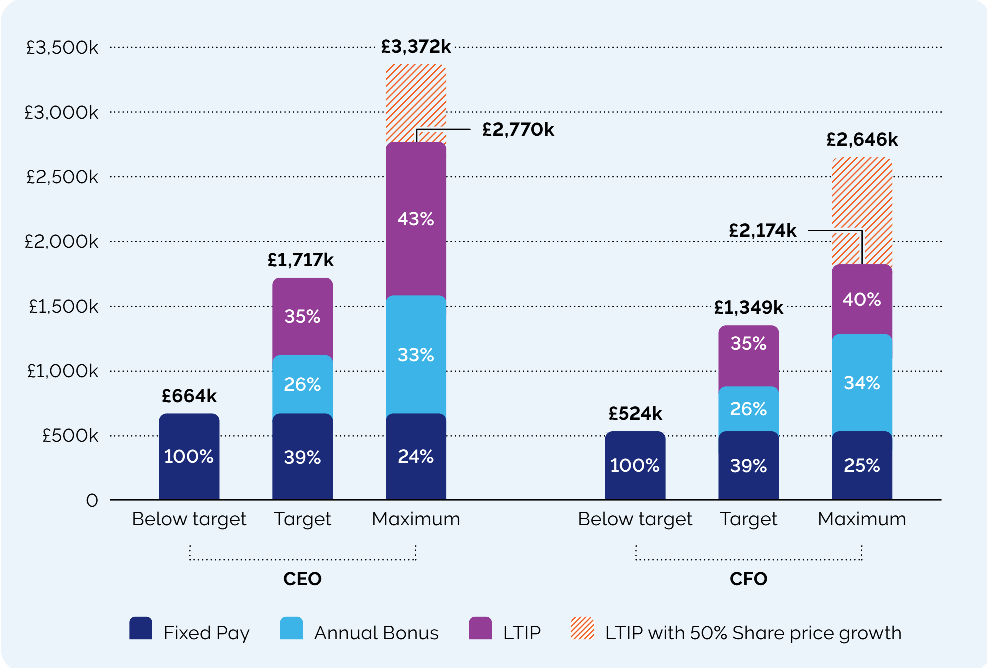
The Committee may adjust the targets and/or set different measures and alter weightings for existing annual bonus plans and share-based awards only if an event occurs which causes the Committee to reasonably consider that the performance conditions would not without alteration achieve their original purpose and the varied conditions are no less difficult to satisfy than the original conditions. Any changes, and the rationale for those changes, will be set out clearly in the Annual Report on Remuneration in respect of the year in which they are made.

Legacy arrangements

In approving this Policy, authority is given to the company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the vesting or exercise of past share awards) that have been disclosed to and approved by shareholders in previous remuneration reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Remuneration scenarios for Executive Directors

The charts below show the level of remuneration potentially payable to Executive Directors under different performance scenarios for FY2025/26 (see below for assumptions).



Assumptions:

- Fixed pay comprises salary levels as at 1 July 2025, pension of 6% of salary and the value of benefits received in 2024/25 for the CEO and an estimate for the CFO.
- The on-target level of bonus is 75% of salary.
- The on-target level of vesting under the LTIP is taken to be 50% of the face value of the award at grant, ie 100% of salary.
- The maximum level of bonus is 150% of salary and the maximum LTIP award level is 200% of salary for the CEO and the CFO.
- To show the impact of potential share price growth on the value of an Executive Director's package, the impact of share price growth of 50% on the LTIP is used.

Directors' remuneration report continued

Recruitment and promotion policy for Executive Directors

In setting total remuneration levels and in considering quantum for each element of the package for a new Executive Director, the Committee takes into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The company seeks to align the remuneration package with the Policy approved by shareholders. Salary is provided at such a level as required to secure the most appropriate candidate. For new appointments, base salary and total remuneration may be set initially at below normal market rates on the basis that it may be increased once expertise and performance has been proven and sustained.

Specific variable remuneration performance targets can be introduced for an individual where necessary for the first year of appointment if it is appropriate to do so to reflect the individual's responsibilities and the point in the year in which he or she joined the Board.

Flexibility is retained to offer additional cash and/or share-based payments on appointment in respect of deferred remuneration or benefit arrangements forfeited on leaving a previous employer (ie a buy-out award). The Committee would look to replicate the arrangements being forfeited as closely as possible and, in doing so, will take account of relevant factors including the nature of the remuneration forfeited, performance conditions, attributed expected value and the time over which they would have vested or been paid. Such awards may be made under the terms of the LTIP (which, when combined with a normal annual LTIP award, may exceed the 'normal' 200% of salary limit per annum) or as permitted under the Listing Rules.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to continue to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the company will meet certain relocation, legal and any other incidental expenses as appropriate.

Executive Directors' service contracts and policy on cessation of employment

Details of the service contracts of the Executive Directors, available for inspection at the company's registered office and at the company's AGM, are as follows:

	Contract date	Unexpired term of contract
Richard Tyson	1 October 2023	12-month rolling contract
Paul Fry	8 January 2025	12-month rolling contract

Details of contractual terms and the policy on cessation of employment are summarised in the table below. Payments to departing Directors can only be made in line with this shareholder-approved Policy:

Contractual provision	Detailed terms
Notice period	12 months by the company or by the Director.
Termination payment	A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, in the event of gross misconduct. For termination in other circumstances, the company has a right to pay salary in lieu of the notice period (or part thereof) if it so determines. In addition, any statutory entitlements in connection with the termination would be paid as necessary, and, at the Committee's discretion if deemed necessary and appropriate, outplacement, legal fees and settlement of claims or potential compensation claims.
Remuneration entitlements	Pro rata bonus may also become payable for the period of active service based on the satisfaction of performance conditions and payable at the normal time, along with vesting for outstanding share awards or deferred bonus shares (in certain circumstances – see below).
Change of control	No Executive Director's contract contains additional provisions in respect of a change of control. Any applicable share plan rules address the treatment of unpaid and unvested awards.

Directors' remuneration report continued

Any share-based entitlements granted to an Executive Director under the company's share plans will be determined based on the relevant plan rules. The default treatment for existing awards is that any unvested awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, injury, ill health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. Under the LTIP (and PSP), awards to good leavers will vest on the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and will normally be scaled back to reflect the proportion of the original vesting period or performance period actually served. In the event of a good leaver there would be no early release from a post-vest holding period (again, unless by genuine exception, for example, serious ill health). The Committee has discretion in exceptional circumstances to disapply time pro rating, to measure performance to, and vest awards at, the date of cessation. Vesting at cessation would be the default position where a participant dies. Deferred bonus shares are beneficially owned by the executive from the time of the bonus payment, so are not at risk of forfeiture (other than in relation to clawback).

