Oxford Metrics

3rd December 2020

Oxford Metrics plc

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

Preliminary Results for the financial year ended 30 September 2020

- Resilient business well placed to adapt to the post-pandemic economy -
- Short-term sales delay but macro growth drivers accelerating -
- Strong financial platform affords us the opportunity to bring forward growth plans -

Oxford Metrics plc (LSE: OMG), the international software company servicing government, life sciences, entertainment and engineering markets, announces preliminary results for the financial year ended 30 September 2020.

	FY20	FY19
Revenue	£30.3m	£35.3m
Annual Recurring Revenue	£6.8m	£6.2m
Adjusted Profit Before Tax*	£2.6m	£5.5m
Adjusted* Basic Earnings per Share	2.05p	3.96p
Ordinary Dividend per Share	1.80p	1.80p
Statutory Profit before Tax	£1.6m	£4.7m
Statutory Basic Earnings per Share	1.28p	3.33p
Net Cash	£14.9m	£13.8m
Operating Cashflow	£6.4m	£7.7m

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, fair value adjustments to IMeasureU purchase consideration, impairment of Pimloc investment and exceptional costs.*

Financial Highlights

- Headline revenue of £30.3m (FY19: £35.3m), down 14.3% (down 13.9% on a constant currency basis)
- Improved quality of earnings, with Annual Recurring Revenue (‘ARR’) of £6.8m (FY19: £6.2m)
- Adjusted Profit Before Tax* at £2.6m (FY19: £5.5m), largely reflecting short term sales delays with some Vicon customers
- Continued cash generation, with £14.9m in net cash (FY19: £13.8m) and operating cashflow of £6.4m (FY19: £7.7m)
- Board proposes maintaining our final dividend at 1.80p per share (FY19: 1.80p) this year

Operational Highlights

Yotta benefiting from acceleration of Digital Transformation in public asset management

- Major milestone achieved: H2 profitability delivered following transition to SaaS model
- Improved quality of earnings with our highest level of ARR, up 8.3% to £6.8m at year-end
- Contracts secured in H1 were successfully implemented remotely, despite lockdowns
- Customers are prioritising Digital Transformation to enable remote working, with several new flagship partnerships secured including Telensa, the UK's largest provider of smart IoT streetlights, to provide a seamless lighting solution and control groups of streetlights
- New business wins across UK local government driving ARR growth including South Gloucestershire, Warwickshire, Somerset, Worcestershire and City of York

Vicon impacted by pandemic-related sales delay, but seeing broader range of applications continue to emerge

- Vicon reported a decline in revenue of 19.6% to £22.8m (FY19: £28.3m). COVID-19 affected all segments to varying degrees with short-term sales delay, especially in USA, interrupting continuous growth since 2015

- Signed four new Location-based Virtual Reality (“LBVR”) partners and strengthened relationships with others including Europa-Park, one of the world’s leading theme parks, despite partners slowing rollouts due to COVID-19
- Vicon’s motion measurement technology is finding a wide range of new use cases including collective VR experiences as well as *virtual film and TV production* enabling low cost, high quality production with fewer people on set for Vicon customers such as Rebellion Film Studios, Silverspoon and Industrial Light and Magic

Outlook and Guidance

- Both businesses have started the new financial year well, however the COVID-19 pandemic is ongoing, so uncertainty remains
- Vicon’s sales pipeline for Q1 is comparable overall with this time last year (pre-COVID)
- Vicon's longer-term sales pipeline together with a rollover of opportunity from FY20 into FY21 suggests recovery is underway across almost all geographies but for the time being the USA remains subdued
- Yotta’s ARR sales pipeline is healthy and we anticipate further ARR additions of at least £1.0m, a stable cost base and a full year of profitability
- We will continue to invest organically to drive growth as well as exploring acquisition opportunities which can accelerate our strategies in our chosen markets
- Our strong fundamentals stand us in good stead to navigate current challenges

Commenting on the results Nick Bolton, Chief Executive said:

“We’re extremely proud of how the business has navigated a challenging year, to deliver continued strategic progress, showing itself to be a resilient and agile organisation. Our performance owes much to our employees who have adapted brilliantly, and I would like to thank every one of them for their continued innovation and dedication to servicing our global customer base.

Although the pandemic has caused short-term sales delays, particularly in the USA, it has also accelerated positive market drivers, which will underpin our future growth. Yotta has been a beneficiary of the acceleration in the Digital Transformation of public asset management, reporting growth in Annual Recurring Revenue ('ARR'), driven by an increased need for Yotta software to manage new ways of remote working. Vicon has continued to see the move of motion measurement into the mainstream, as companies plan to enhance their solutions with motion tracking capabilities, such as the emerging opportunities in virtual film production.

As we enter a new financial year uncertainty remains as the pandemic continues. That said, both of our divisions have started the year well, and the combination of our robust financial position and a tailwind from structural growth drivers puts us in a strong position both to navigate any further challenges that may arise and bring forward our growth plans.”

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About Oxford Metrics

Oxford Metrics develops and markets analytics software for motion measurement and infrastructure asset management to clients in over 70 countries worldwide. Our list of clients across the globe is as diverse as the markets we operate in: we help highways authorities manage and maintain their road networks, hospitals and clinicians decide therapeutic strategies and Hollywood studios create stunning visual effects. And the diversity of applications is growing all the time.

