Quixant plc

A platform for success

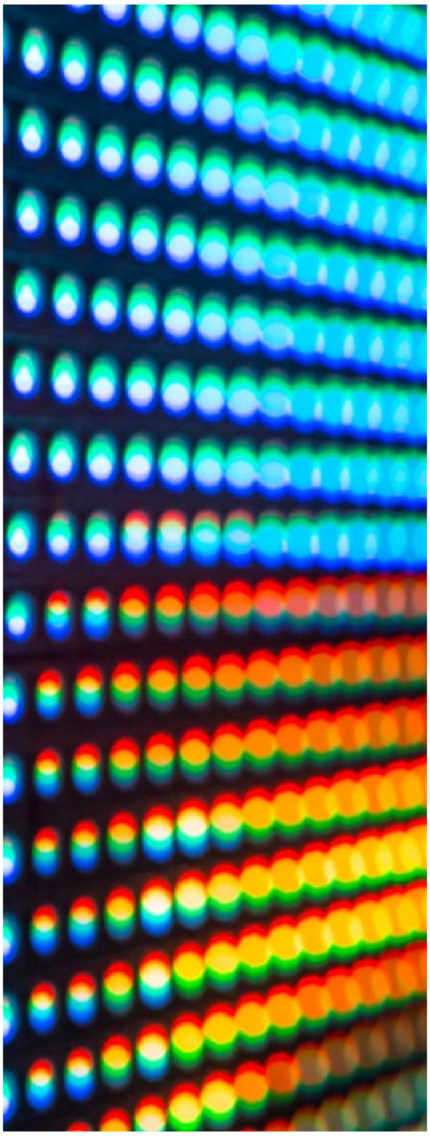
Annual Report and Accounts

FOR THE YEAR ENDED 31 DECEMBER 2021

Quixant is a technology and supply chain partner for major global industrial electronic equipment manufacturers with a focus on specific vertical markets.

Our Gaming business designs, develops and manufactures Gaming platforms and display solutions for the casino Gaming and slot machine industry. Through Quixant, major Gaming machine manufacturers are able to outsource aspects of their machine which offer limited commercial differentiation, including the computer platform and low-level software. This enables them to focus their research and development (R&D) resource on game design, which is the most critical component to improve player enjoyment and therefore their commercial success.

Our Densitron business is a global specialist in Human Machine Interaction, bringing innovative displays, control surfaces and control systems to a wide range of global industrial markets, with the Broadcast sector being a particular market of focus. Densitron enables manufacturers of industrial equipment to revolutionise the control of their devices with tactile touchscreen displays and user-friendly graphical interfaces driven by flexible embedded computer options.


Contents

Strategic Report

Quixant is a critical supply chain and technology partner for major global industrial equipment manufacturers.

Our **Quixant** gaming business

Designs, develops and manufactures gaming platforms and display solutions for the casino gaming and slot machine industry. Through Quixant, major gaming machine manufacturers have the ability to outsource non-differentiating aspects of their machine, including the computer platform and low-level software. This enables them to focus their R&D resource on game design which is the most critical component to improve player enjoyment.

Our **Densitron** business

Is a global specialist in Human Machine Interaction bringing innovative displays, control surfaces and control systems to a wide range of global industrial markets with particular focus on the Broadcast sector. Densitron enables manufacturers of industrial equipment to revolutionise the control of their devices with tactile touchscreen displays and user-friendly graphical user interfaces driven by flexible embedded computer options.

“We are seeing increasing demand for our specialist technology outsource solutions following the recovery in our end markets. This has led to a strong improvement in trading in 2021, with revenues reaching pre-pandemic levels in the second half of the year. Demand in the first quarter of 2022 has remained strong, with order intake ahead of current year revenues and prior year order book.

As with all technology businesses, supply chain issues have been a challenge and have impacted margins, however we have demonstrated resilience in 2021 through close customer and supplier management and deployment of our cash to enable strategic stock purchases. While we expect these challenges to persist, our financial strength and global supply network positions us well to manage these through 2022. There are no structural reasons why our margins will be compromised in the long-term.”

JON JAYAL
Chief Executive Officer of Quixant plc

Highlights

Financial highlights

GROUP REVENUE UP 37% TO
$87.1m
(FY 2020: $63.8m)

GAMING DIVISION REVENUE UP 56% TO
$47.3m
(FY 2020: $30.3m)

DENSITRON DIVISION REVENUE UP 19% TO
$39.8m
(FY 2020: $33.5m)

GROUP ADJUSTED PROFIT BEFORE TAX OF
$5.4m
(FY 2020: $1.3m)[1]

GROUP REPORTED PROFIT BEFORE TAX OF
$4.9m
(FY 2020: loss before tax of $2.0m)

ADJUSTED DILUTED EPS OF
$0.059
(FY 2020: ($0.004))[2]

DILUTED EPS OF
$0.053
(FY 2020: ($0.045))

OPERATING CASHFLOW OF
$4.4m
(FY 2020: $4.0m)

NET CASH AT 31 DECEMBER 2021
$17.6m
(FY 2020: $17.4m)[3]

DIVIDEND OF
2.4p
Per share recommended
(2020: 2.0p)

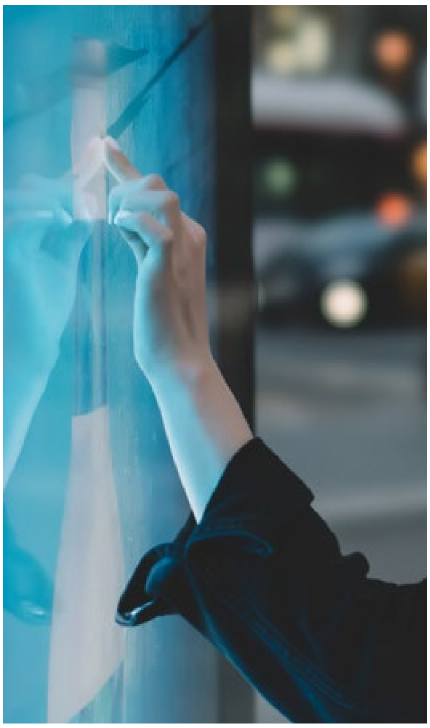
1 Adjusted by adding back items included in the adjusted profit before tax reconciliation in Note 1 to the financial statements totalling $0.5m (2020: $3.3m).

2 Adjusted by adding back the items included in Note 1 above and subtracting the associated tax effect as set out in Note 9 to the financial statements. In 2021, these amounted to $0.3m (2020: $2.7m).

3 Net cash is defined as cash and cash equivalents less borrowings.

Operational highlights

- Strong order intake through 2021 and into 2022 giving us excellent visibility of customer demand.
- Double-digit growth in Group and divisional revenues and Group gross profit driven by recovery in end-markets and new business wins.
- Strategic positioning of Densitron leading to highest revenue for the business since acquisition including second consecutive year of double-digit growth from Broadcast sector.
- Supply chain disruption mitigated through robust management and strategic stock purchase programme, ensuring customer retention and reduced impact of price inflation.
- Launch of range of turnkey cabinet solutions for Gaming customers with first orders received and further new business wins.
- Healthy balance sheet and net cash position supportive of future organic and acquisitive growth.



Chair's Statement

> The Group posted broad-based double-digit revenue growth in the year, continuing the upward trading momentum we have seen since the second half of 2020 driven by a strong recovery in demand in our end markets and new business conversion.

FRANCIS SMALL
Chair

Double-digit growth across both business segments

In this, my first year as Chair of the Board, I am delighted to report on a year of strong financial results and strategic progress, despite the well-publicised global supply chain challenges which the Group has also had to deal with. The Group entered 2021 with a healthy balance sheet, fully resourced and with strengthened customer relationships, despite the challenges presented by the pandemic in 2020. This enabled us to fully capitalise on the recovery in demand across our end-markets, despite the wider backdrop of supply chain challenges that weighed on technology markets throughout the year.

The Group as a whole, and both trading businesses – Gaming and Densitron – posted double-digit revenue growth in the year, continuing the upward trading momentum we have seen since the second half of 2020. Strong demand from new and existing customers was tempered somewhat by acute electronic component shortages and freight disruption, which our global teams grappled with to mitigate customer and financial impact. The Board took decisive action in January 2021 to engage in a strategic stock purchase programme to safeguard component supplies many months ahead of the demand. This has enabled us to reduce delivery delays and mitigate against component price inflation, further cementing our strong customer relationships.

We empower our customers with specialist technology outsource solutions, enabling them to innovate where it matters most.

Underpinned by a well-defined multi-year growth strategy, the outlook is positive. We have confidence that the Gaming business offers significant growth potential over and above the recovery in our customer's end markets, and we continue to invest in new product categories to support new growth opportunities. The Board also places significant importance on strategically diversifying the Group's revenue into other sectors. We have demonstrated the Group's competence in developing specialist hardware and software solutions for the global gaming industry. We believe this capability is relevant in other markets that could also benefit from a technology outsourcing model/partnership but have had little specialist provider penetration.

Progress in our first targeted adjacent sector, Broadcast, has continued with double digit year-on-year growth at enhanced margins. The Board will continue to invest in the Broadcast market opportunity with the aim of delivering sustainable profit growth.

Supporting the financial and trading achievements is the Group's sustainability agenda

Within the framework of its Corporate Responsibility Strategy, the Board set realistic achievable goals in 2021 and will continue to identify and set new targets as goals are completed. Key initiatives during the year include:

- Supporting all staff to facilitate them getting fully vaccinated against COVID-19 if they wish;
- Implementing our Supplier Code of Conduct based on the principles set out by the Responsible Business Alliance Code of Conduct in our supply chain. By the end of the year 138 out of a total of 148 suppliers had signed up to the code and in 2022 we are committed to auditing at least 50% of these suppliers;
- Offering free electric charge points at UK offices and a tax-efficient electric car scheme. We have also implemented a cycle to work scheme as an employee benefit from 1 January 2022;
- Appointing a new external Company Secretary who has conducted a full Governance review for the Board to consider; and
- Launching a dedicated corporate responsibility microsite setting out our strategy and annual targets.

Strong business model and diversified opportunities supporting positive outlook

We enter 2022 with an experienced and fully resourced team. We welcomed Johan Olivier to the Board in August 2021 as Chief Financial Officer and are delighted with his input to the Board and broader business already. I believe the management team has the right blend of skills to drive the business through the next phase of growth. I would like to take this opportunity to thank everyone in the business for their commitment and hard work. Since joining the Company I have been struck by the capability, enthusiasm and healthy culture demonstrated by the team.

The Group's net cash position allows it flexibility when taking capital allocation decisions. The Group has identified opportunities to strongly grow its revenue base which, in the short-term, requires continued investment in working capital in what remains a volatile global supply chain environment. The Board is confident that a progressive dividend policy remains appropriate and recommends a 20 per cent increase in the dividend to 2.4p per share for 2021 (2020: 2.0p per share).

FRANCIS SMALL
Chair

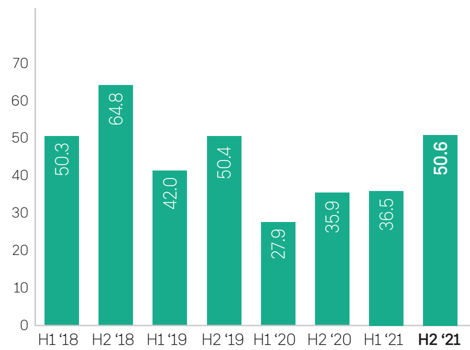
Chief Executive Report

> The Group and both business segments performed well, delivering double-digit year-over-year revenue growth with Densitron delivering its highest revenue performance since acquisition.
>
> **JON JAYAL**
> **Chief Executive Officer**

Strong demand and robust supply chain management yields 37% revenue growth

In 2021 we delivered Group revenue of $87.1m, 37% ahead of 2020 revenue of $63.8m and approaching 2019 revenue of $92.3m. Revenue in the second half of the year reached pre-pandemic levels and was the highest revenue performance since the second half of 2018. Both Gaming and Densitron divisions performed well, delivering double-digit year-over-year revenue growth with Densitron delivering its highest revenue performance since acquisition. This led to adjusted profit before tax growth of 315% to $5.4m (2020: $1.3m) with a corresponding reported profit before tax of $4.9m (2020: loss of $2.0m).

Total Group Revenue ($m)



Supply chain pressures, which severely impacted the global technology sector, were a major headwind for trading during the year for both our Gaming and Densitron divisions. However, our experienced Taiwanese procurement teams and significant investment into strategic stock early in year supported trading and reduced the impact of component price inflation, which continued throughout the year. While the strategic stock investments weighed on working capital, we nonetheless generated cashflow from operations of $4.4m (2020: $4.0m) and grew our net cash balance to $17.6m (31 December 2020: $17.4m). We expect to make continued investment in strategic stock to enable us to satisfy growing customer demand and new business opportunities in 2022 despite ongoing component shortages.

Business Overview

Quixant is an outsource technology and supply chain partner for major global industrial electronic equipment manufacturers, with a focus on specific vertical markets. The Group combines hardware, software, display and mechanical engineering expertise, a global sales network with in-depth industry knowledge and a Far Eastern manufacturing base making it the ideal global strategic technology provider.

The Group's heritage is in its highly respected Quixant brand of specialised computer platforms, designed to power machines in the global casino gaming and slot machine market. These computer platforms, which are supplied to global gaming machine manufacturers, combine optimised hardware and software elements to address the specialist needs of this highly regulated market. By outsourcing their computer platform to Quixant, manufacturers can focus their R&D on the game design, which has the greatest impact on their commercial success. They are also able to bring new products to market quicker.

Complementing the Group's track record in bringing an outsource model to the gaming market, the Group has diversified into other vertical markets through its Densitron brand. Densitron supplies display components to a wide range of industrial sectors, from which the Board has selected sectors in which there is the opportunity to develop tailor-made products, which are different to those readily available from broad-based technology corporations. We believe the Broadcast market represents such an opportunity, in which we have developed unique solutions which revolutionise the human machine interaction and control of Broadcast equipment. We delivered our second consecutive year of double-digit revenue growth in 2021.

The Group's organic growth strategy is centred around the following axis of growth:

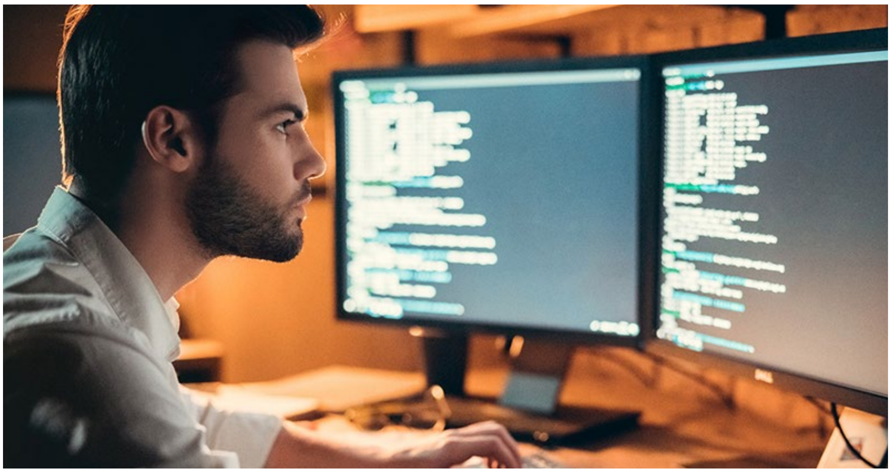
- New customer acquisition in its chosen target market segments, further diversifying the Group's revenue base;
- Increase share of customer wallet by providing additional outsource solutions to become a fully integrated technology partner. An example of this is the Group's recently launched range of turnkey cabinet solutions, which enable customers to focus exclusively on game software development and outsource their whole hardware offering to Quixant;
- Focused R&D to move up the value chain, including within the software stack; and
- Identify and target adjacent verticals that do not currently benefit from deep specialist solution outsource providers, such as Broadcast.

From time to time, the Board may complement its organic growth strategy with strategic acquisitions that enhance the Group's technical capabilities and market reach.

Gaming Business Review

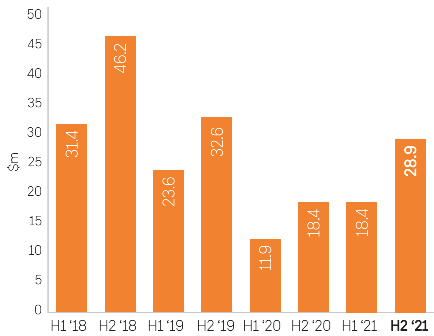
Gaming customer demand built strongly through 2021 after the pandemic closed casinos around the world and heavily disrupted the gaming industry in 2020. Gaming business revenue grew 56% in the year to \$47.3m (2020: \$30.3m) driven by a combination of recovery in existing customer demand and 10 new business wins entering production. Revenue in the first half of the year was tempered by the unprecedented electronic component shortages, which delayed some deliveries into the second half. The strategic stock purchase programme mitigated the effects of these delays and enabled us to deliver

Chief Executive Report



revenue well ahead of 2020; return to pre-pandemic levels in the second half of 2021; as well as further cementing the strong relationships we have with our customers. We expect this positive upward trading momentum to continue in 2022.

Gaming Revenue



The strong financial performance in the period was driven by several factors:

Recovery in gaming market demand

Following a period of stasis in the gaming market in 2020 as a result of government-imposed lockdowns, player attendance and spend rebounded strongly in 2021 stimulating a return in placement of new machines and therefore demand for our products. This trend was most prominent in the US market, which represented 65% of gaming revenue in the year.

US commercial casino land-based slot revenues in 2021 reached $32.5bn, 10% higher than 2019 and 68% higher than 2020[1]. This market has also seen revenue growth on top of land-based slot revenues growth as a result of the legislation of sports betting and online gaming. This growth is despite lagging business and international travel and a reduction in the number of conventions weighing on demand. Overall, the US commercial casino market reached record revenues of $53bn in 2021, 21% higher than the previous record year in 2019.

The tribal gaming market is the other major US casino gaming segment. During 2020 US tribal revenue declined by 19.5% to $28bn compared to 2019 due to the pandemic. Initial reports suggest a solid rebound in revenue in 2021, with official figures yet to be published.

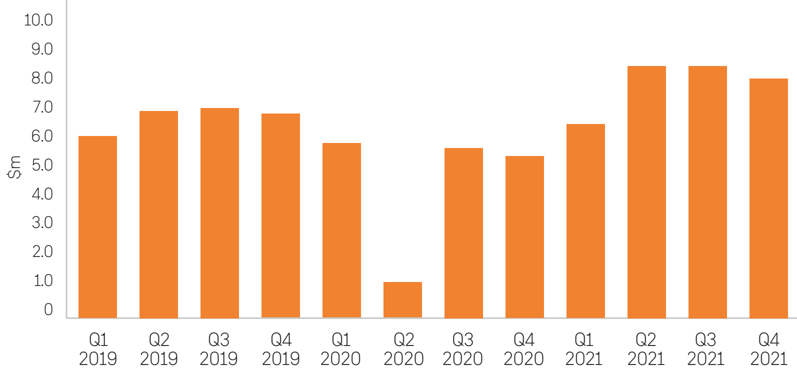
Across Europe, our second largest Gaming market, the recovery has been more muted. European land-based gaming revenue has been lower than predicted in 2021 as the pandemic continued to restrict land-based gaming activities, however, the projections indicate that revenues in 2022 are now expected to recover to 5% below pre-pandemic before steadily climbing to their former levels in the following years[1].

We estimate, based on analysis of data provided by a sample of the public gaming companies in their annual reports, that aggregate annual machine replacements fell by 50% in 2020 compared to 2019 but recovered in 2021 to around 65% of the rate in 2019. Some of Quixant's major customers within this appear to have grown market share based on our estimates of their production volumes versus their competition.

More diversified Gaming business

We saw growth across all gaming computer product families, shipping 40,100 platforms during the year, 83% ahead of the 22,000 shipped in 2020 and in line with 2019 (40,700 platforms). Our three families of gaming computer products are offered at different price points (but broadly consistent sales margins) to cater for the different end-markets and jurisdictions into which our customers' machines are deployed. The mid-range IQON product range saw the highest sales volume since its introduction. This is driven by the greater diversification across our Gaming customer base through new business wins, which meant that the Gaming revenue concentration to the top ten customers reduced to 80% (2020: 86%; 2019: 85%).

