Oxford Metrics

2 December 2021

Oxford Metrics plc

("Oxford Metrics", the "Company" or the "Group")

Preliminary Results for the financial year ended 30 September 2021

- Strong full year performance and recovery following pandemic impacted trading -
- Updated 5-year plan to deliver further shareholder value -
- Positive outlook with both divisions experiencing a strong start in the new financial year -

Oxford Metrics plc (LSE: OMG), the smart sensing software company servicing, life sciences, entertainment and engineering markets, announces preliminary results for the financial year ended 30 September 2021.

	FY21	% Change	FY20
Revenue	£35.6m	+17.6%	£30.3m
Annual Recurring Revenue	£7.4m	+8.8%	£6.8m
Adjusted Profit Before Tax*	£4.8m	+89.4%	£2.6m
Adjusted* Basic Earnings per Share	3.59p	+75.1%	2.05p
Ordinary Dividend per Share	2.00p	+11.1%	1.80p
Statutory Profit before Tax	£3.2m	+103.6%	£1.6m
Statutory Basic Earnings per Share	2.32p	+81.3%	1.28p
Net Cash	£23.0m	+53.7%	£14.9m
Operating Cashflow	£14.5m	+105.9%	£7.0m**

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

*** Restated*

Financial Highlights

- Headline revenue of £35.6m (FY20: £30.3m), up 17.6% (up 19.9% on a constant currency basis)
- Improved quality of earnings, with Annual Recurring Revenue ('ARR') of £7.4m (FY20: £6.8m) with new ARR additions of £1.3m (FY20: £1.0m)
- Adjusted Profit Before Tax* at £4.8m (FY20: £2.6m)
- Continued cash generation, with £23.0m in net cash (FY20: £14.9m) and operating cashflow of £14.5m (FY20: £7.0m - Restated)
- Board proposes increasing our final dividend to 2.00p per share (FY20: 1.80p) this year

Operational Highlights

Vicon delivers impressive revenue growth and profitability

- Vicon's growth restored in FY21 reporting an increase in revenues of 21.1% to £27.6m (FY20: £22.8m), gross margin of 72.6% (FY20: 73.6%) reflecting a slightly higher prevalence of larger deals during the year.
- Revenue growth underpinned by strong Entertainment segment driven, up 76.5%.
- The Contemplas acquisition, completed in August 2021, has brought benefits to Vicon including adding a video-based movement analysis to our offering and contributed revenues of £0.2m in the last month of the financial year and a small profit.

Yotta continued growth and a full year of profitability

- Another major milestone achieved: Full year of Adjusted profits delivered following transition to SaaS model

- Digital transformation in public sector continues to improve quality of earnings with our highest level of ARR, up 8.8% to £7.4m at year-end adding £1.3m (FY20: £1.0m) to the ARR base during the year.
- Continuing to invest in our products: Alloy added finance and accounting, Street Manager and enhanced reporting functionality while Horizons has benefitted from collaboration with new partner Vaisala.

Outlook and Guidance

- Both divisions have experienced a strong start to the new fiscal year with key demand metrics pointing to a positive outlook.
- Vicon's current revenue pipeline for the first half is at least 20% ahead of this time last year and the business currently holds an unprecedented level of orders in hand of £5.9m.
- As in many industries, Vicon continues to experience some short-term supply chain challenges arising from the well-publicised global semiconductor shortage
- Investment in the year ahead to augment our capabilities to sense, analyse and apply our technology, increased by £2.3m on an annualised basis.
- Yotta has a strong ARR sales pipeline for the full year, consistent with adding at least another £1.2m gross additions to ARR during the financial year.
- The Group starts the year in a strong financial position to invest in its future and continues to evaluate acquisition opportunities that will accelerate our strategy.
- The Board look forward to an exciting year ahead that will be the first step in our new five-year plan delivering further shareholder value.

Commenting on the results Nick Bolton, Chief Executive said:

"Oxford Metrics is pleased to report a return to form with a strong full year performance and recovery following last year's pandemic impacted trading, with all the Group's key financial metrics having improved.