Non-Executive Directors

For the appointment of a new Chair or Non-Executive Director, the fee arrangements would be in accordance with the approved Policy in place at the time.

Non-Executive Directors are appointed under letters of appointment for fixed terms of three years; however, in line with governance best practice, the company proposes all Directors for annual re-election by shareholders at the AGM. Their appointment can be terminated without notice and with no compensation payable on termination, other than accrued fees and expenses.

	Date of appointment	Notice period	Unexpired term
Neil Carson	1 December 2018	Rolling six months	2027 AGM
Alison Wood	8 September 2020	None	2026 AGM
Sir Nigel Sheinwald	22 September 2021	None	2027 AGM
Hannah Nichols	1 January 2024	None	2027 AGM
Rowena Innocent	17 February 2025	None	2028 AGM

Annual Report on Remuneration (B)

The financial information in this part of the report has been audited where indicated.

Directors' remuneration (audited)

The remuneration paid to the Directors during the year under review and the previous year is summarised in the tables below:

Executive Director		Salary £'000	Benefits[1] £'000	Annual bonus[2] £'000	Long-term incentive awards[3] £'000	Pension[4] £'000	Other[5] £'000	Total fixed £'000	Total variable £'000	Total £'000
Richard Tyson	**2025**	**583**	**26**	**828**	**–**	**31**	**–**	**640**	**828**	**1,468**
	2024	285	13	256	–	15	823	313	1,079	1,392
Gavin Hill[6]	**2025**	**409**	**24**	**565**	**234**	**23**	**–**	**456**	**800**	**1,255**
	2024	395	24	360	583	32	–	451	943	1,394
Total	**2025**	**992**	**50**	**1,393**	**234**	**54**	**–**	**1,096**	**1,627**	**2,723**
	2024	949	64	862	1,149	73	828	1,091	2,834	3,925

1. Benefits comprise provision of a car or car allowance, health insurance, life assurance, overnight hotel accommodation where necessary to carry out duties at the Head Office of the company. The values included in the table above are before payment of tax.
2. Annual bonus represents the gross annual bonus for the year to March 2025 and would usually be paid in the July 2025 payroll. Of the total bonus amounts payable, £276,133 and £188,284, equal to one-third, will be paid in shares for Richard Tyson and Gavin Hill, respectively, which must be held for three years, as per the policy.
3. Long-term incentive awards are those awards where the vesting is determined by performance periods ending in the year under review and therefore reports the value of the PSP award granted on 20 June 2022. The value has been determined using the average share price over the three months to 31 March 2025, £19.8005. The share price used on grant of the 2022 PSP award was £19.40, therefore the value of the PSP award that has been attributable to share price growth is £4,424 for Gavin Hill. Dividend equivalents have been added to arrive at the total figure included in the table above. The value of the prior year awards has been restated using the share price on the vesting date of 5 July 2024 of £25.00, giving a total vested award value, including dividend equivalents, of £582,950 (before restatement £502,706) for Gavin Hill.
4. Each Executive Director is entitled to receive a contribution to a money purchase pension scheme for a fixed value of 6% of current base salary. Where the contractual pension contribution exceeds the annual or lifetime allowance, any balancing payment is made by the company as a cash allowance which, in line with the policy for all UK employees, is paid net of employer's national insurance contributions.
5. The company operates a Share Incentive Plan (SIP) which is open to all UK permanent staff employed for at least six months. For Richard Tyson and Gavin Hill, 'Other' is the value of matching SIP shares attributable to the year, as they both participated in the SIP up to the maximum extent permitted by HMRC. The company offers a 1:5 match for partnership shares purchased by employees and this amounted to £186 and £306 each of matching shares for Richard Tyson and Gavin Hill, respectively.
6. Gavin Hill stepped down as Chief Financial Officer and from the Board on 31 March 2025, he then remained in active service until 10 June 2025 to ensure a smooth transition. Details of Gavin Hill's remuneration arrangements are set out on page 135.

Directors' remuneration report continued

Non-Executive Director		Fees £'000	Benefits £'000	Total £'000
Neil Carson	**2025**	**211**	**–**	**211**
	2024	204	–	204
Mary Waldner[1]	**2025**	**52**	**–**	**52**
	2024	66	–	66
Alison Wood	**2025**	**79**	**–**	**79**
	2024	76	1	77
Sir Nigel Sheinwald	**2025**	**69**	**–**	**69**
	2024	66	–	66
Reshma Ramachandran[2]	**2025**	**18**	**–**	**18**
	2024	57	1	58
Hannah Nichols[3]	**2025**	**66**	**–**	**66**
	2024	14	–	14
Rowena Innocent[4]	**2025**	**7**	**–**	**7**
	2024	–	–	–
Total	**2025**	**502**	**–**	**502**
	2024	483	2	485

1. Mary Waldner stepped down as a Non-Executive Director effective 4 February 2025.
2. Reshma Ramachandran stepped down as a Non-Executive Director effective 25 July 2024.
3. Hannah Nichols was appointed as a Non-Executive Director effective 1 January 2024.
4. Rowena Innocent was appointed as a Non-Executive Director effective 17 February 2025.

Details of annual bonus earned in year (audited)

As in previous years, the Committee set stretching performance targets for the annual bonus which are clearly linked to the strategy and financial performance of the Group. Richard Tyson and Gavin Hill's on-target bonus opportunity was 75% of salary and the maximum opportunity was 150% of salary. The targets set and the achievement against them are set out in the table below.

	Targets[1]				
Measure (% of salary weighting)	Threshold	Target	Maximum	Actual Performance	Payout % of salary
Adjusted profit before tax[2] (75%)	£82.4m	£86.5m	£90.5m	£90.5m	75.0%
Adjusted organic operating profit margin[2] (25%)	16.5%	16.8%	17.2%	17.8%	25.0%
Cash conversion (25%)	82.0%	85.0%	92.0%	89.0%	19.6%
Strategic objectives (25%)		See below		CEO:	21.5%
				CFO:	17.5%
Total				CEO:	141.1%
				CFO:	137.1%

1. 10% of the element is payable for achieving threshold performance and 50% is payable for achieving target performance.
2. Calculated on a constant currency basis.

The non-financial strategic objectives were set at the start of the year. The CEO and CFO were set the same three main strategic objectives and the CFO was set further sub objectives under the second objective.