US Commercial Casino Land-Based Slot Gross Gaming Revenue



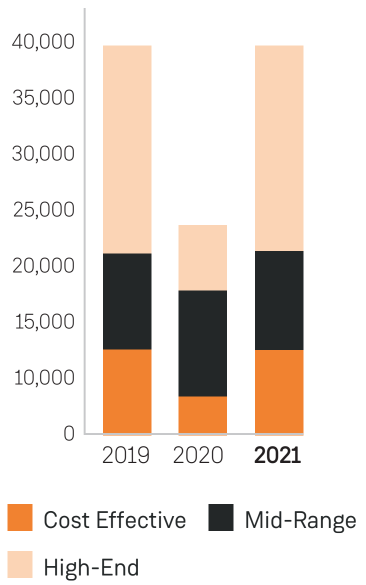
[1] Source: American Gaming Association Commercial Gaming Revenue Tracker, Q4 2021

Turnkey cabinet business opportunities progressing

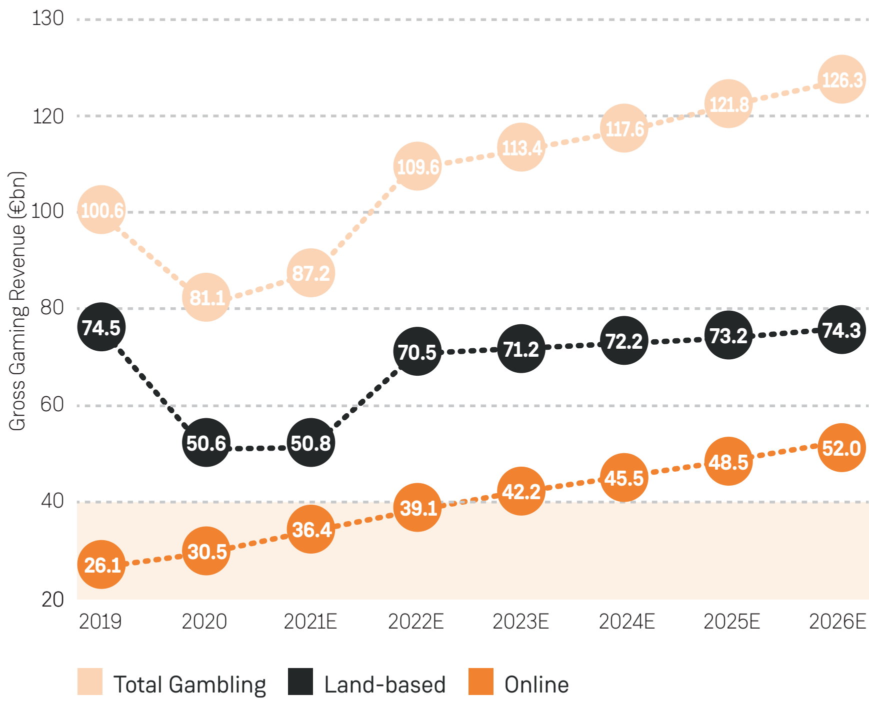
In addition to a gaming market recovery driving a rebound in demand along with new business orders, the Group was also successful in expanding outsource offering to include cabinet solutions. Amid the challenges in supply chains this is a natural extension in hardware outsourcing for customers to adopt and increases our addressable market. The Group's turnkey cabinet range, which combines Quixant's proven computer platform and monitor technology with integrated software solutions, is seeing early interest. The Group's first sports betting terminal received its first customer orders in 2021 which ship in 2022. The Group has also expanded its cabinet range with the launch of a video lottery terminal (VLT). Our turnkey cabinet offerings allow VLT game manufacturers to focus development on game content and design instead and to streamline their hardware design, procurement and deployment.

Quixant's new Video Lottery Terminal Cabinet

Number of computer platforms sold



Gambling Market Revenue in Europe



1 Source: European Gaming and Betting Association

1 Source: European Gaming and Betting Association

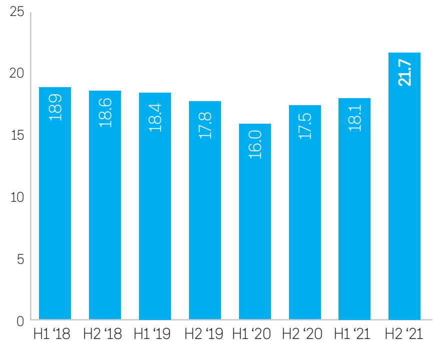
2 Source: National Indian Gaming Commission Gross Gaming Revenue Report

Chief Executive Report

Densitron Business Review

Densitron revenue grew to $39.8m in 2021, the highest revenue performance from the division since acquisition. This represents year-on-year revenue growth of 21%, compared to 2020 and 10% growth over 2019. Demand built through the second half of the year with shipments 24% ahead of the H2 2020 and 22% ahead of H2 2019. Order intake has been buoyant through 2021 and the business entered 2022 with a strong order book providing good revenue visibility.

Densitron Revenue



Strong Broadcast sector progress

Densitron's broadcast sector revenue grew by 21%, reaching $5.3m in the year (2020: $4.4m) at enhanced margins relative to the rest of the Densitron business. This growth was driven by a combination of new business pipeline conversion and ramp up of mass production and strong customer retention.

Operational resilience driving broad based market growth

Densitron has continued its programme of operational improvements, delivering a consistent global operating model to customers. Centralising procurement and supply chain in Asia in 2020 was a critical enhancement in operating model, which resulted in 95% of orders which were due to be shipped to customers in 2021 being delivered by year end. We have also centralised quality control across all global operations in Taiwan which has delivered a consistent quality management process, implementation of our Supplier Code of Conduct and close scrutiny of suppliers operational and ESG performance.

A consistent regional sales team, field application engineering and operations structure has created a resilient and consistent customer experience for our global customers. As we move towards an increasing number of cross-geographic strategic accounts, this is an essential progression in our operating model.

In an environment of intense pressure on customers to secure stock from a trusted supplier who are easy to engage with and have solid corporate responsibility credentials, this has proven a successful formula in delivering broad based growth across many of Densitron's market sectors.

Innovation and product development

During the year Densitron continued to invest in exciting R&D to open up new ways for humans to interact with machines, with a focus on the broadcast sector.

- Tactila® - We released our first demonstration of this technology which enables rotaries and buttons to be placed on top of a touch screen. This is a unique technology to Densitron, which we will be building upon in future years
- UReady 2U monitor – We expanded our range of broadcast rack mount control surfaces to include new models including 1 and 3 row Tactila buttons and added the option of a computer to make these control surfaces 'smart'
- UReady 4U monitor – We launched our next size of control surface in monitor form allowing broadcast operators to reduce their reliance on large overhead monitors and to use space more efficiently in outside and remote broadcasts
- Mitsubishi drop-in replacements – With Mitsubishi exiting the small display market to focus on bigger screens, Densitron's range of drop-in replacements were launched to give ex-Mitsubishi customers continuity of supply. We have 50 RFQs in train, 7 of which have been won already.

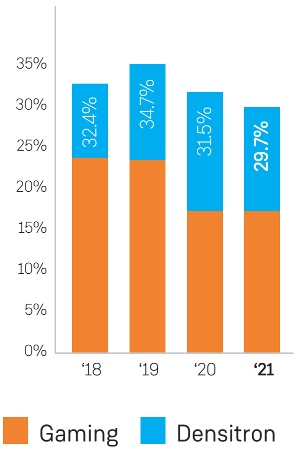
Supply chain management

Alongside all other technology companies, the greatest challenge facing the Group during the year was electronic component shortages, freight capacity issues and price inflation. With buoyant demand from our customers after the challenges of 2020, we took decisive action in January 2021 to protect our supply of critical components by embarking on a sizeable strategic stock purchase programme.

Early in the first quarter we initiated negotiations with customers, warning them of radically extended lead times and starting the process of price negotiations given the growing component pricing pressures in the components market. Through the year these issues continued to worsen, mitigated only by the strategic stock purchases we undertook. Before 2021, typically electronic component lead times were 4-6 weeks and during the course of the year this extended out to 16-52 weeks.

In the second half of the year, the delivery of many strategic stock lines, together with action taken by our engineering teams to re-engineer several products to design out end-of-life components or those with poor availability meant we were able to better align our product supply with customer demand.

While several rounds of sale price increases have been implemented, the timing of these as reflected in our results has lagged the inflation in input stocks and consequentially, we have seen a weaker gross margin performance in 2021 than historically. Structurally, we are confident that our gross margin remains consistent with previous years and once we see a levelling off in component prices, this will lead to a recovery in gross margins.



Investing in growth

The Group remains well placed to grow and deliver shareholder value, backed by a strong financial position. Over the last two years we have built a strong Executive Team, who have been effective in managing the business through the challenges of 2020 and 2021. With the recovery in the global gaming market, complemented by new business opportunities because of our diversifying focus, we will continue to bolster our well-resourced team to underpin core gaming computer business but importantly also to fuel growth in the new gaming cabinet and Broadcast solutions businesses.

Post year end, we opened a new office in Atlanta, Georgia, which is managed by our joint Gaming Business Leader and Chief Technology Officer (CTO), Abhinay Bhagavatula. Atlanta has several gaming studios and software developers in the vicinity and provides an important location for the delivery of our gaming cabinet business opportunity.

Outlook

Revenue and demand across the Group was strong not only from existing customers but also from a range of new business opportunities. This has continued into 2022 and the current order book is ahead of current year revenues and prior year order book, giving us confidence that we will deliver growth in line with market expectations for the full year.

The supply chain challenges all technology businesses faced in 2021 have persisted through the first quarter of 2022 and we expect will continue for the remainder of the year. Our deep relationships with suppliers have been a significant benefit and alongside our strategic stock purchases have enabled us to mitigate much of the impact. During the first half of 2022 we plan to continue investing in inventory to be well placed for future growth, which will, in the short term, lead to an increase in working capital, facilitated by the strength of our balance sheet.

Quixant is an increasingly diversified Group, respected for its product innovation and domain expertise. This gives us confidence in our ability to sustainably grow revenue and profits.

JON JAYAL
Chief Executive Officer

Financial Review

> Improvement in profitability and continued good operating cash flow generation despite investing in strategic stock to meet customer demand.

JOHAN OLIVIER
Chief Financial Officer

The Quixant Group achieved revenues of $87.1m in the year, up by 37% on 2020 revenues of $63.8m, driven by strong demand across both Gaming and Densitron.

Statutory Results

Group Revenue was $87.1m (2020: $63.8m), representing year-on-year growth of 37%. Gross profit was $25.9m (2020: $20.1m), an increase of 29% over the prior year, with gross margins at 29.7% (2020: 31.4%). Operating expenses were $21.4m (2020: $21.9m), resulting in operating profit of $4.5m (2020: operating loss of $1.9m). Net finance income was $0.4m (2020: Net finance cost of $0.2m), resulting in profit before tax of $4.9m (2020: loss before tax of $2.0m) and an income tax expense of $1.4m (2020: $1.0m), equivalent to an effective tax rate of 27.6% (2020: 47.7%). Basic earnings per share were $0.0536 (2020: ($0.0445)), an increase of 221%. Diluted earnings per share were $0.0533 (2020: ($0.0445)), an increase of 220%.

Adjusted Results

Throughout this Annual Report, adjusted and other alternative performance measures are used to describe the Group's performance. These are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP). When reviewing Quixant's performance, the Board and Management team focus on adjusted results in addition to statutory results. There are several items that are included in statutory results but are considered to be one-off in nature or not representative of the Group's performance and are excluded from adjusted results. The tables in Note 1 show the full list of adjustments between statutory profit before tax and adjusted profit before tax and between statutory profit after tax and adjusted profit after tax at Group level for both 2021 and 2020.

Revenue

Gaming division revenues were $47.3m, an increase of 56% on the prior year (2020: $30.3m). Densitron division revenues were $39.8m, an increase of 19% on the prior year (2020: $33.5m).

The increase in Gaming revenues was due to a combination of market recovery and also commencement of revenue from new business. Demand for our gaming products was strong, with shipment levels returning to pre-pandemic levels in the second half of 2021. The global shortage of electronic components impacted the Gaming supply chain, but the strategic stock purchases made early in 2021 enabled us to continue deliveries of product to customers.

Densitron, saw growing demand for its products, particularly in the Broadcast sector, and achieved the highest annual revenue performance since the Group acquired the business in 2015. This was achieved despite the division facing similar supply chain challenges to the Gaming division in the year.

Gross profit and gross profit margin

The Group generated gross profit during the year of $25.9m (2020: $20.1m) representing a gross margin of 29.7% (2020: 31.4%). Component price inflation was evident throughout 2021, driven by acute component shortages across global technology markets. This led to gross margin volatility, especially in the Gaming division, and the lower gross margin compared to 2020. The Group has continued to take action to mitigate the impact of this cost inflation by passing on prices rises to customers but there is a lag in the effect of these flowing through the income statement.

Foreign exchange

The Group's reported results are impacted by US Dollar movements against currencies in the territories it operates, principally Pound Sterling, Euro and Taiwan Dollar. The average Pound Sterling to US Dollar exchange rate in 2021 was 1.38, an 8% depreciation against 2020 average of 1.28. The average Euro to US Dollar exchange rate in 2021 was 1.18, a 4% depreciation against the 2020 average of 1.14. The average Taiwan Dollar to US Dollar exchange rate in 2021 was 0.036, a 5% depreciation against the 2020 average of 0.034.

Adjusted operating expenses

The Group invested in the business in 2021 to support increased demand, which when combined with exchange rate movements, resulted in adjusted operating expenses increasing by 12% to $20.9m (2020: $18.6m). The largest increase was in salary costs, as $0.5m of COVID-19 government grants to support payroll received in 2020 did not recur in 2021. During the year, Group expenditure on research and development increased to $4.7m (2020: $4.3m). These costs relate to investment activities principally undertaken in Taiwan, Italy, the UK and Slovenia. Of these costs, $1.7m were capitalised (2020: $1.7m) as the Group continues to focus on developing new products, with amortisation for the year on total capitalised development costs of $0.9m (2020: $1.3m). A significant amount of research and development time during the year was spent on re-engineering products to substitute unavailable or long lead time components.

Finance income

The Group received COVID-19 support loans from the USA Government in 2020 and 2021. During 2021, these loans were all forgiven by the USA Government, resulting in finance income of $0.5m recognised in the income statement. The Group also incurred finance expenses of $0.2m (2020: $0.2m), principally related to leases.

Financial Review

Adjusted Profit Before Tax

Adjusted profit before tax increased by 315% to $5.4m (2020: $1.3m). The adjustments to statutory profit before tax of $0.5m in 2021 (2020: addition of $3.3m) comprised a share-based payments credit of $0.2m (2020: share-based payments charge of $0.2m), restructuring credit of $0.2m (2020: restructuring charge of $0.7m) and amortisation of acquired intangibles charge of $0.9m (2020: $0.9m). The 2020 adjustments also included the write off of $1.5m of capitalised research and development expenditure due to unexpected early end-of-life of certain third-party components.

Taxation

The effective tax rate on statutory profit before tax decreased to 27.6% (2020: 47.7%). The lower effective tax rate was due to deductions for research and development tax credits and patent box tax relief.

The effective tax rate on statutory profit before tax decreased to 27.6% (2020: 47.7%).

Earnings per share

Basic earnings per share increased by 221% to $0.0536 per share (2020: ($0.0445) per share). Adjusted diluted earnings per share increased to $0.0595 per share (2020: ($0.0040) per share).

Balance Sheet and Cash Flow

Non-current assets decreased to $24.3m as at 31 December 2021 (31 December 2020: $24.7m) mainly due to a decrease in deferred tax assets, offset by an increase in right-of-use assets. Included in non-current assets are goodwill of $7.7m (31 December 2020: $7.7m) and acquisition related intangible assets of $1.8m (2020: $2.7m) allocated to cash generating units (CGUs). The annual impairment review indicated that no impairment of goodwill is necessary at 31 December 2021 or 31 December 2020. The IDS CGU is sensitive to a reasonably possible change in key assumptions which could cause impairment. Refer to note 11 to the financial statements for further disclosure of the annual impairment review.

Inventory has increased to $29.1m (31 December 2020: $21.6m), due to the increase in raw materials as the Group made strategic stock purchases to mitigate the impact of the global component shortages and secure product for customer demand.

The cash generated from operating activities in the year amounted to $4.4m, a 10% increase from the prior year (2020: $4.0m).

The Group capitalised $1.7m development costs (2020: $1.7m), which reflects the continued development of new products as the Group expands it product portfolio.

Capital Allocation

The Group will continue its disciplined approach to capital allocation, prioritising the maintenance of a strong balance sheet, and sufficient cash reserves, while continuing to focus on investing in the business to drive organic growth.

The Board propose a dividend for the year ended 31 December 2021 of 2.4p per share (2020: 2.0p per share). This dividend will be payable on 26 August 2022 to all shareholders on the register on 29 July 2022. The corresponding ex-dividend date is 28 July 2022.

JOHAN OLIVIER
Chief Financial Officer

Business Model and Strategy

> Quixant is an outsource provider of technology products and solutions targeted at specific industrial markets.

The Gaming business

The Gaming business designs and manufactures computer hardware, software and electronic display solutions for the casino gaming and slot machine industry. Our customers are the manufacturers of electronic gaming machines, which are located worldwide. By outsourcing several aspects of underlying technology to Quixant, this enables our gaming customers to focus their research and development efforts on differentiating elements of their electronic gaming machines and most critically in game development. Our customers, who are generally subject to heavy levels of regulatory scrutiny in most global gaming jurisdictions, then hold the licenses and the distribution channels to place their machines in casinos, bars, clubs, public houses and other gaming venues. We supply many of the world's leading manufacturers of gaming machines. To ensure we supply products that have a consistent bill of materials – something which is a prerequisite in most regulated gaming markets – we procure our own parts in Taiwan and outsource assembly of our products to Tier 1 third-party electronic sub-contract manufacturers. All the intellectual property associated with the design of these products, however, remains Quixant's property and is developed in-house.

The Densitron business

The Densitron business is an expert in human machine interface and display solutions for a wide variety of industrial sectors. Within Densitron, we have developed a specific focus business operating in the Broadcast sector, which has developed bespoke tactile Human Machine Interface solutions to enable Broadcast equipment manufacturers to revolutionise the control of their products. Once a design is agreed with the customer, we outsource the manufacture of the finished goods to several third-party manufacturers.

Financially, the Group sets an annual budget detailing the revenues and expenses, balance sheet and cash flows that it expects to achieve each month during the ensuing year. This budget is approved by the Board and reviewed against the actual results achieved each month with explanations of significant variances provided. A forecast of expected results for the remainder of the year with a visual representation of the risk associated with that forecast is also provided as part of the management accounts pack to demonstrate that the Group remains on track to meet market expectations.

To measure the success or otherwise of the strategy, the Directors also review the ongoing trend of several indicators that they consider are key to the performance of the Group and to assist them in their strategic decision-making.

Key Performance Indicators

FINANCIAL

Revenues

KPI AND OBJECTIVE
Revenues are reviewed to ensure that the Group's business continues to grow in line with expectations.

PROCEDURE
The Board reviews revenues against budget as part of its management reporting review each month.

COMMENT
Revenues increased in 2021 as the Group recovered from the impact the COVID-19 pandemic experienced in 2020.

Profit before Tax (PBT) and Adjusted Profit before tax

KPI AND OBJECTIVE
To ensure that the Group is providing a sufficient return to its shareholders and that the Group's profit is growing in line with market expectations.

PROCEDURE
The Board reviews PBT and adjusted PBT monthly as part of its review of management information.

COMMENT
The level of PBT and adjusted PBT increased compared to 2020 as the Group recovered from the impact that COVID-19 had on the business.

Cash and borrowings balances

KPI AND OBJECTIVE
To ensure that the business has sufficient headroom to meet its future obligations.