The Group trades through two market-leading divisions: our motion measurement division, Vicon, and our infrastructure asset management division, Yotta. Vicon is the world's leader in high-precision motion measurement analysis to thousands of customers worldwide, including Guy's Hospital, EA Sports, MIT and NASA, and our software is used in an ever-expanding range of applications. Yotta provides cloud-based infrastructure asset management software to central and local government agencies and other infrastructure owners. Yotta has a large number of high-profile clients including Highways England, Amey in the UK and VicRoads in Australia.

Founded in 1984, the Group is headquartered in Oxford with offices in Leamington Spa, Gloucester, California, Colorado, Singapore 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

As we review what has been a most unexpected 2020, we find three key themes emerging, which demonstrate both the strengths of the business today and, perhaps more importantly, where the opportunities lie for the future.

- **Oxford Metrics is a resilient business well placed to adapt to changes to the economy arising from the pandemic**. Over the past year the Group has clearly demonstrated its strength and agility in the face of unanticipated challenges, moving quickly to adapt to the new environment to continue to serve our customers.

- **Short-term sales have been held back but the main growth drivers in our two divisions are accelerating**. Although the pandemic did cause a delay in closing sales over the second half of the financial year, we have seen signs of an acceleration of market trends which should benefit us in the future.

- **Our strong financial platform affords us the opportunity to bring forward growth plans**. Through these unprecedented times we have continued to be profitable and generate cash. Our strong fundamentals and robust financial position provide us with a solid platform to weather challenges presented in the on-going economic environment, re-prioritise and fast track organic growth opportunities and expedite acquisition opportunities.

These themes are reflected in our headline financial performance for the 12 months to 30th September 2020 with the Group reporting revenue of £30.3m (FY19: £35.3m) and an Adjusted PBT* of £2.6m (FY19: £5.5m) despite the unprecedented market conditions. Furthermore, we are pleased to report that these results include a profitable second half for our Yotta subsidiary following several years of investment in its transition to a Software-as-a-Service offering ('SaaS'), enhancing the Group's recurring revenue base and forward visibility.

We continued to improve the quality of our earnings by increasing our Annual Recurring Revenue ('ARR') to £6.8m (FY19: £6.2m). This growth was achieved by our Yotta subsidiary, which signed £1.0m in new ARR during the financial year (FY19: £1.0m) whilst retention rates fell slightly to 91.7% (FY19: 94.8%).

The Group reports another year of cash generation with operating cash flow of £6.4m (FY19: £7.7m). The Group had £14.9m in cash as of 30 September 2020 (30 September 2019: £13.8m) having paid a final 2019 dividend of £2.3m (2018: £1.9m) during the year. In the light of this cash performance and confidence in our resilience as a business but tempered by the continued economic uncertainty, the Board proposes maintaining our final dividend at 1.80p per share (FY19 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 2 times Adjusted* Earnings per Share.

Finally, I would like to thank all stakeholders in our business for their exceptional contributions over the past year – our outstanding global team and their families who adapted so well to the new operational environment, and our shareholders, partners and customers who continued to support us in these most challenging of times.

Roger Parry
Chair

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, fair value adjustments to IMeasureU purchase consideration, impairment of Pimloc investment and exceptional costs.*

CEO STATEMENT

2019/20 was a challenging year, but despite the COVID-19 pandemic both divisions made progress that will benefit both towards our short-term goals and broader strategic aims.

STRATEGIC REVIEW

As the Chairman has already introduced in his review, we saw three key strategically relevant themes develop over the past 12 months. These are worth explaining in detail in order to understand both the historical performance and where the business can go from here.

1. Resilient business well placed to adapt to the post-pandemic economy

From March 2020, we moved quickly to remain fully functional whilst ensuring the safety of our people and customers. None of our employees were furloughed and we serviced our global customer base remotely. For those who could not work from home, we put in place safe working environments and practices and saw no significant hiatus in our ability to fulfil customer orders at Vicon or deliver implementation projects at Yotta. The team adapted brilliantly to this new remote working model.

Looking forward, evidence from our sales and client service teams suggests that customers have changed the way they want to engage with us as a result of the pandemic. We have stayed close to customers throughout the pandemic and are fortunate to have strong, established and well-respected brands which provide the environment of trust to enable the whole sales process to be conducted without the same number of face-to-face meetings. Whilst we still expect to make some sales in traditional ways, we believe we can increase sales efficiency by making full use of remote working.

2. Short-term sales delay but macro growth drivers accelerating

The second observation is that although the pandemic caused a short-term delay to sales across both divisions, we saw stronger macro winds of positive market change which, we believe, will assist in driving our growth in the future.

During the lockdowns and throughout the second half, the sales delay arose from some of our customers having to shut down their operations and activities which meant our planned sales to them were deferred. In some cases, this was customers needing to address immediate operational needs, temporarily de-prioritising adoption or upgrade of our technology. For example, where Local Authorities needed to focus on the reconfiguration of their services, such as waste collection or home care, given the new lockdown environments. This switch of focus delayed procurement processes, rather than causing their cancellation, and as we move into 2021 we see a broad picture of a return to more normal Local Authority procurement cycles. Indeed, we are encouraged by the interest shown by new customers. In the case of Yotta we believe the strong word-of-mouth approval from users of our software is creating interest from a wider range of UK Local Authorities, and Vicon's motion measurement technology is finding a wider range of potential end-users as new use cases continue to emerge.