Directors' remuneration report continued

Details of the objectives and an assessment as to their achievement are set out below:

Executive Directors Strategic objectives	Weighting CEO	Weighting CFO	Outcome as % of salary CEO	Outcome as % of salary CFO	Commentary
Progress evolution of the portfolio in line with agreed Group strategy	32%	24%	6.25%	4.00%	Delivery of turnaround in NanoScience (NS) performance. Continued to develop pipeline of bolt-on opportunities within the Imaging & Analysis division.
Establish and progress operational excellence transformation programme **For the CFO specifically, return NS to profitability and successful implementation of ERP across Americas, China, Andor and Plasma**	32%	48%	7.00%	7.50%	Wave 2 of OpEx30 well under way with initial diagnostic phase report out. Wave 1 cameras complete and full improvement implementation under way. Second team established at NS in Tubney and initial diagnostic report out. Productivity targets already achieved. NS returned to profitability. Some delays in the ERP implementation.
Progress Group strategic plan and position for margin improvement and enhanced growth and value in 2026	36%	28%	8.00%	6.00%	China stabilised through pivot to other commercial markets, with team engagement renewed. Export disruption reduced. North America growth dynamics improved through completion of leadership team recruitment.
Total	**100%**		**21.5%**	**17.5%**	

The actual bonuses payable for the Executive Directors for the year ended 31 March 2025 are set out below.

Executive Director	Actual bonus payable (% of salary)	Actual bonus payable (% of maximum)	Actual bonus payable for 2024/25[1]
Richard Tyson	141%	94%	£828,398
Gavin Hill	137%	91%	£564,852

1. Bonus is calculated on salary as at 31 March 2025. Of the amounts disclosed, £276,133 and £188,284 will be paid in shares to Richard Tyson and Gavin Hill respectively, which must be held for three years, as per the policy.

Long-term incentive plans (audited)

The performance targets, performance against them and the resulting value in respect of the long-term incentive awards where vesting is determined by a performance period ending in 2024/25 are as follows:

Performance Share Plan (PSP)

The performance targets which applied to the awards made on 20 June 2022 for the performance period ending in the year under review and actual performance achieved against them were as follows:

50% of the award is based on EPS measured over a three-year performance period starting 1 April 2022:

Performance level	EPS growth over three years	% of award that will vest
Below threshold	Less than 4% per annum	0%
Threshold	4% per annum	25%
Between threshold and maximum	4% to 10% per annum	25%–100%
Maximum	10% per annum and above	100%
Actual EPS	112.4p	
Actual growth achieved over the period	6%	50%

Directors' remuneration report continued

50% of the award is based on the company's return on capital employed in the final year of the three-year performance period[1]:

Performance level	ROCE[1] for the final year of the performance period	% of award that will vest
Below threshold	Less than 26%	0%
Threshold	26%	25%
Between threshold and maximum	Between 26% and 32%	25%–100%
Maximum	32% per annum and above	100%
Actual ROCE achieved in 2024/25	26%	25%

1. ROCE is calculated as Earnings Before Interest and Tax (EBIT)/ average capital employed where EBIT is adjusted operating profit less amortisation of acquired intangibles and capital employed is as documented in the Finance review on page 43.

Based on the performance against targets, the PSP awards will vest on 20 June 2025 as follows:

	Date award granted	Total number of shares granted	Percentage of award vesting	Number of shares vesting	Value[1] of shares vesting (£'000)	Number of shares awarded as dividend equivalent[2]	Value[1] of shares vesting including dividend equivalent (£'000)
Gavin Hill	20 June 2022	29,456	37.5%	11,046	218,716	781	234,181

1. As the awards vest after the date of this report, value has been calculated using the average mid market closing price of the company's shares over the three-month period ending 31 March 2025, £19.8005. This will be restated for the actual value on vesting in next year's report.
2. Dividend equivalents have been calculated based on dividends paid up until the date of this report. If dividends are payable between the date of this report and the vesting date, additional dividend equivalents will be awarded and the value will be updated in next year's report.

Long-Term Incentive Plan awards made in the year and outstanding share incentive awards (audited)

Awards made under the LTIP during the financial year ended 31 March 2025 are set out below.

Director	Date award granted	Total number of shares granted	Percentage of salary	Face value of award at grant date	Share price on day before award date	Vesting date
Richard Tyson	22 July 2024	48,222	200%	£1,174,206	£24.35	22 July 2027
Gavin Hill	22 July 2024	29,610	175%	£721,004	£24.35	22 July 2027

The awards are nominally priced options of £0.05 and are subject to the following performance conditions:

Performance measure	Weighting	Performance targets
Earnings Per Share (EPS)	30%	2% pa (25% vesting) to 8% pa (100% vesting) CAGR over three financial years measured from the FY2023/24 year-end EPS.
Return on Capital Employed (ROCE)	30%	26% in the final year of the performance period (2026/27 financial year) (25% vesting) to 30% (100% vesting).
Relative Total Shareholder Return (TSR)	25%	Median (25% vesting) to Upper quartile (100% vesting) over three financial years commencing with the FY2024/25 relative to the companies comprising the FTSE 250 Index (minus Investment Trusts) at the start of the performance period.
Sustainability – emissions reduction – Site Heating Infrastructure Projects	7.5%	Make progress towards achieving our accelerated Scope 1 and 2 net zero targets of 2030, by completing two of our site heating infrastructure projects. 1 project completed by the final year of the performance period (FY2026/27) (50% vesting) to 2 projects completed (100% vesting).
Sustainability – percentage of females in senior leadership positions	7.5%	35% in the final year of the performance period (FY2026/27) (25% vesting) to 40% (100% vesting). The current percentage of females in senior leadership positions is 34%. Senior leadership is defined as Leadership Committee, their direct reports and key decision makers.

Directors' remuneration report continued

As at 31 March 2025, the outstanding options for Richard Tyson and Gavin Hill under the PSP and LTIP[1] were as follows:

Scheme	1 Apr 2024	Granted	Exercised	Lapsed	Dividend equivalents[1]	31 March 2025	Exercise price[2]	Share price on date of grant	Date of grant	Earliest exercise	Latest exercise
Richard Tyson											
LTIP[3]	13,521	–	–	–	–	**13,521**	£0.05	£20.55	14/11/2023	16/03/2024	15/03/2031
LTIP[3]	30,975	–	–	30,975	–	**–**	£0.05	£20.55	14/11/2023	14/03/2025	13/03/2032
LTIP[3]	53,023	–	–	–	–	**53,023**	£0.05	£20.55	14/11/2023	31/07/2026	13/11/2033
LTIP	–	48,222	–	–	–	**48,222**	£0.05	£24.35	22/07/2024	31/07/2027	21/07/2034
Total	97,519	48,222	–	30,975	–	**114,766**					
Gavin Hill											
PSP	53,071	–	53,071	–	–	**–**	£0.05	£9.58	25/09/2017	25/09/2020	24/09/2027
PSP	51,646	–	–	–	–	**51,646**	£0.05	£10.10	03/07/2018	03/07/2021	02/07/2028
PSP	38,633	–	–	–	–	**38,633**	£0.05	£14.00	15/07/2019	15/07/2022	14/07/2029
PSP	33,601	–	–	–	–	**33,604**	£0.05	£16.24	23/09/2020	23/09/2023	22/09/2030
PSP	23,338	–	–	(583)	563	**23,318**	£0.05	£23.80	05/07/2021	05/07/2024	04/07/2031
PSP[4]	29,456	–	–	–	–	**29,456**	£0.05	£21.75	20/06/2022	20/06/2025	19/06/2032
LTIP	36,697	–	–	–	–	**36,697**	£0.05	£21.75	25/09/2023	31/07/2026	24/09/2033
LTIP	–	29,610	–	–	–	**29,610**	£0.05	£24.35	22/07/2024	31/07/2027	21/07/2034
Total	266,442	29,610	(53,071)	(583)	563	**242,961**					