PROCEDURE
The Board is provided with a report showing cash generated in the year and the current level of cash balances within the Group, along with the current level of borrowings and available facilities.

COMMENT
At 31 December 2021, the Group had net cash (cash less borrowings) of $17.6m compared with $17.4m at 31 December 2020.

Group borrowings at 31 December 2021 was low and amounted to a mortgage in Taiwan of $0.7m (2020: $0.8m).

Debtor days

KPI AND OBJECTIVE
To ensure that customers settle debts in an orderly fashion in line with agreed terms and that the Group is not exposed to bad debts.

PROCEDURE
The Board monitors the average number of days customers take to pay each month together with a trend graph plotted against budget.

Additionally, it is provided with a monthly analysis of the profile of aged debts for each part of the business.

COMMENT
The Board is satisfied with the procedures that are in place to qualify customers to mitigate the Group's exposure to credit losses.

In both the current year and previous year, the Group has incurred little to no credit losses.

OPERATIONAL

Gross profit margin

KPI AND OBJECTIVE
To ensure that the Group maintains appropriate returns for the products that it is selling.

PROCEDURE
A report of the margin achieved in each part of the business is included as part of the management accounts pack and reviewed by the Board.

COMMENT
Gross margins were impacted by component price inflation in 2021, particularly in the Gaming division. Management identified this early in 2021 and have taken actions to address this, including identifying alternative components to use and passing some of these costs onto customers through price increases.

Inventory levels

KPI AND OBJECTIVE
The objective in monitoring inventory is:

- to ensure that working capital is not unduly tied up;
- to guard against inventory obsolescence leading to potential write offs; and
- to ensure sufficient inventory levels are maintained to meet near-term demand (usually three months revenues).

PROCEDURE
The Board monitors the stock held at the end of each month and is provided with a trend graph during the year.

Additionally, it is provided with a monthly manufacturing report detailing the current inventory levels and the future product requirement.

COMMENT
For the year ended 31 December 2021, the Board is satisfied that the level of inventory obsolescence is being controlled and that levels of raw material inventory at year end were required to offset long lead times (nine months or more) for key components.

Principal Risks Relating to the Business of the Group

The Group faces competitive and strategic risks that are inherent in rapidly growing and changing markets. The Board and Executive Committee review future strategy and risks to the business regularly. Where possible, processes are in place to monitor and mitigate the identified risks.

Financial and trading risks are discussed in Note 23 of the consolidated financial statements.

The key business risks set out below are not an exhaustive list of the risks faced by the Group and are not presented in any order of priority.

RISK	DESCRIPTION	MITIGATION	COMMENT
Commercial	The marketplace for the Group's display products is highly competitive.	The Group has identified certain areas of the displays business where it considers that it can develop a competitive advantage and is investing in these areas.	The Group has the capabilities and skills to create highly engineered, optimised products targeted at specific markets.
	Gaming customers may decide to design their computer platforms and/or monitors in-house or source from another supplier.	The Group works closely with its customers to ensure its product roadmap is robust, technologically advanced and ahead of the competition.	The Group maintains an ongoing dialogue with its customers to maintain the relationships that it has developed and foster new ones.
Geographical and environmental	The Group operates across a range of countries, all of which carry a degree of risk, whether it is political risk or environmental issues.	The majority of the Group's operations are in OECD countries and the majority of revenue is generated from customers operating in OECD countries. Despite not being an OECD member, Taiwan has a highly developed legal and political system.	The Group will continue to focus its operations on those countries that provide the best opportunity for growth and avoid those countries that pose significant country risk.
Regulation	Additional laws and regulations may be enacted covering issues such as law enforcement, pricing, taxation and quality of products and services.	The Group monitors prospective changes in local laws and regulations, which may impact its business.	The Group is a member of professional bodies, where applicable, in the regions in which it operates to ensure that it stays informed of any legal or regulatory changes.
Technological	The Group's business is dependent upon technology, which could be superseded by superior technology, more competitively priced technology or a shift in working practices, which could affect both potential profitability and saleability of the Group's products.	The Group works closely with its technology partners to provide products which incorporate the most advanced technology available to our market. The Group also develops its own innovations to incorporate into new products.	The Group recognises the technology requirements of its customers and works with them to provide the products that they need in their business.
Key customer dependency	The Group generates a significant, but declining, portion of its revenue from a key customer.	As the Group continues to grow, the portion of revenue from key customers has declined.	The Board expects the Group's continued organic growth to further reduce the dependency on key customers.
Component supply and price inflation	The Group relies on a steady supply of components used in the manufacture of its products. There is currently a global shortage of components, which may impact production, or cause prices to rise.	The Group is proactively sourcing additional stocks to act as a safety net. Order coverage of stock is being monitored closely.	The Board expects this issue to continue to be relevant in 2022 and is regularly briefed.

RISK	DESCRIPTION	MITIGATION	COMMENT
Key persons	The Board recognises the importance of its key employees and the risk of losing the expertise and knowledge that they possess.	The executive officers are subject to long-term contracts. Key staff have contractual arrangements designed to develop and incentivise. Key roles can be replaced.	Key persons recruited and retained with the business, often through the use of long-term share incentives.
Intellectual property protection	The Group may be unable to successfully establish and protect its intellectual property. The intellectual property rights may or may not have priority over other parties' claims to the same intellectual property.	The Group seeks to establish and protect its intellectual property rights by patents and other protection mechanisms.	The Group works with professional external patent attorneys to protect its intellectual property rights.
Cyber risks	Cyber risk causes disruption to the business or loss of IP following a cyber-attack. This could cause interruption of internal or external facing systems, including interruption to the business caused by a loss of data and reputational damage from a loss of personal or confidential data. The cost or effort to reconstitute data that has been stolen or corrupted and commercial loss from the theft of commercially sensitive data, including IP.	Deploying the latest generation of firewall protection. Ongoing improvement in the rigour of authentication processes including wider use of single sign on and multi-factor authentication. Improved protection of confidential data on portable computers. Improved process of system patching to close security loopholes. Use of third-party audits.	No major issues were reported in 2021 but we maintain on-going vigilance.
Pandemic	Outbreaks of diseases could cause supply chain disruptions and shortages of staff if they become ill or die. Component production is concentrated in certain countries and the Group only currently manufactures product in one country.	Alternative sources of supply are available for many goods, as are alternative manufacturing countries, albeit with increased cost implications.	The Group continues to monitor the latest updates on the COVID-19 pandemic. We have established an effective remote working operating model when required.

This Strategic Report has been prepared solely to provide additional information to Shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Directors, in preparing this Strategic Report, have complied with section 414c of the Companies Act 2006.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Quixant plc and its subsidiary undertakings when viewed as a whole.

This report was approved by the Board of Directors on 4 April 2022 and signed on its behalf by:

JON JAYAL
Chief Executive Officer

Governance

Environmental, social and governance report

> Quixant has always endeavoured to conduct business in a considerate and responsible manner, placing our key stakeholders, the environment, the communities in which we operate and our customers at the core of everything we do.

The Board have adopted an Environmental, Social and Governance (ESG) strategy that is aligned with the business objectives and aims to support and, in areas, accelerate our business growth. Progress against this ESG strategy is assessed as a standing agenda item in our monthly Board meetings.

THE KEY PILLARS OF THE BOARD'S ESG STRATEGY ARE TO:

- Raise awareness of the environmental impact of the Group's activities across the business and encourage employees to bring ideas for improvements.
- Foster a collaborative, inspiring working environment which allows employees to develop their careers.
- Support charitable causes connected with the business through donation of a proportion of profits.
- Continually review the Group's governance framework to improve organisational oversight.

A critical aspect to successful execution of our ESG strategy is employee engagement. With this in mind, we established a CSR Committee at the end of 2019, which consists of representatives from employees in several locations around the business.

Environmental Matters

Quixant is committed to a programme to assess and reduce its environmental impact more accurately.

We manufacture electronic products in facilities that are geographically adjacent to the manufacturing plants of the raw materials to reduce energy footprint in our supply chain. While it has been challenging over the last year given supply chain delays, we also seek to utilise sea freight wherever possible over air freight in shipping finished goods to customers. Our global operations comply with the Waste Electrical and Electronic Equipment (WEEE) Directive to ensure safe reuse or disposal of depreciated product.

We drove several initiatives during the year towards improving our environmental footprint, including:

- Replaced both domestic and international travel with usage of video conferencing using Microsoft Teams for both internal and external meetings. It is our intention to permanently reduce our travel frequency through the use of video conferencing, particularly for meetings requiring long-haul flights;
- Replacement of dated Sevenoaks office with a new refurbished office in Crawley, which holds a SKA Gold environmental rating and provision for charging electric vehicles; and
- Installing electric charging points at our Balsham office in the UK for staff to use free of charge. We have also implemented a cycle to work scheme as an employee benefit from 1 January 2022.

The environmental footprint of the UK business over the last two years is as follows. 2021 energy usage and emissions saw a significant reduction, particularly in transport, due to COVID-19 limiting employee travel for business.

	UK 2021	UK 2020	Change
Energy use (kwh)			
Consumption of electricity, including for the purposes of transport	27,970	31,955	-12%
Combustion of fuel oil for heating company premises	50,012	41,598	20%
Combustion of fuel, for the purposes of transport	29,955	32,727	-8%
Total energy use	107,937	106,280	2%
GHG emissions (kg CO_2e)			
Consumption of electricity, including for the purposes of transport	5,939	7,450	-20%
Combustion of fuel oil for heating company premises	12,335	10,261	20%
Combustion of fuel, for the purposes of transport	7,370	8,114	-9%
Total gross CO_2e emissions	25,644	25,825	-1%
Intensity ratio			
Average number of employees	51	50	2%
Total GHG emission per employee (kg CO_2e /employee)	503	516	-3%

The methodology used in the UK energy usage and GHG emissions uses actual usage calculations of electricity and fuel oil use and mileage claimed for passenger vehicle transportation with conversions as necessary taken from the Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions 2020 and 2021.

In 2021, the FRC conducted a limited scope review of the Group's SECR disclosures made in the 2020 annual report in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The FRC noted that while their review was based solely on the 2020 report and accounts and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into it is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The review raised no questions or queries but noted one matter for improvement which has been reflected in the 2021 disclosures.

Environmental, social and governance report

Social Matters

2021 has continued to be an extremely challenging year for people worldwide. We believe the Company had a role to play, both as an employer and as a good corporate citizen to help our stakeholders through the period.

We understand the challenge caused by lack of social contact for many of our employees and ensured frequent contact with all staff via video conferencing, including regular social events. Many also faced challenges with childcare, which we enabled flexibility with working hours to accommodate. Some staff struggled with home working and wished to attend offices once they were able to under the local restrictions and we facilitated this through maintaining a COVID-19 safe environment and continuing a regular enhanced cleaning regime throughout the year. We also operate an Employee Assistance Programme through Health Assured to provide employees with access to legal advice, financial advice and counselling services.

As noted in the Chief Executive's report, significant supply chain disruption alongside rising demand brought about significant pressures. We engaged closely with customers to provide transparent updates on the situation and used all available company resources, including significant allocation of company cash to buy strategic stock to minimise customer impact. We also recognise the pressure this put our internal procurement teams under and provided support where necessary.

Initiatives during the year towards improving social matters included:

- Making the decision to send our suppliers a code of conduct, which is based on the principles set out by the Responsible Business Alliance Code of Conduct. By the year end, 138 out of a total of 148 suppliers had signed up to the code and in 2022 we are committed to auditing at least 50% of these suppliers; and
- Supporting all staff both financially and in terms of time in lieu to get fully vaccinated against COVID-19.

The Board has an approved charity budget intended to support causes local to the business' operations and/or closely related to its employees. The World Wildlife Fund was our selected charity during the year and donations were made to the charity by staff for their purchase of decommissioned company IT equipment.

The Group does not discriminate on the grounds of age, race, sex, sexual orientation or disability and operates a transparent and open recruitment process in which we aim to provide all interviewed candidates with feedback. All staff throughout the business have annual performance development reviews and a mid-year check up against their written objectives. We also conducted a staff survey during the year and presented the results to the business.

Governance Matters

Chair's Introduction to Governance

The Group has adopted the corporate governance code of the Quoted Companies Alliance (QCA).

The QCA Code follows ten basic principles that require companies to provide an explanation of how they consider that they are meeting those principles through a set of disclosures on their website and in their Annual Report.

As the Chair of Quixant plc, I am ultimately responsible for the Corporate Governance of the Group, but the Board as a whole considers that good corporate governance is a key driver in the success of the business and accountability to the Company's stakeholders, including shareholders, customers, suppliers and employees is a vital element in that governance.

The Directors consider that the corporate governance framework that the Group operates within is proportionate to the size, risk and complexity of its business. The Board considers that it does not depart from any of the principles of the QCA Code. A copy of the annual review of compliance is provided on the company website.

We have appointed a new external Company Secretary who has provided a full governance review, which is being considered by the Board.

In the statements within this section, we outline the Company's approach to corporate governance. It is the intention that the information contained within the report will be updated annually alongside the publication of the Group's Annual Report or more frequently for any fundamental changes.

FRANCIS SMALL
Chair of the Board

Governance

Quoted Companies Alliance code compliance

The following paragraphs set out the ten QCA code principles and either how Quixant has complied with those principles or where a more detailed discussion can be found on the Group's website, following the disclosure guidance in the QCA corporate governance code:

1

Establish a strategy and business model which promote long-term value for shareholders

The Quixant business is split into two principal trading divisions: Gaming and Densitron.

Gaming technology enables manufacturers of casino gaming and slot machines to focus their internal engineering development effort on game design by outsourcing design and machine of the computer platform to Quixant. The business' range of all-in-one gaming platforms are high performance, PC compatible systems designed and tuned specifically to meet the complex and highly regulated needs of the gaming industry. The hardware integrates all the features necessary to drive pay to play machines in all major global gaming jurisdictions. Comprehensive software support for Windows and Linux augments the hardware, including device drivers, gaming protocols, libraries, example code and software tools.

Densitron provides a range of electronic display and HMI (human machine interface) solutions to a wide range of industrial markets. Since the Quixant Group acquired Densitron in 2015 it has shifted the focus of the business to be more industry specific, supplying more technologically value-rich products, which have initially been targeted at the Broadcast sector. To accelerate that process, the IDS product line was acquired in 2019.

Challenges

- Maintaining a technology advantage – technology is always changing and to ensure the future success of the business Quixant must ensure that the products that it is supplying to the market are current, relevant and maintain differentiation from competition. It is essential that it finds the balance between product innovation, development cost and pricing so that new products maintain the target level of margin and do not incur an uncommercial level of development. Quixant invests heavily in design and development. Its development facilities are split between UK, Taiwan, Italy and US with commercial input arising principally from the US and UK. Together, the interaction of these business units ensure that future products are commercially viable and can be supported as they are introduced.
- Ensuring a high level of quality of the product supplied – Quixant supplies high value products and, therefore, customers expect a high level of quality. Quixant has, within its Taiwanese branch (which is ISO9001:2019 accredited), robust quality control systems, undertakes rigorous testing and design validation of new products and production line testing of mass production products to ensure quality is maintained. Additionally, all key suppliers are subjected to regular quality audits. A quality report is provided to the Executive Committee on a quarterly basis to ensure quality issues within the Group are identified early and addressed promptly.
- Ensuring continuity of supply – Quixant customers' end markets, and in particular gaming, are sometimes highly regulated and require regulatory approval of all components contained within a bill of materials of the Group's products. To manage this consistency of supply, Quixant's purchasing department in Taiwan controls the bill of materials ensuring

purchases are made in accordance with the original bill of materials. By offering this, the Group is able to manage the end-of-life process of its products and provide appropriate product continuity to customers. The Board may also buy advance stock from time to time to buffer supply chain shortages and undertook a significant exercise to do so to mitigate the effect of widespread electronic component shortages throughout 2021.

- Recruitment of high caliber employees in key positions – it is imperative that the Company continues to be able to recruit employees with relevant experience and knowledge at the level required to continue to grow and enhance the business. Quixant has developed its Human Resources department to identify and attract high quality candidates and to ensure that the business implements a successful people strategy and appraisal process that supports successful performance, ongoing development and positive employee engagement. The Board will also use retention schemes, such as long-term incentive plans to attract and retain key staff.

2

Seek to understand and meet shareholder needs and expectations

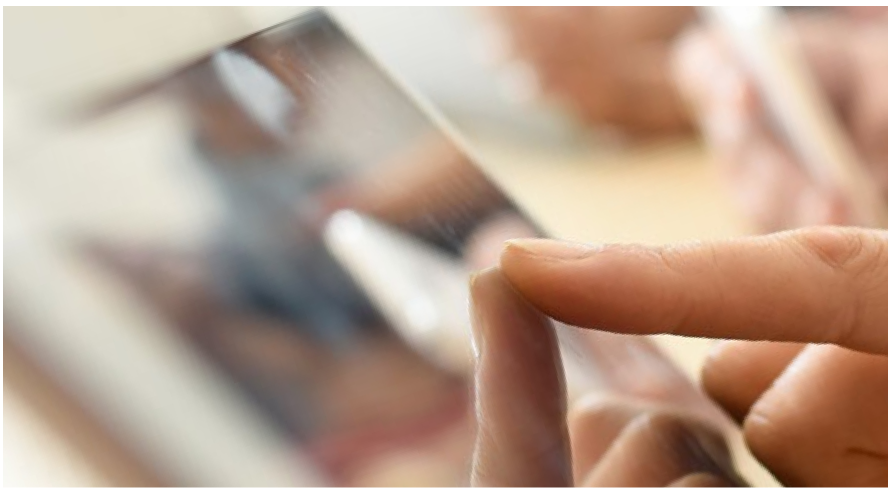
The primary responsibility for investor relations lies with the Chief Executive Officer (CEO), supported by the Chief Financial Officer (CFO) and Board as a whole. Engagement comes in the form of the Annual and Interim Reports, trading updates, regulatory news updates as appropriate, the Annual General Meeting (AGM) and direct investor meetings, which principally follow the announcement of the annual and interim results.

Private Shareholders – the main forum for private Shareholders to engage with the Board is at the Company's AGM, where the Board makes itself available for Shareholders to ask questions. The outcome of the AGM is announced via RNS and published on the Company's website. The CEO and CFO also typically publish video interviews for retail investors at the time of results announcements. The Board also subscribes to the Investor Meets Company platform and the CEO and CFO run a webinar at least twice per year at the time of the annual and interim results, which is available for any member of the public to join. Details of the webinar are announced via RNS.

Institutional Shareholders – the Directors consider it important that its institutional Shareholders understand the business and that their expectations are clearly understood by the Board. Members of the Board engage with institutional Shareholders following the announcement of the annual and interim results, to explain those results and the Board's vision for the future. These meetings are arranged by the Company's FCA regulated nominated adviser and joint brokers, finnCap Ltd and Canaccord Genuity, who will follow up with investors after the meetings and provide anonymised feedback to the Board. Additionally, other ad hoc meetings are attended as requested by existing and potential institutional investors.

The Board will consider all feedback received from Shareholders whether at the AGM, during face-to-face meetings with institutional investors or via feedback from its nominated advisor or Brokers. It also reviews analysts' notes to gauge market expectations.

The Chair regularly engages with institutional Shareholders to discuss corporate plans and any concerns.



Governance

3

Take into account wider stakeholder and social responsibilities and their implication for long-term success

The Board considers its responsibility to the Company's stakeholders as key to the continuing success of the business. As such, it ensures that there is engagement with each of the Company's stakeholders. That engagement is outlined below:

Employees – the Board primarily engages with the employees of the business by holding six monthly town hall meetings following the announcement of the interim and annual results. Meetings are held at different times to enable staff around the business internationally to attend by video conference. Each meeting is run by the CEO and CFO to update employees of the performance of the Group in the preceding six months, highlighting areas where the business has been successful or experienced challenges and imparting the Board's vision for the future. It also gives an opportunity for the Board to re-iterate the culture of the Group to employees and enable employees the opportunity to engage with the Board directly. Each year the Board conducts an anonymous global employee survey to gauge employee opinion on Quixant as a workplace, their manager and their peers. The Executive Committee also aims to hold its monthly meetings across multiple sites of the business' global operations and engage informally with staff.