The pandemic demonstrated the Group's resilience but has also accelerated market drivers in both Vicon and Yotta. Vicon's growth has been restored driven by the buoyant video games sector and the demand for Virtual Production. Yotta continues to benefit from the ongoing need to digitally transform assets, reporting its highest level of ARR.

During the second half of the year, we gradually saw Location-based Entertainment partners restart their facilities and, in some cases, their rollouts.

As we move into the next financial year both divisions have experienced a strong start with key demand metrics pointing to a positive outlook. Vicon's current revenue pipeline for the first half is at least 20% ahead of this time last year and has an unprecedented level of orders in hand but, like many industries, continues to experience some short-term supply chain challenges. Yotta has a strong ARR sale pipeline for the full year with ARR growth anticipated. The Board is looking forward to an exciting year and the first step in our new five-year plan."

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About Oxford Metrics

Oxford Metrics

Oxford Metrics develops software that enables the interface between the real world and its virtual twin. Our smart sensing software helps over 10,000 customers in more than 70 countries, including all of the world’s top 10 games companies and all of the top 20 universities worldwide. Founded in 1984, we started our journey in healthcare, expanded into entertainment, winning an OSCAR® and an Emmy®, then moved into defence and engineering. We have a track record of creating value by incubating, growing and then augmenting through acquisition, unique technology businesses.
The Group trades through two market-leading divisions: Vicon and Yotta. Vicon is a world leader in motion measurement analysis to thousands of customers worldwide, including Guy's Hospital, Industrial Light & Magic, MIT and NASA. Yotta’s cloud-based infrastructure asset management software enables central and local government agencies and other infrastructure owners to digitally manage their assets. Yotta has a large number of high-profile clients including VicRoads in Australia , Auckland Motorway System in New Zealand, and, in the UK, National Highways and over 160 local authorities.

The Group is headquartered in Oxford with offices in Leamington Spa, Gloucester, California, Colorado, and Auckland. Since 2001, Oxford Metrics (LSE: OMG), has been a quoted company listed on AIM, a market operated by the London Stock Exchange.

For more information about Oxford Metrics, visit www.oxfordmetrics.com .

CHAIRMAN'S STATEMENT

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

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

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

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

Board

On October 1 2021, we appointed Paul Taylor to replace Adrian Carey as Chair of the Audit Committee. Paul brings over 20 years of boardroom experience as an Executive and Non-Executive Director, and throughout his career has been involved with growth-oriented technology businesses. Paul spent a large part of his executive career with AVEVA Group plc, where as CFO he was part of the team that delivered consistently high levels of growth in revenue and profitability both organically and through acquisition. Paul has also served on the Board of a number of technology businesses in a Non-Executive capacity supporting Executive teams in delivering strong stakeholder returns. I welcome Paul to our Board and look forward to working with him and the rest of Board as we further grow the business.

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

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

Roger Parry
Chair

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

CEO STATEMENT

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

STRATEGIC REVIEW – OUR NEW FIVE-YEAR PLAN

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

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

Accelerated Augmentation

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

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

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

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

Rise of Smart Sensing

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

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

Three growth levers

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

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

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

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

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

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

Aims

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

OPERATIONAL REVIEW

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

Motion Measurement Division – Vicon

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

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

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

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

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

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

Asset Management Division – Yotta

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

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

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

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

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

CURRENT TRADING AND OUTLOOK

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

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

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

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

Nick Bolton
CEO

FINANCIAL REVIEW

Income Statement

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

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

Reviewing the cost base within the Income Statement:

- Sales, Support and Marketing costs increased by £0.5m which was largely due to marketing and operational activity returning to near normal levels together with additional sales commissions arising from higher revenues.

- Research & Development expensed through the Income Statement was £5.0m (FY20: £4.2m). The overall increase was due to the R&D amortisation and impairment charge of £2.2m (FY20: £1.8m). The continual investment and innovation in product and services is necessary to maintain the Group's competitive position which included a number of the new products and services released during the financial year, some of which are described in the CEO review.