1. Dividend equivalents are awarded on vesting of PSP and LTIP awards, for the period to vesting, in respect of the actual number of shares vesting.
2. During the financial year ended 31 March 2023 the Remuneration Committee agreed that those awards outstanding under the PSP, both vested and unvested, which had been granted as nil-cost options, would be converted to nominally priced options of £0.05 per share. For the Executive Directors, a reimbursement payment will be made in respect of the immaterial disbenefit (ie the difference between £0 and £0.05 per share), at the point at which any award vests or for those awards which have already vested, at the earlier of when they exercise their options or when future vesting activity is scheduled to take place. Upon any such payment being made, this will be disclosed and explained in the Single Figure Table as an item of 'Other remuneration'.
3. The awards granted to Richard Tyson with vesting dates in 2024 and 2025 comprise the buy-out arrangements which replace Richard's 2021 and 2022 LTIP awards from his previous employer, TT Electronics plc, which lapsed in connection with his joining the company. The 2021 buy-out award vested at 43.91% as disclosed in last year's report and the 2022 buy-out award lapsed in full as a result of the threshold performance of the original TT Electronics plc performance conditions not being met.
4. The performance conditions relating to this award have been tested and the award will vest at 37.5%.

Directors' remuneration report continued

Shareholding requirements (audited)

The Executive Directors are required to build and retain a shareholding in the company equivalent in value to 200% of basic salary. Until the requirement is met, the Executive Directors are expected to retain or purchase shares equivalent to the value of 50% of the net amount realised on exercise of long-term incentive awards after allowing for tax payable. The value of vested but unexercised PSP and LTIP awards may count towards the shareholding level, calculated at the net of tax value.

Directors' shareholdings (and those of any persons closely associated) as at 31 March 2025 (or date of resignation if relevant) are shown in the table below.

	Beneficially owned shares	Share option awards vested but unexercised	Percentage of salary held in shares under shareholding guideline[1]	Guideline met as at 31 March 2025	Share option awards unvested and subject to performance[2]
Richard Tyson	5,910	44,496	86	No	101,245
Gavin Hill[3]	6,761	147,198	354	Yes	95,763
Neil Carson	24,000	–	N/A	N/A	–
Mary Waldner[4]	–	–	N/A	N/A	–
Alison Wood	–	–	N/A	N/A	–
Nigel Sheinwald	–	–	N/A	N/A	–
Reshma Ramachandran[4]	–	–	N/A	N/A	–
Hannah Nichols	–	–	N/A	N/A	–
Rowena Innocent[5]	–	–	N/A	N/A	–

1. The notional tax rate used to determine the net value of the vested share awards is 47%. Shares valued using the market price of the shares on 31 March 2025: £17.20.
2. Award granted in June 2022 will vest at 37.5% in June 2025. Awards granted in 2023 and 2024 remain subject to performance conditions.
3. Gavin Hill will be subject to the post-cessation shareholding obligations as set out in the Policy.
4. Reshma Ramachandran stepped down as a Non-Executive Director effective 25 July 2024. Mary Waldner stepped down as a Non-Executive Director effective 4 February 2025.
5. Rowena Innocent was appointed as a Non-Executive Director effective 17 February 2025.

Pension arrangements

Executive Director pension arrangements (audited)

Executive Directors can decide to contribute to a pension plan of their choice. The company contributes a fixed amount of 6% of salary, which is the maximum percentage amount payable to the majority of the UK workforce. Only base salary is pensionable. Where the company's pension contribution exceeds the annual allowance, a balancing payment is paid by the company to the Director, which is taxed as income. In line with the policy for all UK employees, this cash payment is reduced by 12.12% to cover employer's national insurance costs.

During the year and in respect of the periods in which they served as Directors of the company, respectively, the company contributed £10,000 (2024: £10,000) into a personal defined contribution plan for Gavin Hill. Balancing payments of £30,731 to Richard Tyson and £12,778 to Gavin Hill (net of employer's national insurance contributions) were paid as cash.

Payments to past Directors and for loss of office (audited)

As detailed earlier in this report, Gavin Hill agreed with the Board that he would step down as Chief Financial Officer from the Board on 31 March 2025. Paul Fry took up the role of Chief Financial Officer with effect from 1 April 2025, with Gavin continuing to be actively employed until 10 June 2025 to ensure a smooth transition.

Gavin Hill's remuneration arrangements for 2025/26 and for the duration of his notice period is set out below:

- Salary, benefits and pension will continue for the duration of his 12-month notice period ie to 7 January 2026.
- Gavin is eligible to participate in the 2025/26 annual bonus plan, pro-rated for the period of his active service, ie, up to 10 June 2025 and payable at the usual time in cash and deferred shares.
- Gavin is not eligible to receive a Long-Term Incentive Plan award for 2025/26.
- Gavin will be treated as a good leaver in respect of his unvested Performance Share Plan and Long-Term Incentive Plan awards, which will be subject to a time pro-rata reduction to the end of his notice period ie, 7 January 2026, the achievement of performance conditions, and which will vest at the normal time. The two-year post-vesting holding periods will continue to apply.
- Gavin is subject to a post-employment shareholding requirement which requires him to retain a shareholding on cessation of employment, equivalent to 200% of base salary, for two years. The two-year period will be calculated commencing from the end of his notice period.
- Gavin will receive £109,000 by way of compensation for the termination of his employment in full and final settlement for any legal claims arising related to unfair dismissal.