Customers – in order to maintain its competitive advantage, it is vital that the Group engages with its customers to ensure that it is fulfilling their requirements in terms of product supplied and the quality and timeliness of the service provided. The Company's employees undertake regular direct customer meetings (at least four times a year with key customers) at which the customers give feedback on their experience with the Company. Particular emphasis is placed on what could have been done better and what the customer's expectation is going forward. This form of feedback is then fed into the Company's future development plans.

Suppliers – it is important that the Group's suppliers understand the lifetime of availability of components from suppliers, the quality of the components and product delivery lead-time requirements. This is done by holding regular supplier meetings with key suppliers, undertaking regular supplier audits and implementing a new component approval process.

Shareholders – the Board recognises the importance of its responsibilities to the Company's shareholders and has explained its engagement process with them in Principle 2 above.

Community – the Board has an approved charity budget that supports causes local to the business' operations that reflect the Company culture and matters to our employees and the local communities. More information about the charities the Group supported throughout 2021 are detailed on page 20 of the 2021 Annual Report. All old IT equipment, which has finished its useful life, is made available to employees to purchase, the proceeds for which are given to the employee nominated charity.

Environment – Quixant is committed to a programme to assess and reduce its environmental impact more accurately. Several initiatives were introduced throughout the businesses towards improving the Group's environmental footprint in 2021, more details of which can be found in the Annual Report.

4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has in place a disaster recovery plan and risk registers for the Group that identify the key areas of risk within the Group, particularly in respect of strategy, customers, suppliers, industry, regulatory, financial, legal and technology. The registers are formally reviewed by the Board annually and updated as considered necessary.

On an annual basis, financial risks are considered and reviewed as part of the audit process. These risks include credit risk, cash flow risk, exchange rate risk and liquidity risk. The analysis of these risks are set out on pages 89 to 93 of this report.

The Group maintains a comprehensive programme of insurance including insurance against a material loss or claim against the Group and Directors' and Officers' indemnity insurance. The Board receives advice from Willis Towers Watson to ensure the insurance programme is appropriate.

5

Maintain the Board as a well-functioning, balanced team led by the Chair

The Board, led by the Chair, has a collective responsibility and legal obligation to promote the interests of the Group and for the overall leadership of the Group, setting the vision, purpose, values and standards. The Chair is ultimately responsible for Corporate Governance. However, the Board is responsible for defining the corporate governance policies.

The Board is made up of four non-Executive and two Executives and has devolved responsibility for certain matters to two committees, an Audit Committee and a Remuneration Committee, each of which has clear terms of reference. It does not operate a separate Nominations Committee, with all Board members being responsible for the appointment of new Directors. The biographies of the Directors are set out in the Board of Directors' section on the Group's website. In August 2021, the Directors welcomed Johan Olivier to the Board, joining the Group as CFO. Guy Van Zwanenberg was appointed to the Board in 2013. Therefore, in accordance with the Quixant articles of association, Guy will be retiring and putting himself up for re-election at the 2022 AGM. The Board supports Guy's continued tenure as he brings impartial expertise and experience to Board discussions and decisions.

Non-Executive Directors are expected to devote sufficient time to the Company to meet their responsibilities. Generally, 10–11 Board meetings are held each year and Directors are expected to attend as many as practicable, either in person or by video or telephone conference arrangements. Meetings held between January 2021 and December 2021 and the attendance of Directors is summarised below:

	Board	Audit Committee	Remuneration Committee
Number of meetings	**12**	**3**	**4**
F Small	12	3	4
M J Peagram (resigned May 2021)	5	2	1
G Van Zwanenberg	12	3	4
N C L Jarmany	12	–	–
G P Mullins	12	–	–
J F Jayal	12	3	4
J J Olivier (appointed August 2021)	5	1	1
A Jarvis (By invitation)	7	2	–

The Board is provided with Board papers in advance of the meetings and minutes of the meetings are provided to the Board following the meeting. The Chair is responsible for ensuring that the Directors receive the information that they require for decision-making and each member of the Board understands the information that they are expected to provide. The Board meetings have a cycle of matters that are reviewed annually, and these are spread through the programme of meetings in the year.

Typically, Directors would visit the Group's major locations over the year, but due to COVID-19 many of these visits have not been possible in person and instead local management challenge has been conducted via frequent video conference calls.

Governance

6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

All members bring different experiences and knowledge to the Board and between them they provide a blend of business understanding, technical knowhow, experience of public markets and financial expertise. The Board considers that this is appropriate to enable it to successfully execute its long-term strategy. All members of the Board attend seminars and regulatory and trade events to ensure that their knowledge is up to date and relevant. Where the Board considers that it does not possess the necessary expertise or experience it will engage the services of professional advisors. The Directors receive regular updates from the Company Secretary and other external advisers on legal requirements and regulations, remuneration matters and corporate governance best practice. The Board is currently in the process of developing a formal training programme for all Directors and senior team members. For biographies of each of the Directors see pages 32 to 33.

7

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

A Board evaluation process is carried out annually as part of a wider strategy review and future planning discussion. The process is led by the Chair and with the help of an external facilitator, the Board is challenged to review its performance and effectiveness objectively. The 2021, Board evaluation took the form of a questionnaire based on several themes including:

- Performance of the Board against the current strategy.
- Effectiveness of the Board in areas such as supervision, leadership and management of personnel and risk areas.
- Management information and reporting.
- Stakeholder engagement; and
- Training, development and succession planning.

The findings of the Board evaluation were consolidated into a report which was circulated to all Directors and discussed at the December 2021 Board meeting. The overall findings from the evaluation were positive. Tactical areas for improvement were identified, including Board composition, as it relates to independence of Non-Executive Directors and diversity and the need to set up a formal training and development programme for Directors and senior executives. The Board and Committees are in the process of implementing the recommendations from the evaluation.

8

Promote a corporate culture that is based on ethical values and behaviours

Our long-term growth is underpinned by our corporate culture and core values. As part of our employee starter pack all new employees are provided with our code of conduct and policy handbook, which include a clear statement of the Group's values and purpose.

Our culture is built around five key behaviours:

- Team-centered: we're global but we're a young, informal and friendly business; different people in different locations with different skills, working together as outstanding teams, greater than the sum of their parts.
- Technically expert: we have the best skills and know-how in our industry; we create the highest quality solutions.
- Innovative: we have the talent, the energy and the focus to create new solutions that add more value.
- Customer focused: we focus on understanding our target customers, in industries that we find exciting; we really care about meeting their needs.
- Solution focused: helping our customers achieve their commercial goals is what drives us. We work to understand their needs and required outcomes in true detail; we find the way to make those happen.

Our values are at the heart of everything we do:

- We are pioneers
- We put customers first
- We play to win
- We are entrepreneurial
- We do the right thing

Quixant has a culture of openness and transparency, where teamwork is key. We embrace ideas and above all we respect one another. The Group has policies in the following areas to help promote ethical values and behaviour: whistleblowing, anti-bribery, anti-slavery, fraud, equal opportunities, disciplinary and grievance procedures, health and safety. These policies form part of a globally applicable Group Policy Handbook and Code of Conduct.

9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Details of the Group's compliance with this principle can be found on the Group's website at: https://quixantplc.com/results-driven/#Governance.

10

Communicate how the Company is governed going forward as part of a wider strategy review and future planning discussion

See items 2, 3 and 9 on the Group's website at: https://quixantplc.com/results-driven/#Governance and in this Annual Report.

Section 172(1) statement

Board engagement with our stakeholders

The Board recognises the importance of setting high standards of corporate governance and complying with all legal requirements. Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

In doing this, section 172 requires a director to have regard, among other matters, to:

- the likely consequences of any decision in the long term.
- the interests of the company's employees.
- the need to foster the company's business relationships with suppliers, customers and others.
- the impact of the company's operations on the community and the environment.
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, buy from us, supply to us, own us, regulate us, and live in the societies we serve and the planet we all inhabit. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way. The Board is committed to effective engagement with all of its stakeholders.

For further details of how the Board operates and the way in which it makes decisions, including key activities during 2021 and Board governance, see pages 20 to 29 and the Board committee reports thereafter. The Board regularly receives reports from management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors, which it takes into account in its discussions and in its decision-making process under section 172. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate. The Board receives updates from senior management on various metrics and feedback tools in relation to employees, including an annual employee survey. Engagement with employees is two-way to ensure that employees are kept well informed about the business and valuable feedback is received to ensure continuation of being a trusted employer.

The Board regularly receives updates on feedback from investors and senior management. In addition, various members of the Board, including the Chair, CEO and CFO meet frequently with institutional investors to discuss and provide updates about – and seek feedback on – the business, strategy, long-term financial performance, Directors' remuneration policy and dividend policy to the extent appropriate. Considering the capital growth aims of Shareholders, the Directors are focused on growing the revenue and product portfolio to ensure that the Group continues to grow, whilst remaining profitable. This is done by development of new products over the previous years and by strategic acquisitions when appropriate. Products are developed based on an identified market demand.

Acquisitions are evaluated not only for their financial merits, but on the basis that they fit within the strategy and culture of the Group and that synergies and further opportunities can be developed through integration.

Relationships with customers and key suppliers are fostered through a collaborative approach using technical services, evaluation software and products and customer-specific product development where appropriate.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations, as well as with the highest ethical standards. Both the Group's Board of Directors and executive management are determined to comply fully with the applicable law and regulations, and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

Board of Directors

FRANCIS SMALL
Non-Executive Chair

Appointed: 15 January 2021

Committees:
Member of the Audit and Remuneration Committees

Skills and experience:
Before commencing his non-executive career in 2015, Francis had a highly successful 36-year executive career at Ernst & Young, in which he undertook a variety of international roles including serving on the E&Y Global Board, leading the UK Corporate Finance business and operating as managing partner of European Transaction Advisory Services.

Francis currently serves as a non-executive director on the board of AIM-listed software business 1Spatial plc, as chair of government-backed investment company British Business Investments, and as chair of the Board of Governors of Kingston University.

Francis serves on the Audit and Remuneration Committees and is the Senior Independent Director (SID). The Board considers Francis to be an independent director.

Francis has a degree in Law from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England and Wales.

NICHOLAS JARMANY
Non-Executive Deputy Chair

Appointed: 16 March 2005

Skills and experience:
Nick is a founding Director of Quixant and has brought extensive management experience and computer engineering knowledge to the Company. Nick has a background in the technology industry, and he was employed by Densitron Technologies PLC for 22 years. In this time, he held numerous roles in design, engineering, sales and, finally, as group technical director. Nick had overall responsibility for Densitron's Gaming business strategy, led the design process and negotiated with key suppliers and customers in the USA, Europe and Asia.

Nick has an honours degree in Electronic Engineering from the University of Sheffield.

GARY MULLINS
Non-Executive Director

Appointed: 11 January 2006

Skills and experience:
Gary is a founding Director of Quixant and has a proven track record in technology sales and marketing. He was employed by Densitron Technologies PLC for more than ten years in sales and marketing. At Densitron, Gary was responsible for securing contracts with numerous multi-nationals. Gary has a proven track record of winning large orders for technical products from major companies. Prior to founding Quixant, he was sales director at NTera Limited, a nanotech electronic paper displays developer.

Gary has an honours degree in Electronic Systems from the Royal Military College of Science.

GUY VAN ZWANENBERG
Non-Executive Director

Appointed: 1 March 2013

Committees:
Chair of the Audit Committee and member of the Remuneration Committee

Skills and experience:
Guy is a Chartered Accountant with over 40 years' experience in industry and practice. After beginning his career in public practice, he become UK finance director of an American computer accessory company, which was taken public in 1989. In 1991 he established his own interim financial management business and has since been involved in a number of SME businesses providing strategic and financial support. He previously held executive and non-executive director positions at Gaming King plc, remaining as a non-executive director following the reversal of its listing on AIM by acquiring Sceptre Leisure plc. Guy currently also holds non-executive positions at Smartspace plc and Plant Health Care plc.

Guy is Chair of the Audit Committee and a member of the Remuneration Committee. The Board considers Guy to be an Independent Director.

Guy is both a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Director. He attends regular courses and updates both with professional bodies and industry organisations.

JON JAYAL
Chief Executive Officer

Appointed: 20 June 2016

Skills and experience:
Jon was one of the key members of the design team which developed Quixant's first product, the QX-10. Jon left Quixant in 2006 to broaden his experience in the financial sector, both as an investment consultant at Mercer Limited and as account manager at BlackRock, Inc. He re-joined Quixant in July 2012 as General Manager of Quixant plc and, prior to becoming Chief Executive Officer, he was Chief Operating Officer (COO) and is based at the Company's UK headquarters in Cambridge.

Jon is a Chartered Financial Analyst and has a first-class honours degree in Electronic Engineering from the University of Warwick.

JOHAN OLIVIER
Chief Financial Officer

Appointed: 31 August 2021

Skills and experience:
Johan is a Chartered Accountant with extensive experience in both publicly listed and international businesses. Prior to joining Quixant, Johan operated as Group Finance Director at XP Power plc, where he was responsible for financial planning, reporting and treasury functions. Johan also served as XP Power's Acting CFO while the company was seeking a permanent candidate. Prior to this, Johan held finance roles at Logica plc and Finastra after beginning his career in public practice.

Remuneration Committee Report

The Remuneration Committee is comprised of not less than two Independent Non-Executive Directors, it meets at least once a year and is responsible for setting the remuneration policy for the executives and senior management of the Company. The Remuneration Committee comprises Francis Small (Chair) and Guy van Zwanenberg, it invites Executive Directors to attend as it considers necessary.

The Remuneration Committee has engaged FIT Remuneration Consultants to support it with assessing and implementing executive remuneration structures and to provide expert independent challenge to the proposals.

Executive Directors' Remuneration Policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of a high calibre needed to maintain the Company's position and to reward them for enhancing value to Shareholders. The Committee considers the remuneration packages of Executive Directors and key senior management and discusses policy on annual reviews with the Board. The Remuneration Committee considers a number of factors in setting remuneration policy including:

- Salary and benefits packages awarded to executives of comparable companies.
- Our ability to attract and retain executives with the necessary skills and capabilities to enable the Group to operate successfully; and
- Encouraging executives to deliver long-term sustainable growth using share-based incentives.

Consistent with this policy, benefit packages awarded to Executive Directors comprise a mixture of basic salary and pension contributions combined with performance-related bonus and share option-based compensation. We consider external market data on both the levels of and trends in executive remuneration. There are four main elements of the remuneration package for Executive Directors and senior management:

ELEMENT OF REMUNERATION	LINK TO GROUP STRATEGY	OPERATION	FRAMEWORK
Base Salary	Ensures that the Company can recruit and retain high-quality Executives to deliver on the Company strategy in the interest of the shareholders.	Base salary is paid monthly and reviewed annually, with any increases applying from 1 April.	An Executive Director's salary is determined by the Remuneration Committee in March of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Remuneration Committee considers the Company as a whole and benchmarks against salaries of executives in comparable companies with equivalent skills and experience.
Performance-related bonus	Rewards and incentivises the Executive Directors for achievement of strategic objectives.	The Committee sets annual financial performance targets. Bonus payments in respect of a year are made in April.	The Remuneration Committee sets bonus plans for Executive Directors, which are principally linked to relevant profitability measures and are aligned with corporate growth targets. The maximum annual bonus for executive Directors is at 100% of basic salary.
Share incentive	Aligns the interests of the Executive Directors with the interest of the long-term Shareholders as the options only deliver value if the share price rises.	The Remuneration Committee considers both fair value and nominal value conditional share option grants with multi-year vesting periods as a means of both aligning executive compensation with shareholder interests and retaining talent.	The share option plans are subject to rules and limits approved by shareholders in general meeting. Options are granted at an exercise price based on the mid-market price of ordinary shares on the day prior to the date of grant. Any exercise is subject to satisfaction of the specified performance conditions defined.
Pension	Ensures that the Company can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the Shareholders.	Pension contributions are made by the Company to a defined contribution scheme.	The Company contributes a maximum of 10% of employees base salary to a defined contribution pension scheme.

The Directors' service contracts incorporate notice periods of not less than six months' notice from the Executive to the Company and not less than 12 months' notice from the Company to the Executive.

Non-Executive Director Remuneration Policy

The Non-Executive Directors are paid a salary through payroll and Guy van Zwanenberg, Nick Jarmany and Gary Mullins also receive pension contributions. The level of salary paid to the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not receive any other forms of benefits.

Details of the individual Non-Executive Directors' remuneration is provided in Note 6 to the financial statements.

Non-Executive Directors' service contracts incorporate notice periods of not less than three months' notice from the Non-Executive to the Company and vice-versa.

Remuneration Committee Report

Total Directors Remuneration

	2021				2020		
	Salary $000	Bonus $000	Pension cont. $000	Total $000	Salary $000	Pension cont. $000	Total $000
EXECUTIVE DIRECTORS							
Jon Jayal	416	24	14	**454**	366	13	379
Guy Millward (resigned 21 August 2020)*	–	–	–	**–**	501	–	501
Nick Jarmany	–	–	–	**–**	57	6	63
Gary Mullins	–	–	–	**–**	54	5	59
Johan Olivier (appointed 31 August 2021)	100	52	5	**157**	–	–	–
JJ (C-T) Lin (resigned 31 March 2020)	–	–	–	**–**	71	–	71
Total Executive Directors	**516**	**76**	**19**	**611**	**1,049**	**24**	**1,073**
NON-EXECUTIVE DIRECTORS							
Michael Peagram (retired 6 May 2021)	42	–	–	**42**	106	–	106
Guy van Zwanenberg	64	–	3	**67**	56	2	58
Gaye Hudson (resigned 20 March 2020)	–	–	–	**–**	24	1	25
Nick Jarmany	69	–	7	**76**	38	4	42
Gary Mullins	69	–	7	**76**	38	4	42
Francis Small (appointed 15 January 2021)	101	–	–	**101**	–	–	–
Nigel Payne (resigned 31 August 2020)	–	–	–	**–**	8	–	8
Total Non-Executive Directors	**345**	**–**	**17**	**362**	**270**	**11**	**281**
Total Board	**861**	**76**	**36**	**973**	**1,319**	**35**	**1,354**

* Includes additional payment of $0.3m in lieu of notice.

Pension contributions were paid at 10% to Johan Olivier, Nick Jarmany and Gary Mullins and 5% to Guy van Zwanenberg. Jon Jayal elected to be paid £10,000 a year as pension contribution from the Company with the remainder of his 10% pension contribution added to his base salary. The pension contribution has been reduced by the employers' national insurance that is payable by the Company for the amount added to base salary.

Bonuses are payable to the Executive Directors in 2022, in respect of the financial performance for 2021.

There were no cash or non-cash benefits received by the Directors in 2021.

There were no Directors' advances, credits or guarantees outstanding at 31 December 2021 or 2020.

Directors Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

	Number at 31 December 2021	Number at 31 December 2020	Option price	Exercisable from
Jon Jayal	65,000	65,000	112.5p	April 2023
Johan Olivier	100,000	–	190p	April 2024
	25,000	–	0.1p	April 2024

No share options have been exercised by the Directors in 2021, and no new Directors' long-term incentive awards vested in 2021.

The options are exercisable subject to the growth of the diluted earnings per Ordinary Share as set out in each of the audited accounts for the three years ending after the date of grant (for instance for options granted during 2018, the years ending 31 December 2018, 2019 and 2020) being equal to or greater than 10% in each financial year. The Directors follow the guidance set out by Rule 21 of the AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

Key Remuneration Committee Decisions

The committee met four times in 2021:

- January 2021 to review and discuss and approve executive compensation and bonus targets for 2021. No executive bonuses were payable for 2020 performance as the profit before tax did not exceed the zero point of $12.0m.
- May 2021 to discuss and approve 2021 share option grants.
- June 2021 to discuss the compensation package and offer to Johan Olivier for the role of Chief Financial Officer.
- October 2021 to discuss the 2021 performance scheme and expected 2021 bonus pay-outs; and discuss bonus targets for 2022.

FRANCIS SMALL
Chair of the Remuneration Committee

Audit Committee Report

The Audit Committee is responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the Annual and Interim Reports, internal control systems and procedures and accounting policies.