Despite the pandemic causing a short-term sales delay, it also accelerated broader changes prevalent in our markets – all of which are positive for the long-term success of the Group.

In Yotta, we have witnessed an acceleration in the Digital Transformation of public asset management. With asset maintenance and service teams across the UK now having to work and be managed remotely - be that assigning work, reporting inspections or collecting waste - local government customers need digital tools to help them run their services in this new way. This "shift to digital" was already underway but the pandemic has accelerated the need for tools like Yotta's to seamlessly manage this new remote way of working.

At Vicon, the macro driver is the move of motion measurement into the mainstream and into everyday life – watches which measure our steps, robotics which assist our lives, and smartphones which can now track skeletal movement. The pandemic has made companies look to bring forward remote sensing or operations projects, which requires a capability to measure motion within their products and services. For example, non-contact passenger security systems which will remotely track our movements and behaviours to ensure public safety; or virtual film production which requires fewer people simultaneously on set; or in monitoring patients post-orthopaedic surgery at home avoiding the need to bring patients into traditional healthcare environments. This acceleration in the move to remote sensing in more markets is further validation of Vicon's broader application and bodes well for this division's continuing long-term success.

3. Strong financial platform affords us the opportunity to bring forward growth plans

The Group's finances are in robust shape. We generated cash despite the exceptional trading environment. We have no debt, exercise tight financial controls and we are maintaining our dividend this year, without impacting our ability to invest in the future of the business. Given the strength of this financial position and the accelerated macro picture in both our divisions, we are now in a position to bring forward our growth plans through both organic and inorganic development.

Organic growth

Both divisions have organic growth opportunities. At Yotta, we estimate we hold around 12% of the UK market for applications we serve. Over the past 12 months with growing ARR levels, we have demonstrated we have a compelling proposition with our innovative product, Alloy. Several flagship partnerships have been secured including: with Panasonic to run Alloy on their in-cab devices in waste collection vehicles; with Telensa, the UK's largest provider of smart IoT streetlights, to provide a seamless lighting solution; and control groups of streetlights and with bbits as part of their "Love Clean Streets" initiative. Over the coming year we will continue to invest in both market and product development with a key focus on the UK market.

At Vicon, our organic plans fall into two specific growth vectors: Established Markets and Adjacent Verticals. In our Established Markets business, where we hold a market-leading position, we will continue to invest in R&D to provide the most capable platform for our customers to undertake their work and maintain that leadership role. Our Adjacent Verticals opportunity continues to grow as more markets recognise the value motion measurement can bring to their specific vertical implementation. We can see this in the interest in our elite sports solutions from the new markets of orthopaedic rehabilitation and military performance management, and also in the emerging opportunity to exploit our Location-based Virtual Reality ('LBVR') solution further in the enterprise and defence markets.

As we look to exploit these adjacent market opportunities, we are developing and working with a network of carefully selected partners, who provide complementary technology and/or channels to market. We now have 14 such partners in total. This partner-centric approach means the business can focus on its core competency of measurement capability and avoid the expensive market start-up costs of channel development and whole product investment.

Inorganic growth

Given our strong financial position we are actively investigating acquisition opportunities to strengthen both of our existing divisions. Using a strict criteria lens, we are exploring opportunities in software related to measurement and data analysis with niche commercial applications.

In our asset management division, this means expanding our geographical and/or vertical market customer footprint. We know Alloy can manage almost any type of asset and thus has applications outside its current markets, therefore we can accelerate its adoption by adding organisations with existing successful customer relationships in those markets.

In our motion measurement division, we have two broad target areas. Firstly, companies which hold complementary sensing and measuring technologies which can be incorporated into the Vicon proposition, and secondly companies which hold material end-user market positions which would benefit from motion-enabling or bringing our existing 3D capabilities to their marketplaces.

Our strategy and strong financial position enable us to drive our software into more applications, amplifying the core of what we do.

OPERATIONAL REVIEW

2019/20 was a challenging year operationally but despite the COVID-19 pandemic both Vicon and Yotta made progress and growth trends have accelerated that will benefit the longer-term for both divisions.

Asset Management Division - Yotta

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY20	FY19	**FY20**	FY19	**FY20**	FY19
Asset Management	**£7.5m**	£7.0m	**(£1.3m)**	(£1.5m)	**(£0.1m)**	(£0.2m)

Our Asset Management division, Yotta, reported its highest level of ARR of £6.8m on 30th September 2020 (30th September 2019: £6.2m) and customer retention of 91.7% (FY19: 94.8%). Having reported additions to ARR in the first half of £0.8m, progress was muted in the third quarter due to the pandemic, but the market has since adapted and momentum driven by ongoing Digital Transformation saw additions rise in the fourth quarter to record total additions for the year of £1.0m.

Reported headline revenue increased by 7.3% to £7.5m (FY19: £7.0m) and the division reported an Adjusted PBT* loss of £0.1m (FY19 Loss: £0.2m). Our shareholders will be aware that we have been investing in Yotta for several years and consequently the business has been loss-making. Having completed its transition to SaaS, we are delighted to report that the business produced a £0.4m profit in the second half and is now profitable on a run-rate basis at the current level of ARR and normal levels of consulting revenue, so a major milestone has been achieved by the business.