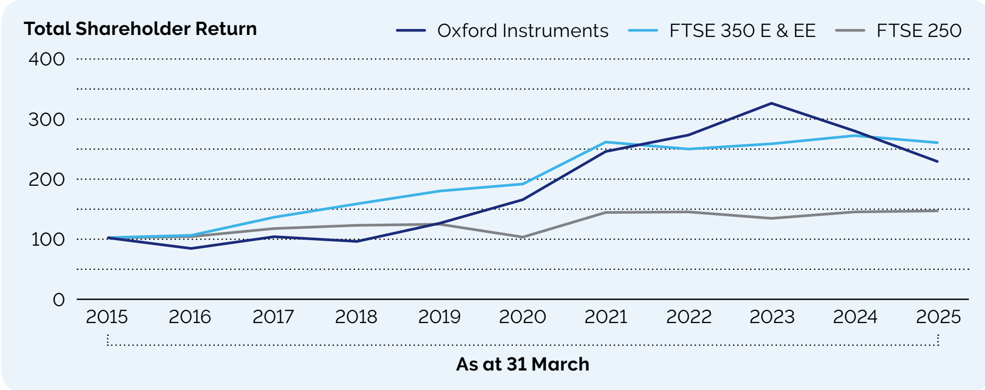
Directors' remuneration report continued

As explained in the 2023 Annual Report, Ian Barkshire was treated as a good leaver when he retired from the Board and his role as CEO in 2023 and therefore, he retained his unvested 2022 LTIP award which was pro-rated to the end of his notice period. As set out in this report, the award will vest at 37.5% of maximum, which resulted in 9,276 shares vesting, including 390 dividend equivalent shares. The value of these shares is £191,392 based on the average share price over the three months to 31 March 2025, £19.8005.

Performance graph and CEO's remuneration (unaudited)

The graph to the right shows for the ten years ended 31 March 2025 the total shareholder return (TSR) on a holding of the company's ordinary shares compared with the TSR of an equivalent value invested in the FTSE 250 and FTSE 350 Electronic and Electrical Equipment indices. These indices have been chosen as they are considered to be the most appropriate comparator groups for the company.

The total remuneration of the CEO over the last ten years is shown in the table below. The annual bonus payout and PSP/LTIP vesting level as a percentage of the maximum opportunity are also shown.



		2017[1]								2024[3]		
Year ending 31 March	**2016**	**Jonathan Flint**	**Ian Barkshire**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Ian Barkshire**	**Richard Tyson**	**2025**
Total remuneration (£'000)	743	64	620	791	1,957	1,967	2,244	2,087	2,135	1,321	1,392	**1,468**
Annual bonus outcome (%)	38.6%	0%	56.3%	63.7%	94.4%	62.9%	100%	74.2%	80.56%	60%	60%	**94%**
ESOS vesting (%)	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**
SELTIS/PSP/LTIP[2] vesting (%)	0%	0%	N/A	N/A	92.8%	100%	100%	100%	100%	97.5%	N/A	**N/A**

1. FY2016/17: remuneration shown separately for Jonathan Flint who was CEO from 1 April to 11 May 2016 and Ian Barkshire who was CEO from 12 May 2016 to 31 March 2017.
2. Executive Directors were last granted ESOS (market value share options) and SELTIS (nil-cost options) in June 2014. PSP awards were granted from June 2014 to June 2022. LTIP awards have been granted since September 2023.
3. FY2023/24: remuneration shown separately for Ian Barkshire who was CEO from 1 April 2023 to 1 October 2023 and Richard Tyson who was CEO from 1 October 2023 to 31 March 2024.

Ratio of CEO pay to that of employees

The CEO to employee pay ratio for 2024/25 and prior financial years is set out below:

Financial year	**Method**	**25th percentile**	**50th percentile**	**75th percentile**
2024/25	**A**	**77.0:1**	**57.8:1**	**42.7:1**
2023/24	A	76.8:1	57.7:1	42.6:1
2022/23	A	66.2:1	49.4:1	36.8:1
2021/22	A	65.3:1	48.5:1	36.3:1
2020/21	A	72.6:1	55.0:1	39.8:1
2019/20	A	62.5:1	47.8:1	33.3:1

The aggregated payment made in respect of the CEO who served during the year, and the employees at the percentiles for the 2024/25 ratio are set out below:

	CEO	**25th percentile**	**50th percentile**	**75th percentile**
Salary	£582,825	£33,708	£44,345	£58,500
Total pay	£1,467,706	£36,336	£47,565	£62,601

Directors' remuneration report continued

The ratios have been calculated in accordance with Option A under the relevant regulations, as this is the most statistically accurate method. The CEO pay is compared to the pay of our UK employees at the 25th, 50th and 75th percentile, calculated based on full-time equivalent pay data for the full financial year to 31 March 2025. All UK employees employed at the end of the financial year who had worked the full year have been included, part-time employees have been included and pay has been converted to a full-time equivalent number by calculating total part-time pay and grossing up to the full-time equivalent for the role. Accordingly, any employees that left the company or joined during the year have been excluded. There have been no discernible trends in the movement of the pay ratios over the period of financial years covered by the pay ratios table, with CEO and employee pay well aligned to performance and noting that the CEO pay figure in the last two years has been impacted by the CEO succession.

The calculations use the pay for Richard Tyson as disclosed in the single figure table. The pay for all UK employees comprises salary, benefits, pension and annual bonus payments due for 2024/25 and includes certain remuneration elements which were specific to the terms of their joining the company or their retirement, respectively. None of the employees at the percentiles received share awards.

The CEO pay ratio has remained broadly comparable to the prior year. As the Committee is regularly apprised of the Remuneration Policy throughout the company to ensure that decisions in relation to executive pay are considered in the round, the Committee is satisfied the pay of the employees identified for the quartiles appropriately reflects the employee pay structure in each quartile and the resulting pay ratios are consistent with the pay, reward and progression policies in place for all employees.

Percentage change in the remuneration of the Directors (unaudited)

The table below shows the percentage change in each of the Director's salaries, taxable benefits and annual bonus earned between 2019/20 to 2024/25 compared to that for the average UK based employee of the Group (on a per capita full time equivalent basis).

Directors during the year ended 31 March 2025	2023/24 to 2024/25 % change			2022/23 to 2023/24 % change			2021/22 to 2022/23 % change			2020/21 to 2021/22 % change			2019/20 to 2020/21 % change		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
Richard Tyson[1]	104.5	96.8	223.6	N/A	N/A	–	N/A	N/A	–	N/A	–	–	N/A	–	–
Gavin Hill	3.5	0.0	56.9	5.2	-13.7	-8.9	5.0	18.8	15.3	8.5	2.3	-2.8	-4.1	8.2	57.1
Neil Carson	3.5	–	–	5.0	–	–	4.3	–	–	8.0	–	–	-4.3	–	–
Mary Waldner[2]	-20.8	–	–	7.0	–	–	3.8	–	–	8.3	–	–	-3.8	–	–
Alison Wood	4.1	–	–	8.6	100	–	9.3	–	–	N/A	–	–	N/A	–	–
Nigel Sheinwald	4.4	–	–	7.0	–	–	N/A	–	–	N/A	–	–	N/A	–	–
Reshma Ramachandran[3]	-67.7	–	–	N/A	N/A	–	N/A	N/A	–	N/A	–	–	N/A	–	–
Hannah Nichols[4]	369.7	–	–	N/A	N/A	–	N/A	N/A	–	N/A	–	–	N/A	–	–
Rowena Innocent[5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average employee pay[6]	2.70	-1.0%	101.3	1.73	-11.0	-29.3	10.3	9.01	-4.7	4.24	-8.4	-23.1	-0.7	-6.7	7.0