The Audit Committee comprises Guy van Zwanenberg (Chair) and Francis Small. The current Audit Committee members are all independent Non-Executive Directors and have financial and/or related business experience gained in senior positions in other organisations. The Board considers that Guy van Zwanenberg has recent and relevant financial experience in accordance with the Quoted Companies Alliance (QCA) code.

Meetings of the Audit Committee

The committee met three times during the year with attendance on the dates as follows:

Date	Attendees
23 February 2021	All
8 April 2021	All
23 November 2021	All

Although not members of the Audit Committee, the Chief Executive Officer and Chief Financial Officer attended all meetings, as did the External Auditor, KPMG LLP. The Committee also discussed matters with the External Auditor without the Group's management present.

The Audit Committee supports the Board and reports to it on a regular basis, certainly no less frequently than at every Board meeting following a meeting of the Audit Committee.

Role of the Audit Committee:

1. Internal Control and Risk Management

- On behalf of the Board, keep under review the effectiveness of Group's internal controls and risk management systems; and
- review and approve any statement to be included in the Annual Financial Report concerning internal controls, risk management, including the assessment of principal risks and emerging risks and the viability statement, unless this is done by the Board.

2. Financial reporting

- monitor the integrity of the financial statements of the Group, including its Annual and Interim Reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- review and challenge where necessary:
  - the consistency of and changes to accounting policies.
  - the methods used to account for significant and unusual transactions where different approaches are possible.
  - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the External Auditor.
  - the clarity of disclosure in the Company's Financial Reports and the context in which statements are made; and
  - all material information presented with the financial statements, including the information in the Strategic Report and the Corporate Governance Statement (insofar as it relates to the audit and risk management).

3. Fraud and whistleblowing

Review the Group's arrangements for its employees, contractors, and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

- Review the Group's procedure for detecting fraud; and
- review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

4. External audit

- consider and make recommendations to the Board to be put to Shareholders for approval at the AGM as regards the appointment, re-appointment and removal of the Company's External Auditors.
- oversee the selection process for new Auditors and if an Auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- oversee the relationship with the External Auditor including (but not limited to):
  - approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted.
  - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.

Audit Committee Report

- assessing annually their independence and objectivity considering relevant UK professional and regulatory requirements, the Financial Reporting Standard's Revised Ethical Standard 2019 (Ethical Standard) and the relationship with the Auditor as a whole, including the provision of any non-audit services.
- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the Auditor and the Company (other than in the ordinary course of business).
- agreeing with the Board a policy on the employment of former employees of the Company's Auditor, considering the Ethical Standard and legal requirements, then monitoring the implementation of this policy.
- monitoring the Auditor's compliance with relevant professional guidance and the Ethical Standard on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- assessing annually their qualifications, expertise and resources and the effectiveness of the audit process, which shall include a report from the External Auditor on their own internal quality procedures.

- meet regularly with the External Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the External Auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- review the findings of the audit with the External Auditor. This shall include, but not be limited to, the following:
  - a discussion of any major issues which arose during the audit.
  - any accounting and audit judgements; and
  - levels of errors identified during the audit.

5. Reporting Responsibilities

- The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

6. Other Matters

The Committee shall:

- have access to sufficient resources to carry out its duties, including access to the Company Secretary for assistance as required.
- be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- give due consideration to laws and regulations, the provisions and recommendations of the Quoted Companies Alliance's Corporate Governance Code, as well as the UK Corporate Governance Code and the requirements of the London Stock Exchange plc (the AIM Market) as appropriate.
- be responsible for co-ordination of the External Auditors.
- oversee any investigation of activities that are within its terms of reference and act as a court of the last resort.
- at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- consider such other matters as may be requested by the Board.

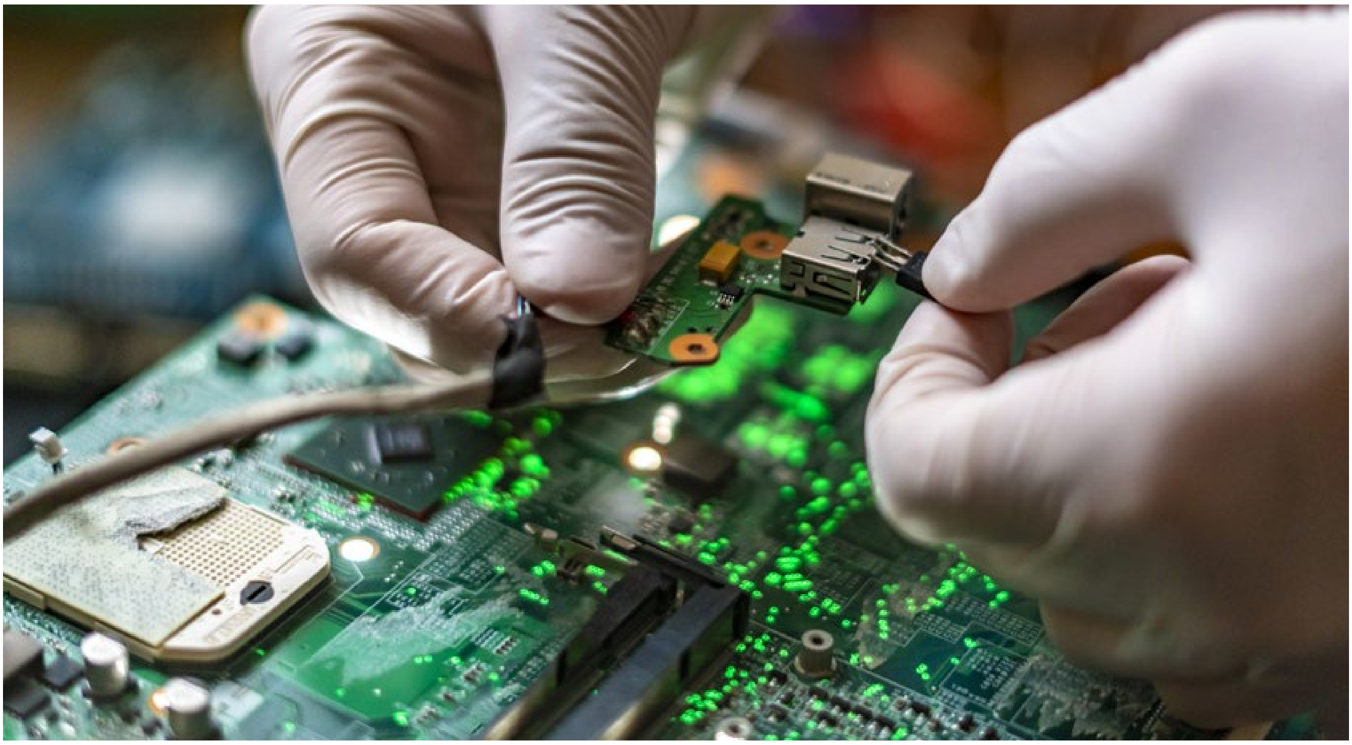
The Terms of Reference of the Audit Committee are available in the Governance section of the Company's website quixantplc.com.

The following specific business was dealt with at each meeting held in 2021:

February	Status of the Audit for the year ended 31 December 2020, including • Accounting judgements taken in preparation of annual results for the year ended 31 December 2020 • Section 172 disclosures
April	Annual results for 31 December 2020, including: • Accounting issues report from the CFO • Full-year Report from the External Auditor including Auditor's Report to be included in the 2020 Annual Report • Consolidated financial statements for the year ended 31 December 2020 • Principal risks and uncertainties • Consideration of the going concern basis for preparation of the financial statements, including COVID-19 impact Recommendations to the Board on: • Consolidated financial statements • Going concern statement
November	Reviewed scope for the external audit for the 2021 audit, including agreeing fees.

Significant Risks and Judgements in Financial Reporting

In relation to the 31 December 2021 Annual Financial Statements included in this report on pages 49 to 95, the Audit Committee considered the following topics. It considered these areas to be significant, considering the level of materiality and the degree of judgement exercised by management. The Audit Committee questioned and challenged the judgements and estimates made on each of the significant issues detailed below and resolved that they were appropriate and acceptable.



Audit Committee Report

SIGNIFICANT MATTER	AUDIT COMMITTEE ACTIONS TAKEN
Impairment of goodwill and intangible assets	The carrying value of goodwill is a significant item within the Group's balance sheet. Impairment assessments, performed annually, require judgements in relation to discount rates and future growth forecasts to generate discounted cash flows for the cash generating units. The Committee challenged the appropriateness of judgements and forecasts used in management's impairment assessment. In particular, the Committee enquired and challenged the assumptions made regarding forecasted growth rates and profit margins and understanding the discount rates. In addition, the Committee reviews the calculation to ensure that sensitivity analysis is performed by management, which reflects reasonable downside scenarios. It also assesses the carrying value in the context of the Group's wider net asset value and market capitalisation. Other than the goodwill associated with the acquisition of IDS, the impairment calculations indicated that there remains significant headroom between the value in use and the carrying value, the Committee was satisfied that no reasonable possible change in key assumptions would result in an impairment. The impairment calculation for the IDS cash-generating unit (CGU) estimated that the recoverable amount of the CGU exceeded its carrying amount by approximately \$0.1m (2020: \$0.8m). Management's sensitivity analysis identified that a reasonably possible change in revenue and gross margin assumptions could cause the carrying amount to exceed the recoverable amount. The Committee reviewed the appropriateness of the estimates applied and were satisfied that no impairment of the IDS CGU was required for the year ended 31 December 2021.
Valuation of inventory	Inventory levels increased during 2021 as the Group increased manufacturing to meet demand. The Group also saw impacts to its supply chain due to the acute shortage in the semiconductor market. Action was taken to bolster the strategic inventory to support anticipated demand and mitigate the short-term supply chain risks. The Committee considered the provision policy, provision levels and the nature and condition of inventory at the balance sheet date. The Committee was satisfied that appropriate provisions for loss and delinquency were made. Physical inventory was validated through wall-to-wall stock counts held at year-end, covering all sites where the Group holds inventory. These counts were reviewed by theExternal Auditor and the results reported to the Committee. The Committee was satisfied that the counts were conducted appropriately.
Going concern	The Committee reviewed management's assessment of the Group's ability to continue as a going concern for a period at least 12 months from the date of signing the financial statements. In reviewing management's assessment, the Committee considered the Group's latest budgets and financial position. The Committee concluded that the assumptions used in the going concern review were appropriate. The Committee also reviewed management's downside scenario to the above going concern forecast. Under the downside scenario, which is severe but plausible, the Group continues to have sufficient liquidity to operate. The Committee believes that there is no material uncertainty in the use of the going concern assumption

External Audit

The Committee has primary responsibility for overseeing the relationship with the External Auditors, KPMG LLP. This includes monitoring and reviewing their objectivity and independence on an ongoing basis, recommending their appointment, reappointment and removal, and approving the scope of the statutory audit and fees. KPMG LLP presented to the Committee its detailed audit plan for the 2021 financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The Committee also received reports from KPMG LLP on its assessment of the accounting and disclosures in the financial statements and financial controls.

In 2021, the most significant risks identified were the recoverability of goodwill and acquired intangibles in the IDS CGU, revenue recognition, valuation of inventory in the Quixant Gaming CGU and the Parent Company, and management override of controls.

The Audit Committee reviewed and challenged KPMG LLP on these matters and reviewed their reporting and feedback from management on the effectiveness of the audit process.

Non-audit services

The Committee approves all non-audit services provided by the Auditors before they are undertaken and reviews the level of these services to ensure KPMG's independence is not compromised. KPMG provided tax advice to the Group in the UK and Taiwan, but in 2021 the Group decided to move the UK services to RSM. The total fees for non-audit services paid to KPMG during the year was $26,800.

Internal controls

The review of risks facing the Group is shown on pages 18 to 19. The Group has clearly defined lines of accountability and delegation of authority, which are closely adhered to, policies and procedures that cover financial planning and reporting, accounts preparation, information security and operational management.

The reporting and review processes provide regular assurance to the Board as to the adequacy and effectiveness on internal controls. The Committee also reviewed and agreed financial control issues that arose during the audit with the External Auditor. The resolution of those financial control issues is ongoing, and progress will be reported to the Audit Committee at future meetings. The Committee has determined that an internal audit function is not currently required by the Group and that there are other monitoring processes applied to provide assurance that internal controls are functioning satisfactorily.

GUY VAN ZWANENBERG
Chair of the Audit Committee

Directors' Report

The Directors present their Annual Report and accounts for the year ended 31 December 2021.

Principal activities, results and likely future developments

The principal activities of the Group are:

- the design, development and manufacture of gaming platforms and display solutions for the gaming and slot machine industry; and
- the design, development and delivery of electronic displays and control solutions into the industrial marketplace.

The profit for the year after taxation amounted to $3.6m (2020 loss for the year: $3.0m). Further comments on the development of the business are included in the Chair's Statement, Chief Executive's Report and Financial Review on pages 4 to 14.

The Group has adopted the corporate governance code of the Quoted Companies Alliance (QCA). Further comments are included in the Chair's Introduction to Governance on page 23.

Engagement with suppliers, customers and others in a business relationship with the Company are also disclosed in the Governance Report.

The Group have made disclosures in the Environmental, Social and Governance Report on page 20 regarding Greenhouse gas emissions, energy consumption and energy efficiency of the business.

Statutory information

Quixant plc (the Company) is a Public Limited Company incorporated in the United Kingdom (Registration number: 04316977). The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM).

The Company has a branch, located in Taiwan, whose operations and results are included in the standalone financial statements of the Company. Details of the share capital of the Company are set out in Note 22 of the consolidated financial statements.

Annual General Meeting

The date and other details of the next Annual General Meeting of the Company are contained within the notice of this meeting. The Board proposes a dividend for the year ended 31 December 2021 of 2.4p per share (2020: 2.0p per share)

Substantial shareholdings

As at 31 December 2021, the Company was aware of the following interests in 3% or more ofthe issued ordinary share capital of the Company:

	Shares held Ordinary shares of £0.001 each	% of issued share capital
N C L Jarmany and his wife	11,506,163	17.32%
Liontrust Asset Management	9,032,903	13.59%
Mr J & Mrs S Mullins	3,858,920	5.81%
AXA Framlington Investment Managers	3,569,228	5.37%
Schroder Investment Management	3,534,150	5.32%
Mr JJ Lin	3,446,559	5.19%
Chelverton Asset Management	3,400,000	5.12%
BMO Global Asset Management (UK)	3,139,508	4.72%
Jupiter Asset Management	3,036,783	4.57%
G P Mullins and his wife	2,215,653	3.34%
Octopus Investments	2,122,975	3.19%
Alexander Taylor	2,058,958	3.10%

During the period between 31 December 2021 and 4 April 2021, the Company did not receive any notice, under the Financial Conduct Authority's Disclosure Guidance &Transparency Rules, of any shareholding increasing to 3.00% or more.

Directors

The Directors who served during the year and their interests in the share capital of the Company were as follows:

	Shares held Ordinary shares of £0.001 each	
	2021	2020
G A Y Hudson (resigned 23 March 2020)	N/A	7,350
F Small	**30,000**	–
N C L Jarmany	**11,506,163**	11,506,163
J F Jayal	**383,547**	383,547
C-T Lin (resigned 31 May 2020)	N/A	3,484,059
G L Millward (resigned 21 August 2020)	N/A	–
G P Mullins	**2,215,653**	2,215,653
J J Olivier	**–**	–
N T Payne (appointed 1 July 2020, resigned 31 August 2020)	N/A	14,000
M J Peagram (retired 6 May 2021)	N/A	263,674
G van Zwanenberg	**27,837**	27,837

There has been no other change in the interests set out above between 31 December 2021 and 4 April 2022.

Directors' report

Directors' indemnity arrangements

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report. The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Research and development (R&D)

The Group continues to undertake R&D to develop and enhance its products and the Group will continue to commit a significant level of resource and expenditure as appropriate to development efforts.

Use of financial instruments

Information on both the Group's financial risk management objectives and the Group's policies on exposure to relevant risks in respect of financial instruments are set out in Note 23 of the consolidated financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2020: Nil).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 19.

The possible continuing and future impact of COVID-19 on the Group has been considered in the preparation of the financial statements, including within our evaluation of critical accounting estimates and judgements. The Group's operational and financially robust position is supported by:

- Strong recovery in Gaming revenues from the impact of the COVID-19 imposed lockdowns experienced in 2020; and continued good performance from Densitron;
- Resilient cash generation despite investing in working capital to support growth and good liquidity position; and
- Strong balance sheet.

In undertaking a going concern review, the Directors have reviewed financial projections for a period of at least twelve months (the review period) and have additionally prepared projections through to 31 December 2023. Management prepared a base case scenario based on the approved budget for 2022 and forecasts for 2023. Management also prepared a severe but plausible downside scenario, using the following key assumptions:

- A 31% reduction in 2022 and 2023 budgeted revenues to replicate the impact that COVID-19 had on the Group's revenues in 2020; and
- The Group remains committed to making last time buy purchases of key components from AMD and these purchases continue and are in addition to the regular supplier payments made in the normal course of business.

The impact of these assumptions is mitigated by:

- Reduction in operating expenses to reflect reduction in bonuses, delay, or suspension of new headcount additions etc., consistent with the actions management took in response to the COVID-19 pandemic in 2020 and 2021;
- No dividend paid in 2023, although a dividend is still paid in 2022; and
- Reduction of discretionary capital expenditure spend.

In this scenario, the Group continues to have sufficient cash reserves and working capital to continue operating as a going concern through the review period.

While the Directors' have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group would look to take out additional funding facilities, as well as making further reductions in controllable costs. There would also be an opportunity to sell certain property and inventory assets to accelerate cash generation and/or mitigate risk.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and, therefore, have prepared these financial statements on a going concern basis.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board on 4 April 2022.