- Administration expenses increased by £1.3m which was largely due to the impairment of the IMeasureU acquired intangible by £1.0m and acquisition costs relating to Contemplas of £0.1m.

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

Acquisition of Contemplas GmbH

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

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

Statement of Financial Position

Goodwill and intangibles

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

Property, plant and equipment

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

Right of use assets (IFRS16)

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

Investments

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

Inventories

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

Trade and other receivables

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

Current liabilities

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

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

Non-current liabilities

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

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

Statement of cashflows

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

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

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

Tax

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

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

David Deacon
CFO

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

All amounts relate to continuing operations	Note	**2021 £'000**	2020 £'000
Revenue	3	**35,627**	30,298
Cost of sales		**(10,442)**	(9,400)
Gross profit		**25,185**	20,898
Sales, support and marketing costs		**(7,806)**	(7,341)
Research and development costs		**(4,951)**	(4,213)
Administrative expenses		**(9,105)**	(7,813)
Other operating income		**-**	163
Operating profit		**3,323**	1,694
Finance income		**4**	20
Finance expense		**(106)**	(103)
Share of post-tax loss of equity accounted associate		**-**	(29)
Profit before taxation	3,5	**3,221**	1,582
Taxation	7	**(286)**	22
Profit attributable to owners of the parent during the year		**2,935**	1,604
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	8	**2.32p**	1.28p
Diluted earnings per ordinary share (pence)	8	**2.30p**	1.26p

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

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

Oxford Metrics

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

Oxford Metrics

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

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

1. Basis of preparation of the financial information

The financial information in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS. This announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS on 2rd December 2021.

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

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 for the years ended 30 September 2021 and 30 September 2020 but is derived from those accounts. The statutory accounts for the year ended 30 September 2020 have been delivered to the Registrar of Companies and those for the year ended 30 September 2021 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts: their report was unqualified, did not contain references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under Section 498 of the Companies Act 2006 for the year ended 30 September 2021 or 30 September 2020.

2. Basis of consolidation

The consolidated financial information incorporates the results of the Company and all of its subsidiary undertakings drawn up to 30 September 2021.

3. Revenue from contracts with customers

All revenue is from continuing operations.

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

Timing of the transfer of goods and services	Vicon UK £'000	2021 Vicon USA £'000	Yotta £'000	Total £'000
Point in time	**15,606**	**8,353**	**1,747**	**25,706**
Over time	**1,654**	**1,958**	**6,309**	**9,921**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**

Contract Counterparties				
Direct to consumers	**4,750**	**9,265**	**6,773**	**20,788**
Third party distributor	**12,510**	**1,046**	**1,283**	**14,839**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**

By destination				
UK	**3,519**	**-**	**7,741**	**11,260**
Germany	**1,591**	**-**	**-**	**1,591**
Italy	**484**	**-**	**-**	**484**
Netherlands	**435**	**-**	**22**	**457**
France	**220**	**-**	**-**	**220**
Poland	**355**	**-**	**-**	**355**
Rest of Europe	**1,601**	**-**	**6**	**1,607**
Canada	**-**	**1,221**	**-**	**1,221**
USA	**-**	**8,920**	**-**	**8,920**
Rest of North America	**2**	**104**	**-**	**106**
Australia	**530**	**-**	**269**	**799**
Hong Kong	**1,277**	**-**	**-**	**1,277**
Japan	**3,290**	**-**	**-**	**3,290**
South Korea	**1,364**	**-**	**-**	**1,364**
China	**2,254**	**-**	**-**	**2,254**
Rest of Asia Pacific	**338**	**-**	**-**	**338**
Other	**-**	**66**	**18**	**84**
Oxford Metrics Group	**17,260**	**10,311**	**8,056**	**35,627**

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

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

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

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

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

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

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

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

Contract balances

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

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

Contract assets and contract liabilities are included within trade and other assets and trade and other payables and other liabilities respectively on the face of the statement of financial position. They arise primarily from the Group's software and support contracts which are delivered over time and where the cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contract.