1. Richard Tyson joined the Board on 1 October 2023 and so the prior year does not reflect an equivalent full year of salary, benefits and bonus.
2. Mary Waldner stepped down from the Board on 4 February 2025.
3. Reshma Ramachandran joined the Board on 1 September 2022 and stepped down from the Board on 25 July 2024.
4. Hannah Nichols joined the Board on 1 January 2024.
5. Rowena Innocent joined the Board on 17 February 2025.
6. Average employee pay includes all UK employees in service on 31 March 2025 for the 2023/24 to 2024/25 comparison, but excludes those who were on maternity leave, long-term sick leave and those who started or ended employment within the period.
7. The average pay increase across all employees in the UK in 2024/25 was 2.5%.
8. The value of the average employee bonus for the year ended 31 March 2025 (to be paid in July 2025) was not known at the time the Annual Report was approved and consequently the number included is management's best estimate of the bonus that will be paid.

Directors' remuneration report continued

Relative importance of the spend on pay

The following table shows the Group's employee costs relative to dividends:

	Year ended 31 March 2025	Year ended 31 March 2024	% change
Employee costs (£m)	**166.6**	155.4	7%
Dividends (£m)	**12.1**	11.4	6%

Statement of shareholder voting (unaudited)

The resolution to approve the Policy was passed at the 2023 AGM and received the following votes from shareholders:

Resolution	Votes for	Votes against	% for	% against	Votes marked as abstain
To approve the Directors' Remuneration Policy	43,129,297	862,318	98.04	1.96	4,077

The resolution to approve the Annual Report on Remuneration at the 2024 AGM received the following votes from shareholders:

Resolution	Votes for	Votes against	% for	% against	Votes marked as abstain
To approve the Annual Report on Remuneration	46,643,409	849,741	98.21	1.79	3,042

How the Policy will be applied in 2025/26 (unaudited)

Base salaries

With effect from 1 July 2025, the salary of the CEO will increase by 2.5% from £587,100 to £601,778 and the salary of the CFO will also increase by 2.5% from £460,000 to £471,500 in line with the broader UK workforce.

Benefits and pension

Benefits will be in line with the Policy. Pension contributions will be 6% of salary, which is the maximum percentage amount payable to the majority of the UK workforce.

Annual bonus

The maximum opportunity under the annual bonus plan for 2025/26 will be 150% of base salary for both the CEO and CFO. One-third of the bonus payable will be delivered in shares subject to a three-year holding period. A combination of financial (83.3%) and non-financial strategic (16.7%) metrics will be used to determine the level of payment under the annual bonus for the CEO and CFO as detailed in the table below:

Measure	Weighting as a % of maximum
Profit (£m)	50.0%
Adjusted operating profit margin (%)	16.7%
Cash conversion (%)	16.7%
Strategic objectives	16.7%

For the CEO and CFO, the non-financial strategic objectives are linked to progressing operational improvement and the strategic plan.

The Committee has chosen not to disclose, in advance, the performance targets for the forthcoming year as these include matters which the Committee considers commercially sensitive. Retrospective disclosure of the performance against them will be made in next year's Annual Report on Remuneration.

Directors' remuneration report continued

Long-term incentive awards in respect of the financial year

The 2025/26 LTIP awards will be over shares with a market value at grant of 200% of salary for the CEO and CFO.

Vesting will be subject to the performance conditions as set out below measured over a three-year performance period commencing 1 April 2025. The mix of performance conditions will provide a strong and rounded assessment of the success of the business performance, strategy and purpose, over the period.

The Committee has carefully considered the EPS and ROCE target ranges in light of the business plan and market environment and considers the ranges to be appropriately stretching

The TSR measure will require significant stock market outperformance.

The sustainability measures will drive achievement of our target of Net Zero by 2030.

Performance measure	Weighting	Performance targets
Earnings Per Share (EPS)	30%	3% pa (25% vesting) to 10% pa (100% vesting) CAGR over three financial years measured from FY2024/25 year-end EPS.
Return on Capital Employed (ROCE)	30%	26% (25% vesting) to 30% (100% vesting) in the final year of the performance period (FY2027/28).
Relative Total Shareholder Return (TSR)	25%	Median (25% vesting) to Upper quartile (100% vesting) over three financial years commencing with FY2024/25 relative to the companies comprising the FTSE 250 Index (minus Investment Trusts) at the start of the performance period.
Sustainability – emissions reduction	15%	Reduce absolute Scope 1 and 2 market-based carbon emissions by 2028 by 45% (threshold) to 65% (maximum) from the FY2023/24 baseline.

Non-Executive Directors' fees

The Committee and the Board, as appropriate, have reviewed the fees for the Chair and Non-Executive Directors and in line with the Executive Directors, they will increase by 2.5% for 2025/26, effective from 1 July 2025.

	2024/25	2025/26	% increase
Board Chair	**£212,661**	£217,978	2.5%
Additional fee for Deputy Chair	**£5,358**	£5,492	2.5%
Basic fee	**£59,130**	£60,608	2.5%
Additional fee for Senior Independent Director	**£10,300**	£10,558	2.5%
Additional fee for Committee Chair	**£10,300**	£10,558	2.5%

Note: The fees shown for 2024/25 and 2025/26 are the annual rates as at 1 July 2024 and 1 July 2025, respectively.

Approval

This report was approved by the Committee on 12 June 2025 and has been approved subsequently by the Board for submission to shareholders at the Annual General Meeting to be held on 28 July 2025.

ALISON WOOD
Chair of the Remuneration Committee
12 June 2025

Shareholder information

Financial calendar[1]

13 June 2025	Announcement of preliminary results
10 July 2025	Final dividend ex-dividend date
11 July 2025	Final dividend record date
28 July 2025	Annual General Meeting
29 July 2025	Final dividend DRIP election date
19 August 2025	Final dividend payment date
11 November 2025	Announcement of half-year results
27 November 2025	Interim dividend ex-dividend date
28 November 2025	Interim dividend record date
16 December 2025	Interim dividend DRIP election deadline
9 January 2026	Interim dividend payment date
31 March 2026	Financial year end

1. Please note that the above dates are subject to change.

Analysis of share register at 31 March 2025

	Total number of holdings	Percentage of holders	Total number of shares	Percentage of issued share capital
By type of shareholder				
Individual	1,384	74.17	1,938,562	3.33
Institutions and others	482	25.83	56,196,211	96.67
By size of shareholding				
1–500	1,121	60.08	187,235	0.32
501–1,000	206	11.04	157,344	0.27
1,001–10,000	301	16.13	970,886	1.67
10,001–100,000	151	8.09	5,723,000	9.84
100,001–500,000	61	3.27	13,729,906	23.62
Over 500,000	26	1.39	37,366,402	64.28
Total	1,866	100.00	58,134,773	100.00

Company information

Company name:
Oxford Instruments plc

Company number:
00775598

Registered office address:
Tubney Woods,
Abingdon,
Oxon OX13 5QX

Type:
Public Limited Company

Website:
www.oxinst.com

Auditor:
BDO LLP, R+,
2 Blagrave Street,
Reading,
Berkshire RG1 1AZ

Annual General Meeting 2025

The 2025 Annual General Meeting of Oxford Instruments plc will be held at the office of Ashurst LLP at London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW at 11.00am on Monday 28 July 2025.