This growth in ARR was driven by some excellent competitive wins across UK local government, including at South Gloucestershire, Warwickshire, Somerset, Worcestershire and City of York. Furthermore, because of lockdowns, contract wins secured in the first part of the year were successfully implemented remotely. This worked well and, indeed, we have been able to get many customers live and continue to implement with others, some of which without ever meeting them in person.

During Q3 Yotta saw sales wins pause, but the processes around pipeline generation and activity did not. Yotta’s sales team worked on modifying their customer and prospect engagement models to reflect the new situation and activity levels in the earlier part of sales campaigns remained high. Q4 saw many of the stalled latter-stage campaigns restart and close due to reduced pressure on Local Authority authorisation processes.

We are now seeing activity levels grow throughout Yotta's sales processes, with many new and existing prospects and customers citing a higher priority for capable and robust systems to help them operate in a world where remote services are needed. This is accelerating the need for systems to aid implementation of Digital Transformation processes, where customers want or need to engage online and not in person. Alloy’s connectivity and flexible data model means that it is ideally placed to help customers react to situations for which they have not planned. New services or asset classes can easily be created by them using standard tools. Similarly, connections to new audiences or other systems are equally available.

With the expectation that at least another £1.0m will be added to ARR in FY21, our Asset Management division is well placed to deliver a full year of profitability ahead.

Motion Measurement Division – Vicon

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY20	FY19	**FY20**	FY19	**FY20**	FY19
Motion measurement	**£22.8m**	£28.3m	**£2.7m**	£6.3m	**£4.8m**	£8.1m

Vicon reported a decline in revenue of 19.6% to £22.8m (FY19: £28.3m) which has interrupted continuous growth since 2015. The COVID-19 pandemic affected all market segments but to varying degrees. Hardest hit was the Engineering segment, down 31.2% and the Life Sciences segment down 25.8%. In contrast the Entertainment segment was down by only 1.0% and Adjacent Verticals (including primarily LBVR) was down 5.1%.

Gross margin on reported revenue was 73.6% (FY19: 74.0%) so largely comparable with last year, but the impact in real terms was a loss of gross margin of around £4.0m compared to last year. The impact on Adjusted PBT* was mitigated to some extent by lower commissions and primarily from Lockdown-related savings. For example, travelrelated costs, marketing events and other areas of discretionary spend were substantially lower than last year. Consequently, Vicon reported a lower Adjusted PBT* of £4.8m (FY19: £8.1m).

Established Markets – strength in leadership

In order to maintain our leadership position in our most developed markets we continued to invest in R&D and product innovation throughout the year, which saw us deliver over 20 new software releases over the year. This included the addition of a Machine Learning-based hand and finger tracking solution in Shogun, our Entertainment market solution, and new versions of Nexus, our flagship Life Sciences software.

We also updated our iPhone/iPad app, Capture.U, several times during the year. This innovative app uses both Apple's iOS skeletal tracking, now enhanced with the LIDAR sensors on-board the Pro versions of the iPad and iPhone, and our own Blue Trident Inertial Measurement Units. The app enables researchers to see human skeletal movement and inertial measurements overlaid on live video in real-time. This enables a low-cost entry point for physiotherapists and sports scientists to use Vicon technology to analyse motion in a highly portable, intuitive manner.

These new capabilities combined with Vicon's clear market differentiation helped win deals around the world. This included an especially strong performance in the Asia Pacific region with wins at Tencent, Konami and ASICS.

Adjacent Markets – developing new growth vectors

In addition to growing our Established Market business, we also seek further growth by applying our technology to newer markets which offer higher levels of potential growth. We are focussed on two specific opportunities: LBVR and Elite Sports.

LBVR revenue of £1.7m (FY19: £1.8m) was recorded with the planned rollouts by our partners slowing as a result of COVID-19. That said, we signed four new partners over the full course of the year, and existing partner Europa-Park, one of the world's leading theme parks, introduced their very large free-roaming LBVR experience aimed at the theme park market. Furthermore, partners also found there is interest in the enterprise market for their collective VR experiences, where we fulfilled a number of orders for this broader enterprise market.

Our elite sports offering, IMU Step, made progress during the year. Prior to lockdown and the suspension of virtually all elite sports, we won new teams in the NBA, NFL, MLB, NRL and AFL as well as with a number of collegiate athletic and health science programmes including at the University of Kentucky and the University of Montana. We also engaged in a number of exploratory partnership programmes which would see our technology embedded in others' sports solutions. Since the gradual return of elite sports, we have seen some degree of life returning to the market, and we have also identified new markets for our solution in orthopaedic rehabilitation and military performance management, which we are now pursuing.

CURRENT TRADING AND OUTLOOK

Both businesses have started the new financial year well, however the COVID-19 pandemic is on-going, so uncertainty remains which continues to affect certain end-markets.

Vicon's current sales pipeline includes a rollover of opportunity from FY20 into FY21 that is expected to benefit future quarters. The timing and recognition of these potential orders is taking longer than normal as customers adapt purchasing plans to suit their own financial and operational circumstances. In the immediate short-term our sales pipeline for Q1 is comparable overall with this time last year (pre-COVID). This combined with longer term sales pipeline data suggests recovery is underway in our Rest-of-World markets but for the time being the USA remains subdued.

Yotta has a strong ARR sales pipeline for the full year, consistent with adding at least another £1.0m gross additions to ARR during the financial year. With this anticipated growth in ARR and a stable cost base, Yotta can look forward to a full year of profitability.