JON JAYAL
Chief Executive Officer

Statement of Directors' Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. The Group financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

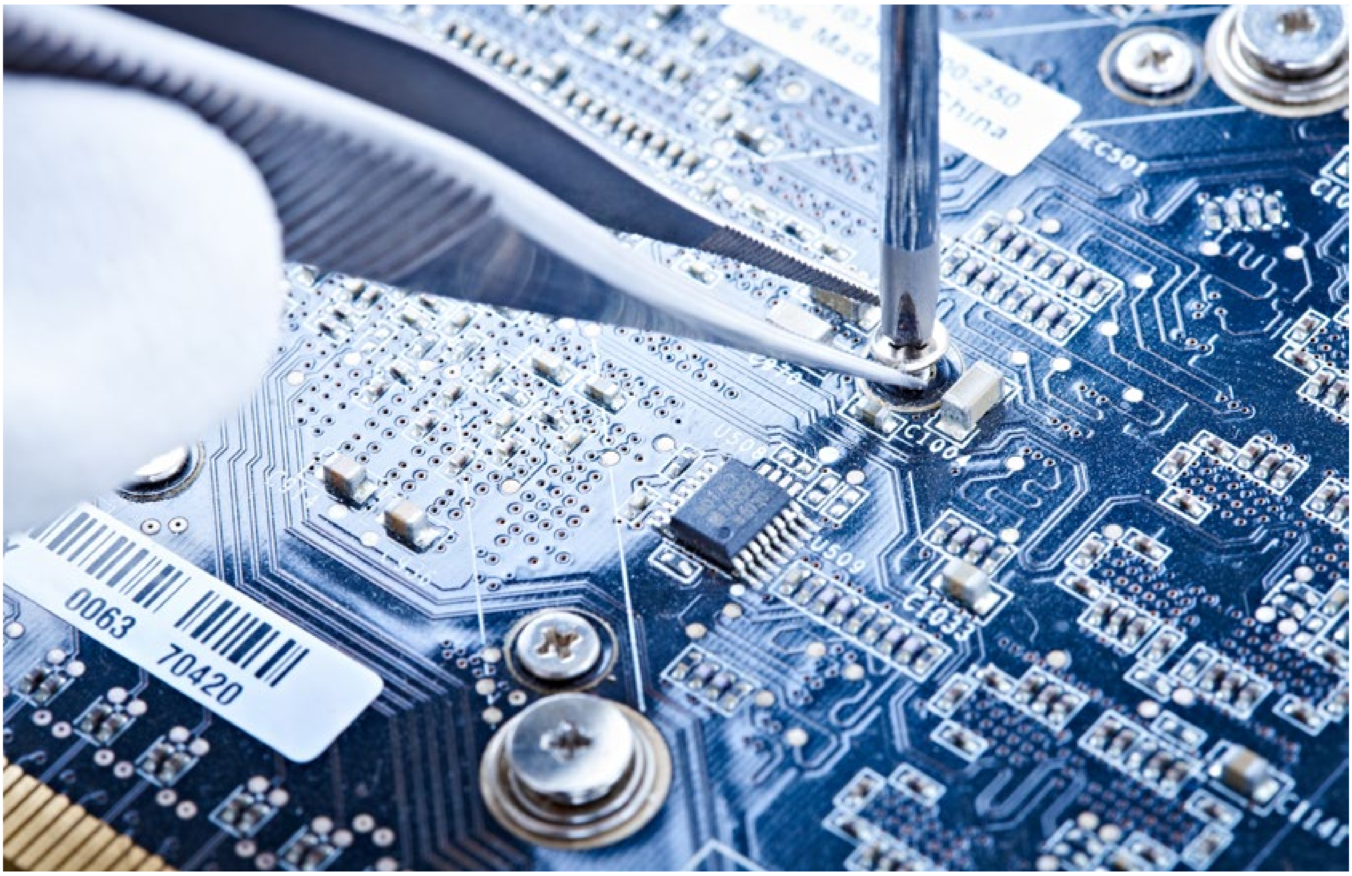
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

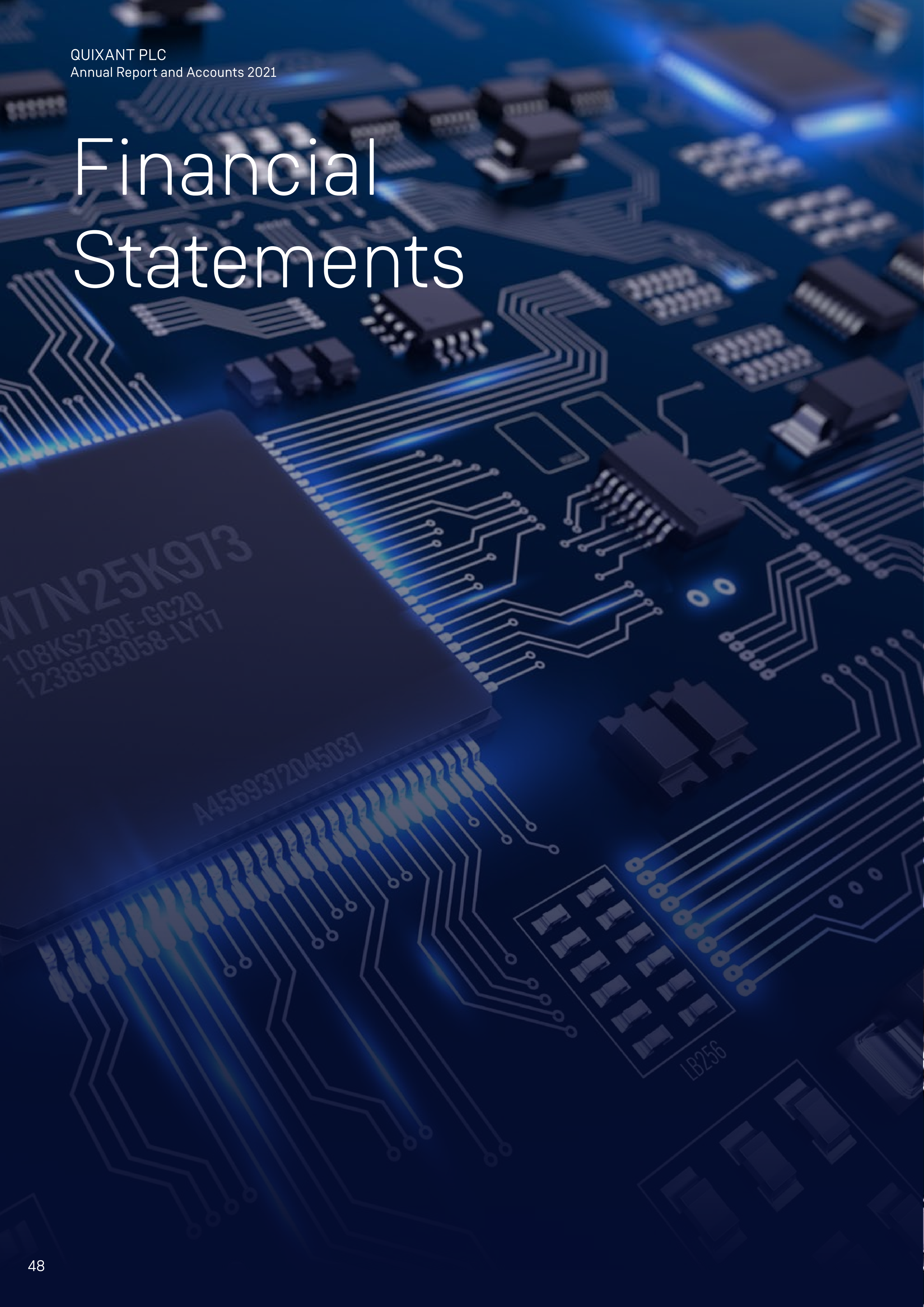
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Financial Statements



Independent auditor's report

to the members of Quixant plc

1. Our opinion is unmodified

We have audited the financial statements of Quixant plc ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit and Loss and other Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity and Consolidated and Company Cash Flow Statements, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

OVERVIEW

MATERIALITY: group financial statements as a whole	$367k (2020: $370k) 4.4% (2020: 3.8%) of Group profit before tax normalised by averaging over the last five years (2020: of Group profit before tax normalised by averaging over the last four years)
COVERAGE	$367k (2020: $370k) 87% (2020: 99%) of total profits and losses that made up group profit before tax

KEY AUDIT MATTERS		**VS 2020**
RECURRING RISKS	Recoverability of Group goodwill and acquisition related intangibles in the IDS CGU	‹›
	Measurement of inventory at the lower of cost and NRV in the Gaming CGU and the parent Company	‹›

Independent auditor's report

2. Key audit matters: our assessment of risks of material misstatement

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

	THE RISK	OUR RESPONSE
Recoverability of Group goodwill and acquisition related intangibles in the IDS CGU Goodwill: \$0.7m (2020:\$0.7m) Acquisition related intangibles: \$0.6m (2020:\$1.1m) *Refer to page 38 (Audit Committee Report), page 61 (accounting policy) and note 11 of the financial statements.*	**Forecast based assessment:** The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The recent financial performance of the IDS CGU, the size of the balance, and in the case of goodwill, the requirement to test for impairment on an annual basis, makes this a core area on which our audit focused. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the above mentioned CGU had a high degree of estimation uncertainty due to the uncertainty in the CGU's performance as a result of COVID-19, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 11) disclose the sensitivity estimated by the Group for this CGU.	**Our procedures included:** – **Controls approach:** Performing the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. – **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs, such as discount rates. We used our own valuation specialist to set our own independent expectation of the discount rate. – **Historical comparisons:** Assessing the reasonableness of the forecasts used by considering the historical accuracy of previous budgets and conversion of sales pipeline opportunity. – **Sensitivity analysis:** Performing our own sensitivity analysis on the key assumptions within the cashflow forecast, such as compound annual revenue growth rate, terminal growth rate and discount rates. Critically assessing the extent to which a change in these assumptions, both individually or in aggregate, would result in an impairment and considered the likelihood of such events occurring. – **Comparing valuations:** Comparing the sum of the discounted cash flows for all CGU's in the Group and the Group's net assets, to the Group's market capitalisation to assess the reasonableness of those cash flow forecasts. – **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill and acquisition related intangibles. – **Assessing management's estimate:** Having found management's estimate of recoverable amount to be at the high end of the range we consider to be acceptable, we exercised judgement, based on our assessment of reasonably possible assumptions, as to whether it was acceptable not to record an impairment, and we exercised judgement to determine the appropriateness of disclosures of the risk that a reasonable change in assumptions could lead to an impairment, taking into account the impact of the COVID-19 pandemic on the CGU during 2020 and 2021, the current sales pipeline opportunities, the conversion of that pipeline opportunity in 2022 and future years and the consequent compound annual revenue growth rate that has been determined by management.

We continue to perform procedures over the recoverability of Group goodwill and acquisition related intangibles in the Densitron Europe and Densitron US CGUs. However, following an assessment of the headroom in the Group's models to support these CGUs' carrying amount, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

	THE RISK	OUR RESPONSE
Measurement of inventory in the Gaming CGU and the parent Company at the lower of cost and NRV Parent company inventory: $20.7m (2020:$13.8m) Gaming CGU inventory: $26.9m (2020: $19.1m) *Refer to page 38 (Audit Committee Report), page 61 (accounting policy) and note 15 of the financial statements.*	**Subjective estimate:** The measurement of the inventory balance in the Gaming CGU and the parent Company at the lower of cost and NRV is subjective due to the inherent uncertainty involved in forecasting of future sales. The risk continues to be higher in the current year as the Group and parent company's Gaming segment continues to recover from the impact of the COVID-19 pandemic and the resulting lockdowns. The Group is also making strategic inventory purchases to counter industry wide component shortages. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the measurement of inventory in the Gaming CGU and the parent company has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 1) disclose the sensitivity estimated by the Group for the measurement of inventory.	**Our procedures included:** – **Controls approach:** Performing the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. – **Review of policy:** Inspecting the inventory provision recorded by the Group for consistency with the Group's policy and accounting standards and recalculating the provision recognised by the Group. – **Test of detail:** Assessing the key assumptions underlying the sales forecasts prepared by the Group for reasonableness by inspecting the committed orders in the pipeline. – **Test of detail:** Comparing the levels of inventory held at year end with the consumption during the year. Based on this, selecting a risk focussed sample of inventory items that were not provided against and challenging management on whether this was appropriate. – **Test of detail:** Testing a sample of items to purchase and sales invoices to ensure that stock is held at the lower of cost and net realisable value. – **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the measurement of inventory at the lower of cost and NRV.

We continue to perform procedures over Going Concern. However, taking into consideration the cash position of the group, financial performance during the year and current order pipelines, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is no longer dealt with in the key audit matter section of our audit report.

Independent auditor's report

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at $367k (2020: $370k), determined with reference to a benchmark of Group profit before tax, normalised by averaging over the last five years due to the impact of the COVID-19 pandemic on the Group's financial results, of which it represents 4.4% (2020: 3.8% Group profit before tax, normalised by averaging over the last four years).

Materiality for the parent Company financial statements as a whole was set at $362k (2020: $180k), determined with reference to a benchmark of Company total assets, of which it represents 0.6% (2020: 0.4% of Company revenue).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to $239k (2020: $241k) for the Group and $235k (2020: $117k) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $18k (2020: £19k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

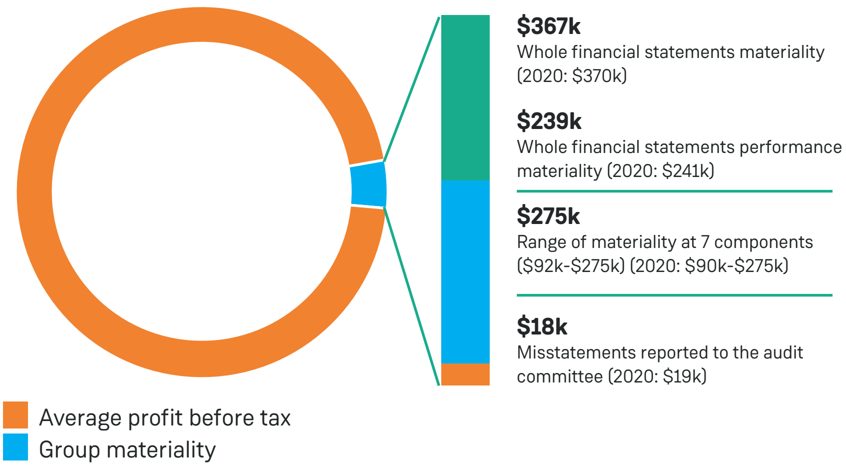
Of the Group's 12 (2020: 10) reporting components, we subjected 7 (2020: 7) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

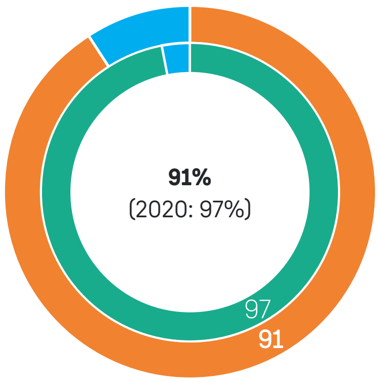
The remaining 9% (2020: 3%) of total Group revenue, 13% (2020: 1%) of total profits and losses that made up group profit before tax and 5% (2020: 2%) of total Group assets is represented by 5 (2020: 3) reporting components, none of which individually represented more than 6% (2020: 5%) of any of total Group revenue, total profits and losses that made up group profit before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Normalised Group profit before tax
$8,447k (2020: $9,691k)

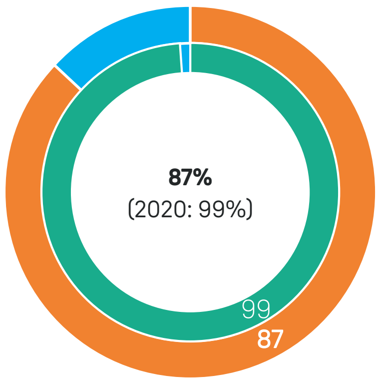
Group materiality
$367k (2020: $370k)



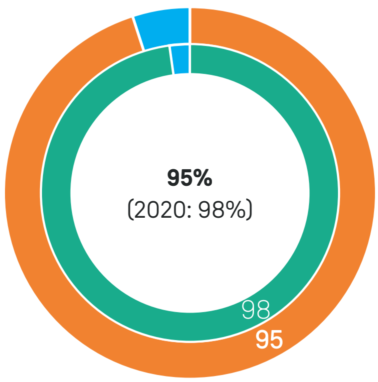
Group revenue



Total profits and losses that made up group profit before tax



Group total assets



Full scope for group audit purposes 2021
Full scope for group audit purposes 2020
Residual components

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from $92k to $275k (2020: $90k to $275k), having regard to the mix of size and risk profile of the Group across the components.

The work on 2 of the 12 components (2020: 2 of the 10 components) was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team. The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

In regards to these 2 components, video and telephone conference meetings were held with these component auditors to assess audit risk and strategy. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was the recovery in customer demand following the pandemic. We also considered less predictable but realistic second order impacts, such as the issues in the sourcing of raw materials which could result in the Group's inability to perform under the contracts with the customers, and, as a consequence of this, in a reduction of sales.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Assessing the reasonableness of the group's assumptions in relation to key inputs such as projected growth rates with our knowledge of the industry, externally derived data and the actual performance during the pandemic;
- Assessing whether the Directors' downside scenarios applied mutually consistent assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies;
- Comparing past budgets to actual results to assess the Directors' track record of budgeting accurately.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading board and audit committee meeting minutes;
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant

Independent auditor's report

5. Fraud and breaches of laws and regulations – ability to detect continued

fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that product sales revenue around the year end date were recorded in the wrong period.

We also perform procedures to address the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as the measurement of inventory at the lower of cost and NRV.

Further detail in respect of the measurement of inventory at the lower of cost and NRV in the Gaming CGU and the parent Company is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR, health and safety, anti-bribery, employment law and certain aspects of Company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 47, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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

MATTHEW RADWELL
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

04 April 2022

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the years ended 31 December 2021 and 2020

	Note	2021 Total $000	2020 Total $000
Revenue	3	**87,128**	63,794
Cost of sales		**(61,224)**	(43,742)
Gross profit		**25,904**	20,052
Operating expenses	4	**(21,361)**	(21,904)
Operating profit/(loss)		**4,543**	(1,852)
Finance income	7	**534**	-
Finance expense	7	**(157)**	(151)
Profit/(Loss) before tax		**4,920**	(2,003)
Taxation	8	**(1,356)**	(955)
Profit/(Loss) for the year		**3,564**	(2,958)
Other comprehensive (expense)/income for the year, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(771)**	788
Total comprehensive income/(expense) for the year		**2,793**	(2,170)
Basic earnings per share	9	**$0.0536**	($ 0.0445)
Diluted earnings per share	9	**$0.0533**	($ 0.0445)

The Italian subsidiary, Quixant Italia srl, is 99% owned by the Group. The comprehensive income and equity attributable to the non-controlling interests in this subsidiary are not material.

The consolidated statement of profit and loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

Notes on pages 46 to 73 form part of the financial statements.

Consolidated and Company Balance Sheets

As at 31 December 2021 and 2020

	Note	Group 2021 $000	Group 2020 $000	Company 2021 $000	Company 2020 $000
Non-current assets					
Property, plant and equipment	10	**5,874**	6,004	**3,888**	3,975
Intangible assets	11	**16,027**	16,189	**949**	1,280
Right-of-use assets	24	**1,924**	1,276	**1,000**	200
Investment property	12	**-**	-	**–**	–
Investments in group companies and associated undertakings	13	**-**	-	**9,125**	9,376
Deferred tax assets	14	**116**	1,267	**238**	314
Trade and other receivables	16	**336**	-	**18,798**	25,393
		24,277	24,736	**33,998**	40,538
Current assets					
Inventories	15	**29,085**	21,601	**20,725**	13,779
Trade and other receivables	16	**22,960**	16,517	**8,933**	6,282
Cash and cash equivalents	17	**18,347**	18,804	**6,604**	3,080
		70,392	56,922	**36,262**	23,141
Total assets		**94,669**	81,658	**70,260**	63,679
Current liabilities					
Loans and borrowings	18	**(99)**	(695)	**(99)**	(96)
Trade and other payables	19	**(25,510)**	(12,913)	**(22,325)**	(10,723)
Tax payable		**(1,756)**	(1,022)	**(470)**	(83)
Lease liabilities	24	**(609)**	(386)	**(351)**	(200)
		(27,974)	(15,016)	**(23,245)**	(11,102)
Non-current liabilities					
Loans and borrowings	18	**(621)**	(712)	**(621)**	(712)
Provisions	21	**(335)**	(354)	**–**	–
Deferred tax liabilities	14	**(302)**	(1,322)	**(118)**	(76)
Lease liabilities	24	**(1,360)**	(901)	**(668)**	–
		(2,618)	(3,289)	**(1,407)**	(788)
Total liabilities		**(30,592)**	(18,305)	**(24,652)**	(11,890)
Net assets		**64,077**	63,353	**45,608**	51,789
Equity attributable to equity holders of the parent					
Share capital	22	**106**	106	**106**	106
Share premium	22	**6,708**	6,708	**6,708**	6,708
Share-based payments reserve		**212**	1,571	**212**	1,571
Retained earnings		**56,940**	54,086	**37,533**	42,040
Translation reserve		**111**	882	**1,049**	1,364
Total equity		**64,077**	63,353	**45,608**	51,789

The Company's loss for the year was $3.7m (2020: $3.9m).

These financial statements were approved and authorised for issue by the Board of Directors on 4 April 2022 and were signed on behalf of the Board by:

JON JAYAL
Chief Executive Officer

Company registered number: 04316977

Notes on pages 46 to 73 form part of the financial statements.