Further details can be found in the Notice of Meeting which has been sent to our shareholders and which is also available on our website at: www.oxinst.com/investors-content/annual-general-meeting

Shareholder enquiries

Please contact MUFG Corporate Markets, our Registrar, using the below details, for all enquiries regarding your shareholding, including updating your address or other contact details, direct dividend payments and amending your communication preferences.

Online:
www.signalshares.com

To register to use this site, you will need your Investor Code (IVC) which can be found on your share certificate or dividend confirmation.

By telephone:
+44 (0) 371 664 0300

Calls to the above number are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00am–5.30pm, Monday to Friday excluding public holidays in England and Wales.

By email:
shareholderenquiries@cm.mpms.mufg.com

By post:
MUFG Corporate Markets
Shareholder Services,
Central Square,
29 Wellington Street,
Leeds LS1 4DL

Directors' report

The Directors present the Annual Report of Oxford Instruments plc for the year ended 31 March 2025.

Principal activity and business reviews

Oxford Instruments plc ('OI plc') is the ultimate holding company of a group of subsidiary undertakings (the 'Group') which is a leading global provider of technology and expertise to academic and commercial partners. The Directors of OI plc are required to set out in this report a true and fair view of the business of the Group during the financial year ended 31 March 2025, the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group. The information which fulfils these requirements includes the Finance review on pages 37 to 45 and the report on Sustainability on pages 45 to 68, which are incorporated in this report by reference. The operations, the strategic review, the risk management disclosures, the viability statement, the research and development activities and likely future prospects of the Group are reviewed in the Strategic Report on pages 9 to 81 which is also incorporated by reference.

Results and dividends

The results for the year are shown in the Consolidated Statement of Income on page 146. The Directors recommend a final dividend of 17.1p per ordinary share, which together with the interim dividend of 5.1p per ordinary share is a total of 22.2p per ordinary share for the year (2024: 20.8p per ordinary share). Subject to shareholder approval, the final dividend will be paid on 19 August 2025 to shareholders registered at close of business on 11 July 2025.

Risks and uncertainties

The Board exercises proper and appropriate corporate governance across the Group. It ensures that there are effective systems of internal controls in place to manage shareholders' interests and the Group's assets, including the assessment and the management of the risks to which the businesses are exposed, and to monitor and manage compliance with all the legal requirements that affect the Group's worldwide business activities.

However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Executive Directors report to the Board on changes in the business and in the external environment which may affect the risks which the Group faces. The Executive Directors also provide the Board with financial information at each Board meeting. Key performance indicators are reviewed periodically.

There are a number of risks and uncertainties which may have a material effect on the Group. These are described in Principal Risks on pages 72 to 78.

Directors

Biographies of all the Directors at the date of this report, including Non-Executive Directors, are set out on pages 85 to 87. During the year ended 31 March 2025 there were a number of changes to the Board, as noted on page 84.

Any Director who has been appointed by the Board since the previous Annual General Meeting of shareholders, either to fill a casual vacancy or as an additional Director, holds office only until the conclusion of the next Annual General Meeting and then shall be eligible for re-election by the shareholders. The company's Articles of Association provide that all Directors are subject to annual re-election in accordance with the UK Corporate Governance Code.

The Directors are subject to removal with or without cause by the Board or the shareholders. Directors may exercise all of the powers of the company subject to the provisions of the Articles of Association.

Directors' conflicts of interest

The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts of interest, where appropriate. Only Directors with no interest in the matter under consideration may participate in the relevant decision and in doing so they must act in a way which they consider in good faith will be most likely to promote OI plc's success.

A conflicts policy is in place, which is reviewed as appropriate, and a register of conflicts and potential conflicts is maintained.

Directors' interests

The beneficial interests of the Directors in OI plc's share capital, all in fully paid up shares at 31 March 2025, are:

	31 March 2025 Shares	31 March 2024 Shares
Neil Carson	**24,000**	24,000
Richard Tyson	**5,910**	–
Gavin Hill	**6,762**	4,014
Alison Wood	**–**	–
Nigel Sheinwald	**–**	–
Hannah Nichols	**–**	–
Rowena Innocent	**–**	N/A

Details of share options for the Executive Directors are shown in the Remuneration Report on page 134.

No Director was beneficially interested in the shares of any subsidiary company at any time during the year.

In the year to 31 March 2025, no Director had a material interest in any contract of significance with OI plc or any of its subsidiaries. As of 30 May 2025, there were no changes to the above shareholdings apart from for Richard Tyson and Gavin Hill who participate in the Oxford Instruments Share Incentive Plan and since the year end had increased their respective beneficial holdings by 20 and 21 shares.

Directors' report continued

Insurance cover and Directors' indemnities

For a number of years, the Group has purchased insurance to cover its Directors and Officers against their costs in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings. In addition, to the extent permitted by UK law, the Group indemnifies its Directors and Officers for liabilities arising from such proceedings.

Neither the insurance nor the indemnity provides cover for situations where the Director has acted fraudulently or dishonestly.

Share capital

OI plc only has one class of share capital, which comprises ordinary shares of 5p each. All shares forming part of the ordinary share capital have the same rights and carry one vote each. There are no unusual restrictions on the transfer of a share.

The full rights and obligations attaching to OI plc's ordinary shares, as well as the powers of the Directors, are set out in OI plc's Articles of Association, a copy of which is available on OI plc's website. These can also be obtained from Companies House or by contacting the Company Secretary.

During the year to 31 March 2025, the Board issued 220,981 new shares (2024: 201,284) following the exercise of options under OI plc's share option schemes. At 31 March 2025, the issued share capital of OI plc was 58,134,773 ordinary shares of 5p each. No shares in OI plc were acquired by the company itself during the year (2024: nil). Details of the share capital and options or other awards outstanding as at 31 March 2025 are set out in Notes 25 and 26, respectively, to the Financial Statements.