We operate two market-leading divisions in expanding global markets with highly differentiated software products and clear strategies to continue to drive progress - amplifying our core. We will continue to both invest in our organic growth and explore acquisition opportunities, which together can accelerate our strategies within our chosen markets.

Returning to the three themes of 2020, we enter FY21 a resilient Group with two fundamentally strong and profitable businesses, both of which are seeing an acceleration in favourable market dynamics. This platform together with our robust Balance Sheet mean we feel confident in our ability to adapt, innovate and navigate any further challenges that may arise whilst driving organic and inorganic growth.

Nick Bolton
CEO

FINANCIAL REVIEW

Income Statement

The Group reported revenue of £30.3m (FY19: £35.3m) representing a headline decline of 14.3%, and on a constant FX basis the decline was 13.9%. The segmental revenue analysis illustrates that all market segments were affected and from a geographic standpoint, the USA market suffered more than most, down £5.0m compared with last year.

Gross Profit margin reduced slightly to 69.0% (FY19: 71.2%), reflecting a slight change in the mix of revenue. Gross Profit declined year on year by £4.3m to £20.9m.

Reviewing the cost base within the Income Statement:

- Sales, Support and Marketing costs decreased by £1.3m which was largely due to marketing and operational savings arising from COVID-19 lockdowns and subsequent virtual operations for the remainder of the financial year, as well as lower sales commissions.

- Research & Development expensed through the Income Statement was £4.2m (FY19: £4.2m). Total R&D including capitalised development costs of £2.5m (FY19: £2.2m) was £6.7m (FY19: £6.4m), the overall increase was due to the R&D amortisation and impairment charge of £1.8m (FY19: £1.6m). The continual investment and innovation in product and services is necessary to maintain the Group's competitive position and a number of the new products and services released during the financial year and described in the CEO review are already gaining traction in the market.

- Administration expenses were largely unchanged overall.

Adjusted PBT* of £2.6m (FY19: £5.5m) has been determined after adding back to the Statutory PBT £1.6m (FY19: £4.7m) non-cash moving items such as amortisation of acquired intangibles, share option charge, impairment of investment in Pimloc, adjustment to fair value of deferred consideration payable for IMeasureU Limited and non-recurring exceptional items which this year included aborted M&A costs of £0.2m. A full reconciliation is available in note 6.

Statement of Financial Position

Goodwill and intangibles

The modest increase in goodwill and intangibles represents the net effect of capitalised R&D of £2.5m (FY19: £2.2m), amortisation and impairment of development costs £1.8m (FY19: £1.6m) and the amortisation of acquired intangibles of £0.6m (FY19: £0.6m).

Property, plant and equipment

The decline arose due to the net effect of capital expenditure of £0.3m (FY19: £0.5m) and a depreciation charge of £0.6m (FY19: £0.6m).

Right of use assets

The Group has now adopted IFRS16. The balance reported of £2.2m (FY19: £0.0m) represents the value of property and assets utilised by the Group.

Investments

The year-on-year movement relates to an investment of £0.2m for a 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 movement also includes the impairment of our investment in Pimloc Limited being our share of post-acquisition losses from Pimloc's trading.

Inventories

The inventory position at the end of the financial year was £3.4m (FY19: £3.2m).

Trade and other receivables

At the year-end trade and other receivables decreased to £9.2m (FY19: £11.7m). The overall decrease is largely due to accounts receivable that was lower compared to a particularly strong September 2019 revenue in the USA.

Current liabilities

The year-on-year decline in trade and other payables is accounted for by a decrease in trade payables at the year-end to £2.0m (FY19: £2.9m) which relates to the shipment of goods in September 2019 being greater than September 2020.

The lease liabilities balance reported of £0.4m (FY19: £0.0m) represents the value of lease payments due within one year relating to right of use assets given the adoption of IFRS16.

Non-current liabilities

The lease liabilities balance reported of £1.9m (FY19: £0.0m) represents the value of lease payments due greater than one year relating to right of use assets given the adoption of IFRS16.

Statement of cashflows

The Group finished the year with cash of £14.9m (FY19: £13.8m).

Cash generated from operating activities was £6.4m (FY19: £7.7m) which included a working capital inflow arising from a reduction in accounts receivables of £2.2m. The deployment of this cash included continued investment in development giving rise to a purchase of intangibles of £2.5m (FY19: 2.2m) and payment of dividends of £2.3m (FY19: £3.1m)

Tax

The Group tax charge this year was £0.0m (FY19: £0.5m). This decrease for the most part is due to the recognition of tax losses that can be Group relieved in the future. The level of Group R&D activities in the UK where the marginal rate of tax is 19% (FY19: 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 £1.0m (FY19: £0.4m) due to the aforementioned recognition of losses whilst the deferred tax liability increased slightly to £2.0m (FY19: £1.8m) due to a change of deferred taxation rates.