Consolidated and Company Statement of Changes in Equity

For the years ended 31 December 2021 and 2020

Group

	Share Capital $000	Share Premium $000	Translation Reserve $000	Share-Based Payments $000	Retained Earnings $000	Total Equity $000
Balance at 1 January 2020	106	6,698	94	1,345	57,044	65,287
Total comprehensive loss for the year						
Loss for the year	–	–	–	–	(2,958)	(2,958)
Other comprehensive income	–	–	788	–	–	788
Total comprehensive income/(expense) for the year	–	–	788	–	(2,958)	(2,170)
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	–	226	–	226
Exercise of share options	–	10	–	–	–	10
Total contributions by and distributions to owners	–	10	–	226	–	236
Balance at 31 December 2020	106	6,708	882	1,571	54,086	63,353

	Share Capital $000	Share Premium $000	Translation Reserve $000	Share-Based Payments $000	Retained Earnings $000	Total Equity $000
Balance at 1 January 2021	106	6,708	882	1,571	54,086	63,353
Total comprehensive income for the year	–	–	–	–	3,564	3,564
Profit for the year						
Other comprehensive loss	–	–	(771)	–	–	(771)
Total comprehensive income/(expense) for the year	–	–	(771)	–	3,564	2,793
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	–	(221)	–	(221)
Reserve transfer[1]	–	–	–	(1,138)	1,138	–
Dividend paid	–	–	–	–	(1,848)	(1,848)
Total contributions by and distributions to owners	–	–	–	(1,359)	(710)	(2,069)
Balance at 31 December 2021	**106**	**6,708**	**111**	**212**	**56,940**	**64,077**

1 Share-based payment charge is recognised against the share-based payment reserve over the vesting period based on the Group's estimate of equity instruments that will vest. In the year the Group revised the estimated vesting for share awards downwards based on expected achievement of performance conditions for previous financial periods, which should have been revised in previous periods. This resulted in a transfer of reserves to retained earnings.

Consolidated and Company Statement of Changes in Equity

For the years ended 31 December 2021 and 2020

Company

	Share Capital $000	Share Premium $000	Translation Reserve $000	Share-Based Payments $000	Retained Earnings $000	Total Equity $000
Balance at 1 January 2020	106	6,698	344	1,345	45,915	54,408
Total comprehensive loss for the year						
Loss for the year	–	–	–	–	(3,875)	(3,875)
Other comprehensive income	–	–	1,020	–	–	1,020
Total comprehensive income/(expense) for the year	–	–	1,020	–	(3,875)	(2,855)
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	–	226	–	226
Exercise of share options	–	10	–	–	–	10
Total contributions by and distributions to owners	–	10	–	226	–	236
Balance at 31 December 2020	106	6,708	1,364	1,571	42,040	51,789

	Share Capital $000	Share Premium $000	Translation Reserve $000	Share-Based Payments $000	Retained Earnings $000	Total Equity $000
Balance at 1 January 2021	106	6,708	1,364	1,571	42,040	51,789
Total comprehensive loss for the year	–	–	–	–	(3,663)	(3,663)
Loss for the year						
Other comprehensive loss	–	–	(315)	–	–	(315)
Total comprehensive income/(expense) for the year	–	–	(315)	–	(3,663)	(3,978)
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	–	(355)	–	(355)
Reserve transfer[1]	–	–	–	(1,004)	1,004	–
Dividend paid	–	–	–	–	(1,848)	(1,848)
Total contributions by and distributions to owners	–	–	–	(1,359)	(844)	(2,203)
Balance at 31 December 2021	106	6,708	1,049	212	37,533	45,608

1 Share-based payment charge is recognised against the share-based payment reserve over the vesting period based on the Group's estimate of equity instruments that will vest. In the year the Group revised the estimated vesting for share awards downwards based on expected achievement of performance conditions for previous financial periods, which should have been revised in previous periods. This resulted in a transfer of reserves to retained earnings.

Notes on pages 46 to 73 form part of the financial statements.

Consolidated and Company Cash Flow Statements

For the years ended 31 December 2021 and 2020

		Group		Company	
	Note	2021 $000	2020 $000	2021 $000	2020 $000
Cash flows from operating activities					
Profit/(Loss) for the year		3,564	(2,958)	(3,663)	(3,875)
Adjustments for:					
Depreciation, amortisation and impairment		2,529	3,084	584	970
Impairment losses on intangible assets		–	1,503	–	–
Depreciation of leased assets		701	473	433	230
Movement in provisions		(15)	(1,061)	–	(194)
Taxation expense		1,356	955	588	105
Dividends received		–	–	–	(391)
Finance income		(534)	–	–	–
Finance expense		157	151	43	25
Share-based payment (credit)/expenses		(221)	226	(355)	166
		7,537	2,373	(2,370)	(2,964)
(Increase)/Decrease in trade and other receivables		(6,737)	7,026	3,944	5,734
(Increase)/Decrease in inventories		(7,735)	14	(6,932)	923
Increase/(Decrease) in trade and other payables		11,982	(4,625)	11,001	(1,523)
		5,047	4,788	5,643	2,170
Interest paid		(63)	(96)	–	(12)
Lease liability interest paid		(94)	(55)	(40)	(13)
Tax paid		(492)	(663)	(83)	(73)
Net cash from operating activities		4,398	3,974	5,520	2,072
Cash flows from investing activities					
Capitalised development expenditure		(1,676)	(1,738)	–	–
Acquisition of property, plant and equipment	10	(160)	(431)	(78)	(383)
Acquisition of intangible assets	11	(323)	(71)	(61)	(71)
Proceeds from investments		–	–	258	–
Dividends received		–	–	–	391
Net cash from investing activities		(2,159)	(2,240)	119	(63)
Cash flows from financing activities					
Reduction/repayment of borrowings	18	(132)	(19)	(88)	(11)
Repayment of government loans	18	(476)	–	–	–
Proceeds from government loans	18	415	606	–	–
Payment of lease liabilities	18	(666)	(526)	(188)	(191)
Dividends paid		(1,848)	–	(1,848)	–
Proceeds from issue of shares		–	10	–	10
Net cash from financing activities		(2,707)	71	(2,124)	(192)
Net (decrease)/increase in cash and cash equivalents		(468)	1,805	3,515	1,817
Cash and cash equivalents at 1 January		18,804	16,954	3,080	1,219
Foreign exchange rate movements		11	45	9	44
Cash and cash equivalents at 31 December	17	18,347	18,804	6,604	3,080

Notes on pages 46 to 73 form part of the financial statements.

Notes to the Financial Statements

1. Principal accounting policies

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

Quixant plc (the Company) develops and supplies specialist computer systems. The Company is a public company that is incorporated and domiciled in the UK. The registered number is 04316977. The address of the Company's registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The Group financial statements consolidate those of the Company, its branch in Taiwan and its subsidiaries (together referred to as the Group). The Parent Company financial statements present information about the Company as a separate entity inclusive of its branch in Taiwan, and not about this Group.

Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Profit and Loss Account and related notes that form a part of these approved financial statements. The profit/(loss) of the Company is disclosed at the foot of the Company Balance sheet.

This financial information has been prepared under the historical cost convention.

Functional and presentation currency

These consolidated financial statements are presented in US Dollar, which is the Company's functional currency. The Company's Taiwan branch has a functional currency of New Taiwan Dollar. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgements and estimates

The preparation of financial information in conformity with UK-adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement and estimation relate to the recoverable amount of goodwill in the IDS CGU, valuation of Quixant CGU inventory and capitalisation of development costs.

Significant estimates

Recoverability of goodwill and acquisition related intangibles in the IDS CGU

The estimated recoverable amount of the IDS CGU has been determined based on the higher of the value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions that I subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. Reasonably possible changes to the assumptions in the future may lead to material adjustments to the carrying value of the CGU. See Note 11 for further details.

Inventory valuation in the Quixant CGU and parent company

Inventories, which comprise goods held for resale, are stated at the lower of cost and net realisable value, on a weighted average cost basis. The estimated recoverable amount of the inventory balance in the Quixant CGU and the Parent Company is subjective, due to the inherent uncertainty involved in forecasting of future sales. Provisions are made to write down any slow-moving or obsolete inventory to net realisable value.

As at 31 December 2021, the total inventory in the Quixant CGU is $26.9m (2020: $19.1m) and in the Parent company is $20.7m (2020: $13.8m). The provision against slow-moving and obsolete inventory for the Quixant Group as at 31 December 2021 is $1.6m (2020: $1.3m) and in the Parent company is $1m (2020: $0.6m). A difference of 0.2% in the provision as a percentage of gross inventory would give rise to a difference of +/- $0.1m in gross margin. The choice of a 0.2% change for the determination of sensitivity represents the change to the level of provisioning for the prior year.

Significant judgement

The impact on the financial statements of a change in judgement with respect to the development cost criteria, such as the commercial viability of a product, could affect the value capitalised in respect of intangible assets and the corresponding profit and loss effect. If the criteria had not been met in the current year, the impact would have been to expense $1.7m (2020: $1.7m) of development costs.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Notes to the Financial Statements

1. Principal accounting policies continued

The Italian subsidiary, Quixant Italia Srl, is 99% owned by the Group. The comprehensive income and equity attributable to the non-controlling interests in this subsidiary are not material.

Separate Parent Company financial statements

In the Parent Company financial statements, all investments in subsidiaries are carried at cost less impairment. The functional and presentational currency adopted by the Parent Company is US Dollars, and the functional currency of the branch is Taiwan Dollars.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 19.

The possible continuing and future impact of COVID-19 on the Group has been considered in the preparation of the financial statements including within our evaluation of critical accounting estimates and judgements. The Group's operational and financially robust position is supported by:

- Strong recovery in Gaming revenues from the impact of the COVID-19 imposed lockdowns experienced in 2020; and continued good performance from Densitron;
- Resilient cash generation, despite investing in working capital to support growth and good liquidity position; and
- Strong balance sheet.

In undertaking a going concern review, the Directors have reviewed financial projections for a period of at least twelve months (the review period) and have additionally prepared projections through to 31 December 2023. Management prepared a base case scenario based on the approved budget for 2022 and forecasts for 2023. Management also prepared a severe but plausible downside scenario, using the following key assumptions:

- A 31% reduction in 2022 and 2023 budgeted revenues to replicate the impact that COVID-19 had on the Group's revenues in 2020; and
- The Group remains committed to making last time buy purchases of key components from AMD and these purchases continue and are in addition to the regular supplier payments made in the normal course of business.

The impact of these assumptions is mitigated by:

- Reduction in operating expenses to reflect reduction in bonuses, delay, or suspension of new headcount additions etc., consistent with the actions management took in response to the COVID-19 pandemic in 2020 and 2021;
- No dividend paid in 2023, although a dividend is still paid in 2022; and
- Reduction of discretionary capital expenditure spend.

In this scenario, the Group continues to have sufficient cash reserves and working capital to continue operating as a going concern through the review period.

While the Directors' have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group would look to take out additional funding facilities, as well as making further reductions in controllable costs. There would also be an opportunity to sell certain property and inventory assets to accelerate cash generation and/or mitigate risk.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and, therefore, have prepared these financial statements on a going concern basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business by subsidiary companies to external customers, net of discounts, Value Added Tax (VAT) and other sales-related taxes. Revenue is reduced for customer returns and other allowances.

Revenue from the sale of goods, namely gaming boards or platforms, gaming monitors and display products, which represent the significant majority of the Group revenue, is recognised in the income statement when:

- The performance obligation of transferring control over a product to the buyer in accordance with the contracted terms of sale has occurred. This usually occurs at a point in time when the delivery terms of the terms of sale have been met and there is minimal judgement in regard to this; and
- The Group no longer retains effective control over the goods.

Consideration is payable based on contractual payment terms which are usually 30 days after the performance obligation has been met. Transaction prices are set up front for each contract based on standalone selling prices. The Group has an active contract, which includes a significant financing component and consideration is payable in 36 months, however it has not identified any contracts which include variable consideration. The financing element of the revenue is deferred in the balance sheet and recognised in the statement of profit and loss over the period of a contract.

IDS provides support and maintenance services to customers. Efforts are expended evenly throughout the performance period therefore revenue is recognised on a straight-line basis over the period of the contract.

Cost of Sales

Cost of goods sold includes excess and obsolete inventory, as well as any other costs associated with the direct manufacturing and shipping of the Group's products.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary or associated undertaking at the date of acquisition. Goodwill is recognised as an asset and is reviewed for impairment at least annually. Any impairment is recognised immediately through the income statement and is not subsequently reversed. Impairment losses recognised are allocated first to reduce the carrying value of the goodwill the business relates to, and then to reduce the carrying value of the other assets of that business on a pro rata basis.

Impairment excluding inventories, investment properties and deferred tax assets

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

Freehold buildings	20 – 50 years
Plant and machinery	Between 3 and 6 years

No depreciation is provided on freehold land.

The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment property

Investment properties are properties or land which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value and are reviewed on an annual basis with any revision to the valuation taken to the profit and loss account.

Notes to the Financial Statements

1. Principal accounting policies continued

Intangible assets – customer relationships, order backlog, technology

In accordance with IFRS 3, on the acquisition of subsidiary companies the Group assesses the identification of intangible assets acquired, which are either separate or arise from contractual or other legal rights. These assets are recognised as intangible assets and are amortised over the period of future benefit to the Group. The estimated useful economic lives of these assets from the date of acquisition are:

Customer relationships	Between 4 and 10 years
Order backlog	Between 1 and 4 years
Technology	5 years

Intangible assets – development costs

The Group incurs significant expenditure on the research and development of new products and enhancements. The internally generated intangible asset arising from the Company's development is recognised only if the Company can demonstrate all of the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- The probability that the asset created will generate future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria and all research costs are expensed in the Consolidated Statement of Profit and Loss and Other Comprehensive Income as incurred. Capitalised development costs are amortised on a straight-line basis over their expected useful economic lives of five years once the related product or enhancement is available for use.

Intangible assets – computer software

Computer software is stated at cost, net of amortisation and any provision for impairment.

Amortisation is provided on all computer software at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

Computer software	Between 3 and 5 years

The carrying value of computer software is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories, which comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is accounted for on a weighted average basis and includes all costs in acquiring the inventories and bringing each product to its present location and condition, as well as an appropriate share of overheads based on normal operating capacity. Net realisable value represents the estimated selling price and costs to be incurred in marketing, selling and distribution. Inventory provisions are made where there is doubt as to the recoverability of the value of specific stock items.

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the relevant operation at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period. The Balance Sheets of overseas subsidiaries are translated to the Group's presentational currency, US Dollars, using the closing year-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences would be reclassified to profit and loss in the period in which the operation is disposed of.

Provisions

Provisions are recognised when there is a present legal or constructive obligation because of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Government grants

The Group has elected to present COVID-19 government support grants as a reduction to the related expense line in the Comprehensive Statement of Profit and Loss and Other Comprehensive Income – in this case, Operating Expenses.

The COVID-19 government assistance loans' interest is classified as finance charge and waiver of interest, or the principal loan balance are treated as finance income in the Statement of Profit and Loss.

Share capital and share premium

Share issue costs are incremental costs directly attributable to the issue of new shares or options and are shown as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Leases, right of use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease. If not available, the Group's incremental borrowing rate on commencement of the lease is used.

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the asset or to restore the site on which it is located less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Income tax

The charge for current income tax is based on the results for the year as adjusted for items which are not taxed or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Research and Development Expenditure Credit (RDEC) and Patent Box claims have been available to UK companies on qualifying expenditure incurred since 2013 (RDEC) and 2016 (Patent Box). Where UK companies expect to elect for RDEC or qualify for Patent Box relief, the amount receivable reduces the tax payable and is credited to the tax charge in profit and loss.

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of certain assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination or from an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax is charged or credited in the Consolidated Statement of Profit and Loss and Other Comprehensive Income, except when it relates to items credited or charged directly to Shareholders' Equity, in which case the deferred tax is also dealt with in Shareholders' Equity.

Financial assets

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Group's financial assets fall into the categories set out below, with the allocation depending to an extent on the purpose for which the asset was acquired. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Notes to the Financial Statements

- Trade receivables: Trade receivables are measured at amortised cost.
- Cash and cash equivalents: Cash and cash equivalents in the Consolidated Balance Sheet comprise cash at bank and in hand and short-term deposits. Cash and cash equivalents are measured at amortised cost.

In the Consolidated Cash Flow Statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of bank overdrafts.

The Group considers a financial asset to be in default when the trade receivable is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due (unless there is no evidence of unwillingness or of an inability to settle the debt).

Financial liabilities

All the Group's financial liabilities are classified as financial liabilities carried at amortised cost. The Group does not use derivative financial instruments or hedge account for any transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at their fair value, are subsequently measured at amortised cost, using the effective interest method. Trade payables and accrued liabilities with a short duration are not discounted, as the carrying amount is a reasonable approximation of fair value.
- Bank borrowings, which are initially, recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated Balance Sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financing income and expenses

Financing expenses include interest payable, finance charges on shares classified as liabilities and finance charges on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currencies accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Financing income comprise interest receivable on funds invested, dividend income, interest income on lease receivables and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Pension

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Company's Shareholders. Interim dividends are recorded in the financial statements in the period in which they are approved and paid.

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be the Group's Chief Operating Decision Maker (CODM).

An operating segment is a component of the Group that engages in business activities, from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment to assess its performance, and for which discrete financial information is available.

Share-based payments

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

COVID-19 Financial Reporting

The Group considers the potential accounting and disclosure implications that may arise from the ongoing impact of the pandemic.

IFRS 16 Leases amendment 'COVID-19-Related Rent Concessions' where COVID-19 related rent concession granted by a lessor meets the conditions of the amendment to IFRS 16, the Group elects not to assess whether the COVID-19 rent concession is a lease modification and, therefore, account for the concession as if it were not a lease modification.

The management considers the implication of emerging issues and challenges in areas of assets being carried at an appropriate amount, measurement of expected credit losses, impacted by the pandemic, accounting for government assistance, recording of liabilities arising as a result of loss-making contracts due to pandemic, impact on employee benefits and revenue cycles.

Applicability of IFRS standards effective in 2021

The Quixant's group considers the applicability of following IFRSs, including permission for early adoption of new and amended IFRSs, in the current reporting period.

IAS 1 — Presentation of Financial Statements (amendments), effective for annual reporting periods beginning on or after 1 January 2023

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors (amendments), effective for annual reporting periods beginning on or after 1 January 2023

IAS 12 — Income Taxes (amendments, effective for annual reporting periods beginning on or after 1 January 2023

IAS 16 — Property, Plant and Equipment (amendments), effective for annual reporting periods beginning on or after 1 January 2022

AS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments), effective for annual reporting periods beginning on or after 1 January 2022

IFRS 17 — Insurance Contracts, effective for annual reporting periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

The management decides to adopt the applicable amendments from the effective dates of application.

Reconciliation of adjusted measures

The Group presents adjusted profit before tax by making adjustments for costs and profits, which management believes to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings. Such items may include but are not limited to share-based payments expense, restructuring charges, acquisition related costs and amortisation of intangible assets arising from business combinations.

In addition, the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits, which management believes to be significant by virtue of their size, nature or incidence or which have a distortive effect.

The Group uses these adjusted measures to evaluate performance and as a method to provide Shareholders with clear and consistent reporting. See below for a reconciliation of profit before tax to adjusted profit before tax, a reconciliation of profit after tax to adjusted profit after tax and a reconciliation of operating expenses to adjusted operating expenses.

Notes to the Financial Statements

1. Principal accounting policies continued

	2021 $000	2020 $000
Profit/(Loss) before tax	3,564	(2,003)
Adjustments:		
Capitalised development costs derecognised1	–	1,503
Amortisation of customer relationships, technology and order backlog[2]	920	920
Share-based payments (credit)/expense[3]	(222)	226
Restructuring (credit)/charge[4]	(189)	674
Adjusted Profit before tax	5,429	1,320

1 To derecognise capitalised development costs due to one-off notifications by key suppliers to end-of-life key components utilised in our Gaming products; citing changing market demands and supply chain issues brought about by the COVID-19 pandemic.

2 The amortisation of customer relationships and order backlog has been excluded as it is not a cash expense to the Group.

3 Share-based payments (credit)/expense has been excluded as they are not a cash-based expense. The income is related to the reversal of the options charge for the grants in prior periods, triggered mainly by forfeiture of performance conditions and exercise of options in the past.

4 Restructuring (credit)/charge – This related to the reversal of provision, set aside in the past, which settled in the current period for lower than estimated provision.