Powers in relation to OI plc issuing or buying back its own shares

At the 2024 AGM, shareholders authorised the company to allot relevant securities: (i) up to a nominal amount of £965,321 (being one-third of the company's issued share capital); and (ii) up to a nominal amount of £1,930,642 (being two-thirds of the company's issued share capital), after deducting from such limit any relevant securities allotted under (i), in connection with an offer by way of a rights issue or for use in connection with any pre-emptive offer. A similar resolution will be put to shareholders at the 2025 AGM.

In 2024, shareholders also authorised the company to purchase its own shares in the market up to a limit of 10% of its issued share capital, being 5,791,927 shares. As noted in the 2024 notice of meeting, the Directors will seek to renew this authority at the 2025 AGM by proposing a further special resolution. This authority will also be limited to a maximum of 10% of the company's issued share capital and the resolution will set the minimum and maximum prices which may be paid. The Directors will only purchase the company's shares in the market if they believe it is in the best interests of the company and shareholders generally and where Directors (i) expect that such a purchase would result in an increase in earnings per share, (ii) consider that the company has excess cash, and/or (iii) determine that it is appropriate to increase the company's gearing.

Disapplication of pre-emption rights

At the 2025 AGM, OI plc will seek approval from its shareholders to empower Directors to issue equity securities or sell treasury shares for cash other than to existing shareholders pro-rata to their holdings to the fullest extent permitted by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group ('Statement of Principles').

In addition to offers or invitations in proportion to the respective number of shares held, this equates to the ability for Directors to issue equity securities or sell treasury shares for cash up to 10% of the company's issued share capital for general purposes and up to a further 10% of the company's issued share capital to be used in connection with an acquisition or specified capital investment of a kind contemplated by the Statement of Principles. In each case, the Directors will seek a power to issue up to a further 2% of the company's issued share capital for the purposes of a 'follow-on offer' (also as contemplated by the Statement of Principles) which would enable existing retail shareholders to participate in relevant equity issues.

These resolutions are the same as those approved by shareholders at the company's 2024 AGM. The Directors believe the resolutions being proposed at the 2025 AGM reflect market practice.

Research and development

Information on the research and development activities of the Group can be found on page 162.

Branches

Subsidiaries of the company have established branches in a number of different countries in which they operate.

Payment of suppliers

The Group does not follow a standard payment practice but agrees terms and conditions for its business transactions with each of its suppliers. Payment is then made in accordance with these terms.

Substantial shareholdings

The following are beneficial interests of 3% or more (direct), or of 5% or more (indirect), which have been notified to OI plc, per Chapter 5 of the Disclosure Guidance and Transparency Rules, of OI plc's issued ordinary share capital, the only class of voting capital, at 30 May 2025:

	As at 30 May 2025	As at 31 March 2025
	% of voting rights over ordinary shares of 5p each	% of voting rights over ordinary shares of 5p each
Artemis Fund Managers	14.23	14.23
Ameriprise Financial, Inc	9.94	9.94
BlackRock, Inc.	8.67	8.67
Lady KA Wood and the Estate of the late Sir MF Wood	3.94	3.94

Directors' report continued

Tax strategy

The Group's tax strategy supports the strategic objectives of the Group and applies equally to both UK and non-UK taxes and to all forms of taxation. The Group pays a significant amount of tax to national and local governments, including taxes on employment, corporate taxes on profits, customs and excise duty on purchases, withholding taxes and environmental taxes. We also administer VAT and similar sales taxes charged to our customers and withholdings on payments made to our employees. The Group's tax strategy is published on the Group's website at www.oxinst.com/investors-content/tax-strategy.

Charitable donations

During the year, the Group made charitable donations of £6,167 (2024: £5,668).

Political donations

During the year, the Group made no political donations (2024: nil).

Disclosure of information to auditor

Pursuant to Section 418(2) of the Companies Act 2006, the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which OI plc's auditor is unaware; and each Director has taken all the steps that he or she might reasonably have been expected to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that OI plc's auditor is aware of that information.

Annual General Meeting

The Notice of the Annual General Meeting to be held on 28 July 2025 is set out in a letter to shareholders together with explanatory notes relating to the resolutions.

Articles of Association

The company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders. The current Articles of Association were adopted by shareholders at the AGM held on 8 September 2020.

External auditor

A resolution to reappoint BDO LLP as auditor for FY2024/25 was passed at the 2024 Annual General Meeting and a resolution to reappoint them as auditor for FY2025/26 will be proposed at the 2025 Annual General Meeting on 28 July 2025.

Change of control arrangements

There are a number of agreements that take effect, alter or terminate upon a change of control of OI plc following a takeover, such as banking agreements and OI plc share plans. On a change of control, OI plc's committed credit facilities may be cancelled by lenders by giving not less than three days' notice. It is also possible that pension plan funding arrangements would need to be changed following a change of control if that resulted in a weakening of the employer covenant.

Corporate governance statement

The Board's corporate governance statement is set out on page 88. The Board reviews its work on corporate governance in the Governance Report on pages 83 to 144. Pages 27 to 28 summarise how we engage with our stakeholders. Pages 89 to 93 include further details of how we engage with our stakeholders and page 94 includes our statement in accordance with Section 172(1) of the Companies Act 2006.

Financial risk management

Details of the Group's financial risk management objectives and policies, including the exposure to price, credit and liquidity risk, are set out in Note 23 to the Financial Statements.

Employees

The Board recognises that its employees are fundamental to the Group's success. The Group's aim is to ensure there are equal opportunities for all employees and that there is an inclusive culture where differences are valued and people are given the environment in which they can do their best work. The Sustainability Report on pages 61 to 68 further describes how diversity and inclusion is managed within Oxford Instruments.

It is the policy of Oxford Instruments plc to give full and fair consideration to applications for employment from disabled persons; to continue, wherever possible, the employment of members of staff who may become disabled; and to ensure that suitable training, career development and promotion of disabled persons takes place.

For further information regarding employee engagement, please see 'How we engage with our stakeholders' on page 90.

S172 Statement

For information on how the Directors have had regard to the interests of employees and the need to foster the company's business relationships with suppliers, customer and others as well as the effect of that regard on the principal decisions taken by the company during the financial year, please see the S172 statement on page 94.

Greenhouse gas emissions

To meet the requirements of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013, CO_2 emissions are reported on as part of our reporting on greenhouse gas emissions in Sustainability on pages 48 to 49.

Material events

On 10 June 2025, the Group entered a binding agreement to sell the trade and assets of Oxford Instruments NanoScience to Quantum Design International Inc for a £60m total consideration, including up to £3m of deferred consideration linked to performance of the business post-closing.

Directors' responsibilities in relation to the Annual Report

The Directors are responsible for preparing the Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so; and
- prepare a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement which comply with requirements of the Companies Act and the applicable laws and regulations.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board

RICHARD TYSON
Chief Executive Officer

PAUL FRY
Chief Financial Officer

12 June 2025

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**

	Share capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total £m
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.

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