David Deacon
CFO

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, fair value adjustments to IMeasureU purchase consideration, impairment of Pimloc investment and exceptional costs.*

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £'000	2019* £'000
Revenue	3	**30,298**	35,350
Cost of sales		**(9,400)**	(10,166)
Gross profit		**20,898**	25,184
Sales, support and marketing costs		**(7,341)**	(8,663)
Research and development costs		**(4,213)**	(4,184)
Administrative expenses		**(7,813)**	(7,875)
Other operating income		**163**	202
Operating profit		**1,694**	4,664
Finance income		**20**	66
Finance expense		**(103)**	(2)
Share of post-tax loss of equity accounted associate		**(29)**	(59)
Profit before taxation	3,5	**1,582**	4,669
Taxation	7	**22**	(504)
Profit from continuing operations		**1,604**	4,165
Profit from discontinued operations, net of tax		**-**	13
Profit attributable to owners of the parent during the year		**1,604**	4,178
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	8	**1.28p**	3.33p
Diluted earnings per ordinary share (pence)	8	**1.26p**	3.24p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	8	**1.28p**	3.34p
Diluted earnings per ordinary share (pence)	8	**1.26p**	3.25p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £'000	2019* £'000
Net profit for the year	**1,604**	4,178
Other comprehensive income		
Items that will or may be reclassified to profit or loss		
Exchange differences on retranslation of overseas subsidiaries	**(353)**	271
Total other comprehensive (expense)/income	**(353)**	271
Total comprehensive income for the year attributable to owners of the parent	**1,251**	4,449

*The Group has applied IFRS 16 using the modified retrospective approach. Under this method the comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	2020 £'000	2019* £'000
Non-current assets		
Goodwill and intangible assets	**12,551**	12,449
Property, plant and equipment	**1,937**	2,280
Right of use assets	**2,182**	-
Financial asset - investments	**305**	98
Deferred tax asset	**974**	405
	17,949	15,232
Current assets		
Inventories	**3,439**	3,236
Trade and other receivables	**9,224**	11,687
Current tax debtor	**82**	177
Cash and cash equivalents	**14,940**	13,837
	27,685	28,937
Current liabilities		
Trade and other payables	**(9,931)**	(10,733)
Lease liabilities	**(426)**	-
	(10,357)	(10,733)
Net current assets	**17,328**	18,204
Total assets less current liabilities	**35,277**	33,436
Non-current liabilities		
Other liabilities	**(609)**	(462)
Lease liabilities	**(1,909)**	-
Provisions	**(24)**	(16)
Deferred tax liability	**(1,994)**	(1,797)
	(4,536)	(2,275)
Net assets	**30,741**	31,161
Capital and reserves attributable to owners of the parent		
Share capital	**314**	313
Shares to be issued	**65**	65
Share premium account	**17,763**	17,417
Retained earnings	**12,437**	12,851
Foreign currency translation reserve	**162**	515
Total equity shareholders' funds	**30,741**	31,161

*The Group has applied IFRS 16 using the modified retrospective approach. Under this method the comparative information is not restated.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £'000	2019* £'000
Cash flows from operating activities		
Operating profit/(loss) from continuing operations	**1,694**	4,664
Operating profit from discontinued operations	**-**	21
Group operating profit/(loss)	**1,694**	4,685
Depreciation and amortisation	**3,448**	2,761
Impairment of intangible assets	**72**	-
Impairment of investment	**-**	-
Share-based payments	**160**	264
Exchange adjustments	**(200)**	134
(Increase)/decrease in inventories	**(225)**	(823)
Decrease/(increase) in receivables	**2,248**	(949)
(Decrease)/increase in payables	**(771)**	1,600
Cash generated from operating activities	**6,426**	7,672
Tax paid	**(157)**	(369)
Net cash from operating activities	**6,269**	7,303
Cash flows from investing activities		
Purchase of property, plant and equipment	**(310)**	(467)
Purchase of intangible assets	**(2,511)**	(2,196)
Purchase of investment	**(236)**	-
Proceeds on disposal of property, plant and equipment	**33**	79
Interest received	**20**	23
Interest paid	**(103)**	(2)
Interest arising on contingent consideration	**-**	43
Acquisition of subsidiary undertaking net of cash acquired	**(128)**	(141)
Net cash used in investing activities	**(3,235)**	(2,661)
Cash flows from financing activities		
Issue of ordinary shares	**322**	91
Equity dividends paid	**(2,253)**	(3,125)
Net cash used in financing activities	**(1,931)**	(3,034)
Net increase in cash and cash equivalents	**1,103**	1,608
Cash and cash equivalents at beginning of the period	**13,837**	12,229
Cash and cash equivalents at end of the period	**14,940**	13,837

*The Group has applied IFRS 16 using the modified retrospective approach. Under this method the comparative information is not restated.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	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 1 October 2018	312	65	17,327	11,358	244	29,306
Net profit for the year	-	-	-	4,178	-	4,178
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	271	271
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	-	-	-	176	-	176
Dividends	-	-	-	(3,125)	-	(3,125)
Issue of share capital	1	-	90	-	-	91
Share based payment charge	-	-	-	264	-	264
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**

*The Group has applied IFRS 16 using the modified retrospective approach. Under this method the comparative information is not restated.

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 3rd December 2020.

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 2020 and 30 September 2019 but is derived from those accounts. The statutory accounts for the year ended 30 September 2019 have been delivered to the Registrar of Companies and those for the year ended 30 September 2020 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 2020 or 30 September 2019.

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 2020.

3. Revenue from contracts with customers

All revenue is from continuing operations.