Remaining performance obligations

The majority of the Group's contracts are for the delivery of goods and services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, some software and support contracts are for a period greater than 12 months and the amount of revenue that will be recognised in future periods on these contracts is as follows:

At 30 September 2021	**2022 £'000**	**2023 £'000**	**2024 £'000**	**2025 £'000**	**2026 £'000**	**2027 £'000**
Support contracts	**2,972**	**414**	**249**	**83**	**22**	**11**
Software contracts	**3,143**	**1,378**	**590**	**199**	**-**	**-**
	6,115	**1,792**	**839**	**282**	**22**	**11**

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

4. Segmental analysis

Segment information is presented in the financial statements in respect of the Group's business segments, which are reported to the Chief Operating Decision Maker (CODM). The Group has identified the Board of Directors of Oxford Metrics plc ("the Board") as the CODM. The business segment reporting reflects the Group's management and internal reporting structure.

The Group comprises the following business segments:

- Vicon Group: This is the development, production and sale of computer software and equipment for the engineering, entertainment and life science markets; and

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

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

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

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

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

	2021				2020			
	Adjusted profit/(loss) before tax £'000	**Adjusting items £'000**	**Group recharges £'000**	**Profit/(loss) before tax £'000**	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Vicon UK	**3,229**	**(1,344)**	**1,130**	**3,015**	1,571	(275)	393	1,689
Vicon USA	**3,562**	**-**	**(3,065)**	**497**	3,277	-	(2,218)	1,059
Vicon Group	**6,791**	**(1,344)**	**(1,935)**	**3,512**	4,848	(275)	(1,825)	2,748
Yotta	**793**	**(286)**	**(920)**	**(413)**	(115)	(398)	(758)	(1,271)
Unallocated	**(2,763)**	**30**	**2,855**	**122**	(2,174)	(304)	2,583	105
Oxford Metrics Group	**4,821**	**(1,600)**	**-**	**3,221**	2,559	(977)	-	1,582

Adjusted profit before tax is detailed in note 6.

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

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

* The negative balance within segment assets represents a cash overdraft which is part of the Group's cash offset facility.

5. Profit for the year

The profit for the year is stated after charging / (crediting):

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

6. Reconciliation of adjusted profit before tax

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

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

- non-recurring in nature, such as redundancy costs incurred from time to time, acquisition costs and results of the Group's equity accounted associate, which are not core to operations or future operating performance.

- non-cash moving items which arise from the accounting treatment of share based payments and the amortisation of acquired intangibles which affect neither future operating performance nor cash generation.

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

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

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

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

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

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

7. Taxation

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

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

At 30 September 2021, the Group had an undiscounted deferred tax asset of £1,877,000 (2020: £974,000). The asset comprises principally short term timing differences, future tax relief available on the exercise of outstanding employee share options in Oxford Metrics plc and unrelieved trading losses carried forward for which recoverability is reasonably certain.

Deferred tax assets and liabilities have been measured at an effective rate of 25% in both the UK and USA, respectively (2020: 19% and 25%, respectively).

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

The differences are explained as follows:

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

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

8. Earnings per share

	2021			2020		
	Earnings £'000	**Weighted average number of shares '000**	**Per share amount (pence)**	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)
Continuing and total operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**2,935**	**126,437**	**2.32**	1,604	125,568	1.28
Dilutive effect of employee share options	**-**	**993**	**(0.02)**	-	2,083	(0.02)
Diluted earnings per share	**2,935**	**127,430**	**2.30**	1,604	127,651	1.26

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (share options). For share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscriptions rights and outstanding share based payment charges attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise price of the share options.

9. Dividends

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

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

10. Copies of announcement

Copies of this announcement will be available from the Company's registered office at 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU and from the Company's website: www.oxfordmetrics.com.