Revenue	**2020 £'000**	2019 £'000
Vicon UK	**13,540**	14,638
Vicon USA	**9,228**	13,692
Vicon Group	**22,768**	28,330
Yotta	**7,530**	7,020
Oxford Metrics Group	**30,298**	35,350

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**

Timing of the transfer of goods and services	2019 Vicon UK £'000	Vicon USA £'000	Yotta £'000	Total £'000
Point in time	13,507	11,784	1,741	27,032
Over time	1,131	1,908	5,279	8,318
Oxford Metrics Group	14,638	13,692	7,020	35,350
Contract Counterparties				
Direct to consumers	3,440	12,044	6,811	22,295
Third party distributor	11,198	1,648	209	13,055
Oxford Metrics Group	14,638	13,692	7,020	35,350
By destination				
UK	1,662	-	6,577	8,239
Germany	969	-	24	993
Italy	327	-	-	327
Netherlands	585	-	142	727
France	535	-	-	535
Switzerland	285	-	-	285
Russia	46	-	-	46
Rest of Europe	812	-	4	816
Canada	-	905	-	905
USA	646	12,099	-	12,745
Rest of North America	-	110	-	110
Australia	327	-	218	545
Hong Kong	2,788	-	-	2,788
Japan	3,570	-	-	3,570
South Korea	1,464	-	-	1,464
Rest of Asia Pacific	565	-	-	565
Other	57	578	55	690
Oxford Metrics Group	14,638	13,692	7,020	35,350

	2020 **£'000**	2019 £'000
Vicon revenue by market		
Engineering	**4,139**	6,015
Entertainment	**6,732**	6,802
Life sciences	**10,117**	13,637
Established markets	**20,988**	26,454
Adjacent verticals	**1,780**	1,876
Vicon Group*	**22,768**	28,330

Yotta revenue by type		
Software and related services	**7,530**	7,020
Yotta Group	**7,530**	7,020

Group revenue by type		
Sale of hardware	**18,221**	23,710
Sale of software	**4,494**	7,023
Rendering of services	**7,583**	4,618
Oxford Metrics Group	**30,298**	35,350

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

	2020 **£'000**	2019 £'000
Revenue by origin		
UK	**20,796**	21,268
North America	**9,228**	13,692
Asia Pacific	**274**	390
Oxford Metrics Group	**30,298**	35,350

Contract balances

	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**

	2019	
	Contract assets £’000	Contract liabilities £’000
At 1 October 2018	666	3,848
Cumulative catch up adjustments	-	872
Transfers from contract assets to trade receivables	(3,944)	-
Amounts included in contract liabilities recognised as revenue during the period	-	(8,486)
Excess of revenue recognised over cash during the period	4,065	-
Cash received in advance of performance and not recognised as revenue during the period	-	9,173
Foreign exchange differences	-	(37)
At 30 September 2019	787	5,370

Contract assets and contract liabilities are included within trade and other assets and trade and other payables 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 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**

At 30 September 2019	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2024 £'000	2025 £'000
Support contracts	2,410	753	430	285	250	257
Software contracts	752	681	492	133	10	-
	3,162	1,434	922	418	260	257

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 2020 are £3,766,000 (2019: £7,630,000).

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.

	2020				2019			
	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	**1,571**	**(275)**	**393**	**1,689**	2,354	(125)	3,248	5,477
Vicon USA	**3,277**	**-**	**(2,218)**	**1,059**	5,760	-	(4,976)	784
Vicon Group	**4,848**	**(275)**	**(1,825)**	**2,748**	8,114	(125)	(1,728)	6,261
Yotta	**(115)**	**(398)**	**(758)**	**(1,271)**	(230)	(469)	(808)	(1,507)
Unallocated	**(2,174)**	**(304)**	**2,583**	**105**	(2,421)	(200)	2,536	(85)
Continuing operations	**2,559**	**(977)**	**-**	**1,582**	5,463	(794)	-	4,669
OMG Life Group	**-**	**-**	**-**	**-**	21	-	-	21
Discontinued operations	**-**	**-**	**-**	**-**	21	-	-	21
Oxford Metrics Group	**2,559**	**(977)**	**-**	**1,582**	5,484	(794)	-	4,690

Adjusted profit before tax is detailed in note 6.

	Segment depreciation and amortisation	
	2020 £'000	2019 £'000
Vicon UK	**2,263**	1,898
Vicon USA	**208**	64
Vicon Group	**2,471**	1,962
Yotta	**1,031**	787
Unallocated	**18**	12
Oxford Metrics Group	**3,520**	2,761

	Non-current assets		**Additions to non-current assets**		**Carrying amount of segment assets**		**Carrying amount of segment liabilities**	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Vicon UK	**9,581**	8,642	**3,221**	1,667	**23,320**	22,687	**(5,827)**	(5,781)
Vicon USA	**1,071**	838	**317**	55	**5,938**	8,824	**(2,802)**	(2,973)
Vicon Group	**10,652**	9,480	**3,538**	1,722	**29,258**	31,511	**(8,629)**	(8,754)
Yotta Group	**6,664**	5,366	**1,806**	912	**16,511**	13,069	**(5,856)**	(3,852)
Unallocated	**633**	386	**247**	29	**5,917**	5,641	**(408)**	(402)
OMG Life Group*	**-**	-	**-**	-	**(6,052)**	(6,052)	**-**	-
Oxford Metrics Group	**17,949**	15,232	**5,591**	2,663	**45,634**	44,169	**(14,893)**	(13,008)

* 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):

	2020 £'000	2019 £'000
Depreciation of right of use assets	**528**	-
Depreciation of property, plant and equipment - owned	**610**	621
Amortisation of customer relationships	**312**	314
Amortisation of intellectual property	**245**	245
Amortisation of development costs	**1,753**	1,581
Impairment of development costs	**72**	-
Share based payments – equity settled	**25**	25
Share option charges	**135**	264
Operating lease charges – land and buildings	**-**	607
Foreign exchange loss	**(24)**	98
Grant income receivable	**(163)**	(202)

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.

	2020 £'000	2019 £'000
Profit before tax – continuing operations	**1,582**	4,669
Share option charges	**135**	264
Amortisation of intangibles arising on acquisition	**541**	541
Redundancy costs	**74**	125
Aborted transaction costs	**198**	-
Adjustment to fair value of contingent consideration payable and unwinding of discount factor	**-**	(195)
Share of post-tax loss of equity accounted associate	**29**	59
Adjusted profit before tax – continuing operations	**2,559**	5,463
Profit before tax – discontinued operations	**-**	21
Adjusted profit before tax – discontinued operations	**-**	21
Total adjusted profit before tax – all operations	**2,559**	5,484

Adjusted earnings per share for profit on continuing operations attributable to owners of the parent during the year		
Basic earnings per share (pence)	2.05p	3.96p
Diluted earnings per share (pence)	2.02p	3.86p
Adjusted earnings per share for profit on total operations attributable to owners of the parent during the year		
Basic earnings per share (pence)	2.05p	3.97p
Diluted earnings per share (pence)	2.02p	3.87p

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	
	2020	2019
	£'000	£'000
Profit before tax	**2,748**	6,261
Share option charges	**33**	78
Amortisation of intangibles arising on acquisition	**242**	242
Adjustment to fair value of contingent consideration payable and unwinding of discount factor	**-**	(195)
Reapportion Group overheads	**1,825**	1,728
Adjusted profit before tax	**4,848**	8,114

	Yotta Group	
	2020	2019
	£'000	£'000
Loss before tax – continuing operations	**(1,271)**	(1,507)
Share option charges	**25**	45
Amortisation of intangibles arising on acquisition	**299**	299
Redundancy costs	**74**	125
Reapportion Group overheads	**758**	808
Adjusted loss before tax – continuing operations	**(115)**	(230)

7. Taxation

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

	2020	2019
	£'000	£'000
United Kingdom corporation tax at 19.0% (2019: 19.0%)	**89**	324
Overseas taxation	**297**	222
Adjustments in respect of prior year	**(56)**	1
Current taxation	**330**	547
Deferred taxation	**(352)**	(35)
Total taxation (credit)/expense	**(22)**	512

Continuing and discontinued operations:

	2020	2019
	£'000	£'000
Income tax (credit)/expense from continuing operations	**(22)**	504
Income tax expense from discontinued operations	**-**	8
Total taxation (credit)/expense	**(22)**	512

At 30 September 2020, the Group had an undiscounted deferred tax asset of £974,000 (2019: £405,000). 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 19% and 25% in the UK and USA, respectively (2019: 17% and 25%, respectively).

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2019: lower than the standard rate of 19%). The differences are explained as follows:

	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	**1,582**	4,690
Expected tax income based on the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	**300**	891
Effect of:		
Expenses not deductible for tax purposes	**90**	43
Recognition of previously unrecognised deferred tax asset	**(37)**	-
Unrelieved current year losses	**90**	126
Utilisation of losses brought forward	**(14)**	(4)
Adjustments to tax charge in respect of prior year current tax	**(56)**	1
Higher rates on overseas taxation	**86**	33
Research and development tax credit	**(621)**	(525)
Effect of tax rate change	**140**	(53)
Total tax (credit)/expense	**(22)**	512

8. Earnings per share

	2020			2019		
	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 operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**1,604**	**125,568**	**1.28**	4,165	125,038	3.33
Dilutive effect of employee share options	**-**	**2,083**	**(0.02)**	-	3,250	(0.09)
Diluted earnings per share	**1,604**	**127,651**	**1.26**	4,165	128,288	3.24
Discontinued operations						
Basic earnings per share						
Loss attributable to ordinary shareholders	**-**	**125,568**	**-**	13	125,038	0.01
Dilutive effect of employee share options	**-**	**2,083**	**-**	-	3,250	-
Diluted earnings per share	**-**	**127,651**	**-**	13	128,288	0.01
Total operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**1,604**	**125,568**	**1.28**	4,178	125,038	3.34
Dilutive effect of employee share options	**-**	**2,083**	**(0.02)**	-	3,250	(0.09)
Diluted earnings per share	**1,604**	**127,651**	**1.26**	4,178	128,288	3.25

Basic earnings per share is calculated by dividing the profit/(loss) 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.

For discontinued operations the outstanding share options are anti-dilutive and therefore there is no difference between the basic and diluted loss per share.

9. Dividends

Equity - ordinary	**2020 £'000**	2019 £'000
Final 2018 paid in 2019 (1.50 pence per share)	**-**	1,875
Special paid in 2019 (1.00 pence per share)	**-**	1,250
Final 2019 paid in 2020 (1.80 pence per share)	**2,253**	-
	2,253	3,125

The directors are proposing a final dividend in respect of the financial year ended 30 September 2020 of 1.80 pence per share (2019: 1.80 pence per share) which will absorb an estimated £2,263,000 of shareholders' funds. This dividend will be paid on 5 March 2021 to shareholders who are on the register of members at close of business on 11 December 2020 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.