	2021 $000	2020 $000
Profit / (Loss) after tax	3,564	(2,958)
Adjustments:		
Capitalised development costs derecognised[1]	–	1,503
Amortisation of customer relationships, technology and order backlog[2]	920	920
Share-based payments (credit)/expense[3]	(222)	226
Restructuring (credit)/charge[4]	(189)	674
Non-recurring tax benefits[5]	(97)	(631)
Adjusted Profit/(Loss) after tax	3,976	(266)

5 Tax on adjusted items relating to amortisation of customer relationships and orders of $0.9m (2020: $0.9m), share based payment (credit)/expense of $0.2m (2020: charge of $0.2m), restructuring (credit)/charge of $0.2m (2020: charge of $0.7m).

	2021 $000	2020 $000
Operating expenses	(21,361)	(21,904)
Adjustments:		
Capitalised development costs derecognised[1]	–	1,503
Amortisation of customer relationships, technology and order backlog[2]	920	920
Share-based payments (credit)/expense[3]	(222)	226
Restructuring (credit)/charge[4]	(189)	674
Adjusted Operating expenses	(20,852)	(18,581)

2. Business and geographical segments

The Chief Operating Decision Maker (CODM) in the organisation is an executive management committee comprising the Board of Directors. The segmental information is presented in a consistent format with management information. The Group assesses the performance of the segments based on a measure of revenue and profit before tax. The segmental split of the balance sheet is not reviewed by the CODM and they do not look at assets/liabilities of each division separately but combined as a group. Therefore, this split for assets has not been included.

The operating segments applicable to the Group are as follows:

- Gaming – Design, development and manufacturing of gaming platforms and display solutions for the casino gaming and slot machine industry.
- Densitron – Sale of electronic display products to global industrial markets. IDS is included in the Densitron reporting segment, due to the nature of IDS business, the products that are sold and the market that the business operates in are all consistent with that segment.

Reconciliation of segment results to profit after tax:

	2021 $000	2020 $000
Gaming	9,807	6,382
Densitron	4,597	3,459
Segment results	14,404	9,841
Corporate cost	(9,861)	(11,693)
Operating profit/(loss)	4,543	(1,852)
Finance income / (expense)	377	(151)
Profit/(loss) before tax	4,920	(2,003)
Taxation	(1,356)	(955)
Profit/(loss) after tax	3,564	(2,958)

	Year to 31 December 2021			Year to 31 December 2020		
	$000 Gaming	$000 Densitron	$000 Total	$000 Gaming	$000 Densitron	$000 Total
Other information						
Depreciation of owned assets	97	4	101	-	-	-
Amortisation of intangible assets	670	213	883	678	122	800
	767	217	984	678	122	800

3. Analysis of turnover

	2021 $000 Gaming[1]	2021 $000 Densitron[2]	2021 $000 Total	2020 $000 Gaming	2020 $000 Densitron	2020 $000 Total
By primary geographical market						
Asia	1,822	8,264	10,086	1,464	7,347	8,811
Australia	4,597	47	4,644	2,695	98	2,793
UK	2,021	2,443	4,464	918	3,457	4,375
Europe excl. UK	7,865	13,722	21,587	6,391	11,142	17,533
North America	30,595	13,540	44,135	19,004	10,601	29,605
Other	399	1,813	2,212	(154)	831	677
	47,299	39,829	87,128	30,318	33,476	63,794

1 2021 Gaming no longer report revenue by products, which was split into Gaming Platforms (2020: $27.5m) and Gaming Monitors (2020: $2.8m). Gaming Monitors were split into Button-decks (2020: $2.5m) and Monitors (2020: $0.3m).

2 2021 Densitron revenue from products splits into Densitron $39.0m (2020: $32.5m) and IDS $0.8m (2020: $1.0m). IDS revenue included revenue of $0.3m (2020: $0.3m) recognised throughout the performance period.

The above analysis includes sales to individual countries in excess of 10% of total turnover of:

	2021 $000	2020 $000
USA	42,136	27,786

Revenues of $15.4m (2020: $16.2m) are derived from one customer (2020: two customers) who individually accounted for more than 10% of Group revenues in 2021. These revenues are attributable to the Gaming segment.

Notes to the Financial Statements

4. Expenses

Included in profit/(loss) before tax are the following:

	2021 $000	2020 $000
Restructuring (credit)/charge	(189)	674
Gain on foreign exchange transactions	(357)	(221)
Research and development expenditure	4,668	4,344
Of which capitalised	(1,676)	(1,738)
Depreciation of owned assets	364	477
Amortisation of intangible assets	2,165	2,607
Capitalised development costs derecognised[1]	–	1,503

1 To derecognise capitalised development costs due to one-off notifications by key suppliers to end-of-life key components utilised in our Gaming products; citing changing market demands and supply chain issues brought about by the COVID-19 pandemic.

Auditor's remuneration:

	2021 $000	2020 $000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of the consolidated and parent company financial statements	386	271
Additional audit fee charged in relation to the prior year financial statements	283	–
Audit of the subsidiary company financial statements	33	83
Non-audit services[1]	27	66

1 The policy for the approval of non-audit fees is set out in the Audit Committee Report on pages 40 to 43. Non-audit services related to tax advice provided to the Group in UK and Taiwan.

5. Directors' remuneration

	2021				2020		
	Salary $000	Bonus $000	Pension cont. $000	Total $000	Salary $000	Pension cont. $000	Total $000
Executive Directors							
Jon Jayal	416	24	14	454	366	13	379
Guy Millward (resigned 21 August 2020)*	–	–	–	–	501	–	501
Nick Jarmany	–	–	–	–	57	6	63
Gary Mullins	–	–	–	–	54	5	59
Johan Olivier (appointed 31 August 2021)	100	52	5	157	–	–	–
JJ (C-T) Lin (resigned 31 March 2020)	–	–	–	–	71	–	71
Total Executive Directors	516	76	19	611	1,049	24	1,073
Non-Executive Directors							
Michael Peagram (retired 6 May 2021)	42	–	–	42	106	–	106
Guy van Zwanenberg	64	–	3	67	56	2	58
Gaye Hudson (resigned 20 March 2020)	–	–	–	–	24	1	25
Nick Jarmany	69	–	7	76	38	4	42
Gary Mullins	69	–	7	76	38	4	42
Francis Small (appointed 15 January 2021)	101	–	–	101	–	–	–
Nigel Payne (resigned 31 August 2020)	–	–	–	–	8	–	8
Total Non-Executive Directors	345	–	17	362	270	11	281
Total Board	861	76	36	973	1,319	35	1,354

* Includes additional payment of $0.3m in lieu of notice

Pension contributions are paid at 10% to Johan Olivier, Nick Jarmany and Gary Mullins and 5% to Guy van Zwanenberg. Jon Jayal elected to be paid £10,000 a year as pension contribution from the Company with the remainder of his 10% pension contribution added to his base salary. The pension contribution has been reduced by the employers' national insurance that is payable by the Company for the amount added to base salary.

Bonuses are payable to the Executive Directors in 2022, in respect of the financial performance for 2021.

There were no cash or non-cash benefits received by the Directors in 2021.

There were no Directors' advances, credits or guarantees outstanding at 31 December 2021 or 2020.

5. Directors' remuneration continued

Directors Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

	Number at 31 December 2021	Number at 31 December 2020	Option price	Exercisable from
Jon Jayal	**65,000**	65,000	112.5p	April 2023
Johan Olivier	**100,000**	–	190p	April 2024
	25,000	–	0.1p	April 2024

No share options have been exercised by the Directors in 2021, and no new Directors' long-term incentive awards vested in 2021.

The options are exercisable subject to the growth of the diluted earnings per Ordinary Share as set out in each of the audited accounts for the three years ending after the date of grant (for instance for options granted during 2018, the years ending 31 December 2018, 2019 and 2020) being equal to or greater than 10% in each financial year. The Directors follow the guidance set out by Rule 21 of the AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

6. Staff costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Production and manufacturing	**36**	37
Research and customer service	**87**	89
Sales and marketing	**30**	30
Administrative	**54**	53
	207	209

The aggregate payroll costs of these persons were as follows:

	2021 $000	2020 $000
Wages and salaries	**14,270**	13,753
COVID-19 support[1]	**(18)**	(546)
Share-based payments (See Note 20)	**(221)**	226
Social security costs	**1,113**	1,076
Contributions to defined contribution plans	**676**	625
	15,820	15,134

[1] The Group has received government grants to support payroll costs during the COVID-19 pandemic. This includes $18k for Quixant UK Ltd in 2021 and $297k for Densitron USA, $217k for Quixant Taiwan and $32k for Quixant Italia in 2020.

Key management personnel consist of the Board of Directors and the Executive Committee and their remuneration (included in the totals above) was as follows:

	2021 $000	2020 $000
Wages and Salary	**1,639**	1,868
Bonus	**293**	–
Pension Contribution	**98**	73
Total	**2,030**	1,941

7. Finance income/(expense)

	2021 $000	2020 $000
Total interest expense on financial liabilities measured at amortised cost	(157)	(151)
USA COVID-19 loans forgiven	534	–
Finance income/(expense)	377	(151)

8. Taxation

Recognised in the profit and loss account

	2021 $000	2020 $000
Current tax expense		
UK corporation tax	–	618
Foreign tax	2,057	1,009
Adjustments for prior years	(832)	400
Current tax expense	1,225	2,027
Deferred tax (Note 14)		
Origination and reversal of temporary differences	(303)	(1,074)
Adjustments for prior years	–	(80)
Change in deferred tax rate to 25% (2020: 19%)	434	82
Deferred tax	131	(1,072)
Total tax expense in the income statement	1,356	955

Reconciliation of effective tax rate

	2021 $000	2020 $000
Profit/(Loss) for the year	3,564	(2,958)
Total taxation expense	1,356	955
Profit/(Loss) excluding taxation	4,920	(2,003)
Tax using the UK corporation tax rate of 19% (2020: 19%)	935	(381)
Non-deductible expenses	46	30
Enhanced research and development (relief)/reversal	(363)	445
Patent box tax relief	(382)	–
Change in deferred tax rate to 25% (2020: 19%)	433	84
Overseas tax in excess of standard UK rate	501	323
Exercise of share options	6	8
Unrecognised losses	1,009	200
(Over)/under provided in prior years[1]	(832)	320
Other	3	(74)
Total taxation expense in the income statement	1,356	955

1 The 2020 tax provision included a reversal of enhanced research and development relief due to uncertainty over whether the relief would be granted. In 2021 the Group completed the necessary actions to ensure relief may be claimed and filed a tax return on that basis, leading to the adjustment to the 2021 tax provision.

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

Notes to the Financial Statements

9. Earnings per ordinary share (EPS)

	2021 $000	2020 $000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit/(loss) attributable to equity shareholders	3,564	(2,958)
Number of shares	**Number**	Number
Weighted average number of ordinary shares for the purpose of basic EPS	66,450,060	66,437,683
Effect of dilutive potential ordinary shares:		
Share options	425,500	154,375
Weighted number of ordinary shares for the purpose of diluted EPS	66,875,560	66,592,058
Basic earnings per share	$0.0536	($0.0445)
Diluted earnings per share	$0.0533	($0.0445)
Calculation of adjusted diluted earnings per share:	$000	$000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit/(loss) attributable to equity shareholders	3,564	(2,958)
Adjustments		
Research and development derecognised	–	1,503
Amortisation of customer relationships, technology and order backlog	920	920
Share-based payments (credit)/expense	(222)	226
Restructuring (credit)/charge	(189)	674
	4,073	365
Tax effect of adjustments	(97)	(631)
Adjusted earnings	3,976	(266)
Adjusted diluted earnings per share	$0.0595	($0.004)

10. Property, plant and equipment – Group

	Land and Buildings $000	Plant and Equipment $000	Total $000
Cost			
Balance at 1 January 2020	5,605	3,099	8,704
Additions	179	252	431
Disposals	–	(17)	(17)
Effect of movements in foreign exchange	186	21	207
Balance at 31 December 2020	**5,970**	**3,355**	**9,325**
Balance at 1 January 2021	5,970	3,355	9,325
Additions	68	92	160
Effect of movements in foreign exchange	73	25	98
Balance at 31 December 2021	**6,111**	**3,472**	**9,583**
Depreciation			
Balance at 1 January 2020	627	2,151	2,778
Depreciation charge for the year	105	372	477
Disposals	–	(16)	(16)
Effect of movements in foreign exchange	23	59	82
Balance at 31 December 2020	**755**	**2,566**	**3,321**
Balance at 1 January 2021	755	2,566	3,321
Depreciation charge for the year	121	243	364
Effect of movements in foreign exchange	8	16	24
Balance at 31 December 2021	**884**	**2,825**	**3,709**
Net book value			
At 1 January 2020	4,978	948	5,926
At 31 December 2020 and 1 January 2021	5,215	789	6,004
At 31 December 2021	**5,227**	**647**	**5,874**

Notes to the Financial Statements

10. Property, plant and equipment – Company

	Land and Buildings $000	Plant and Equipment $000	Total $000
Cost			
Balance at 1 January 2020	3,549	2,144	5,693
Additions	179	204	383
Disposals	–	(17)	(17)
Effect of movements in foreign exchange	215	25	240
Balance at 31 December 2020	**3,943**	**2,356**	**6,299**
Balance at 1 January 2021	3,943	2,356	6,299
Additions	57	21	78
Effect of movements in foreign exchange	29	14	43
Balance at 31 December 2021	**4,029**	**2,391**	**6,420**
Depreciation			
Balance at 1 January 2020	411	1,587	1,998
Depreciation charge for the year	58	196	254
Disposals	–	(16)	(16)
Effect of movements in foreign exchange	27	61	88
Balance at 31 December 2020	**496**	**1,828**	**2,324**
Balance at 1 January 2021	496	1,828	2,324
Depreciation charge for the year	73	122	195
Disposals	–	10	10
Effect of movements in foreign exchange	4	-	4
Balance at 31 December 2021	**573**	**1,960**	**2,533**
Net book value			
At 1 January 2020	3,138	557	3,695
At 31 December 2020 and 1 January 2021	3,447	528	3,975
At 31 December 2021	**3,456**	**431**	**3,887**

11. Intangible assets – Group

	Goodwill $000	Customer Relationships, Technology and Order Backlog $000	Computer Software $000	Internally Generated Capitalised Development Costs $000	Total $000
Cost					
Balance at 1 January 2020	7,683	7,096	2,386	10,616	27,781
Additions – internally developed	–	–	–	1,738	1,738
Additions – externally purchased	–	–	71	–	71
Disposals	–	–	(23)	–	(23)
Effect of movements in foreign exchange	–	–	96	4	100
Balance at 31 December 2020	**7,683**	**7,096**	**2,530**	**12,358**	**29,667**
Balance at 1 January 2021	7,683	7,096	2,530	12,358	29,667
Additions – internally developed	–	–	–	1,676	1,676
Additions – externally purchased	–	–	61	269	330
Disposals	–	–	(7)	–	(7)
Effect of movements in foreign exchange	–	–	12	–	12
Balance at 31 December 2021	**7,683**	**7,096**	**2,596**	**14,303**	**31,678**
Amortisation and impairment					
Balance at 1 January 2020	–	3,470	843	5,019	9,332
Amortisation for the year	–	920	367	1,320	2,607
Disposals	–	–	(23)	1,503	1,480
Effect of movements in foreign exchange	–	–	59	–	59
Balance at 31 December 2020	**–**	**4,390**	**1,246**	**7,842**	**13,478**
Balance at 1 January 2021	–	4,390	1,246	7,842	13,478
Amortisation for the year	–	920	391	854	2,165
Effect of movements in foreign exchange	–	–	8	–	8
Balance at 31 December 2021	**–**	**5,310**	**1,645**	**8,696**	**15,651**
Net book value					
At 1 January 2020	7,683	3,626	1,543	5,597	18,449
At 31 December 2020 and 1 January 2021	7,683	2,706	1,284	4,516	16,189
At 31 December 2021	**7,683**	**1,786**	**951**	**5,607**	**16,027**

11. Intangible assets – Group continued

Impairment testing

Goodwill and acquisition related intangibles have been allocated to Cash Generating Units (CGUs) as follows:

	Goodwill		Acquisition related intangibles	
	2021 $000	2020 $000	2021 $000	2020 $000
Quixant Gaming	1,363	1,363	–	–
IDS	744	744	610	1,124
Densitron Europe	2,873	2,873	362	543
Densitron US	2,076	2,076	729	911
Densitron France	485	485	85	128
Densitron Japan	142	142	–	–
	7,683	7,683	1,786	2,706

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired at the individual CGU level. The recoverable amounts of the CGUs are determined from the higher of the fair value less costs to sell and the calculations of value in use.

Value-in-use calculations have been prepared for each CGU by discounting the cash flow projections included in the financial budgets prepared by management and approved by the Board for 2022, together with a four-year forecast to 2026. The budgets were prepared taking into consideration the planned roadmaps for the business and any specific market condition in which the CGU operates. The Corporate costs have been directly allocated to the respective CGUs as part of the value in use calculations. The costs were allocated based on a reasonable and consistent basis. The terminal growth rates used do not exceed the long-term average growth rates for the regions in which the CGUs operate. The cash flows have been discounted using pre-tax discount rates appropriate for each CGU, and these are reviewed annually.

We have assessed the individual CGUs separately.

The annual impairment review indicated that no impairment of goodwill is necessary at 31 December 2021 or 31 December 2020.

Key assumptions

The following table summarises the key assumptions that have been adopted in the calculations of goodwill impairment for each CGU:

	31 December 2021			31 December 2020		
CGU	Revenue growth rate*	Pre-tax discount rate	Terminal growth rate	Revenue growth rate*	Pre-tax discount rate	Terminal growth rate
Quixant Gaming	15.0%	15.7%	1.0%	10.5%	13.7%	1.0%
IDS	15.0%	17.7%	1.0%	15.0%	15.6%	1.0%
Densitron Europe	11.5%	14.5%	1.0%	4.0%	13.4%	1.0%
Densitron US	12.2%	16.2%	1.0%	4.0%	16.3%	1.0%
Densitron France	12.0%	15.9%	1.0%	4.0%	14.8%	1.0%
Densitron Japan	13.6%	15.8%	1.0%	4.0%	15.5%	1.0%

* Compound annual growth rate.

Sensitivity to changes in assumptions

The Directors believe only the IDS CGU is sensitive to a reasonably possible change in key assumptions which could cause impairment. Aside from the IDS CGU, the Densitron Europe and Densitron US CGUs have the lowest level of headroom when comparing the estimated recoverable amount of the CGU to their respective carrying values. Within these CGUs the compound annual revenue growth rate would need to reduce by 2.54% (2020: 2.80%) for the Densitron Europe CGU and by 3.35% (2020: 2.35%) for the Densitron US CGU, in order for the carrying value to equal the recoverable amount, with the compound annual revenue growth rate being the key assumption.

11. Intangible assets – Group continued

IDS CGU

The IDS business has been heavily impacted in 2020 and 2021 as implementation at customers' sites were not possible due to COVID-19 restrictions, leading to project deferrals. As a result, the IDS revenue forecasts start at a low base, and with a healthy pipeline of projects the Directors believe the revenue growth rate assumed for this CGU is achievable. This has been supported by 2022 performance, which has started in line with budget. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $0.1m (2020: $0.8m). Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to match the recoverable amount. The following table shows the amount by which this assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2021	2020
Revenue growth rate for the period 2022 to 2026	(40bps)	(410bps)

11. Intangible assets – Company

	Computer Software $000	Internally Generated Capitalised Development Costs $000	Total $000
Cost			
Balance at 1 January 2020	2,364	3,763	6,127
Additions – externally purchased	71	–	71
Disposals	(23)	–	(23)
Effect of movements in foreign exchange	96	–	96
Balance at 31 December 2020	**2,508**	**3,763**	**6,271**
Balance at 1 January 2021	2,508	3,763	6,271
Additions – externally purchased	61	–	61
Disposals	(7)	–	(7)
Effect of movements in foreign exchange	13	–	13
Balance at 31 December 2021	**2,575**	**3,763**	**6,338**
Amortisation			
Balance at 1 January 2020	830	3,409	4,239
Amortisation for the year	362	354	716
Disposals	(23)	–	(23)
Effect of movements in foreign exchange	59	–	59
Balance at 31 December 2020	**1,228**	**3,763**	**4,991**
Balance at 1 January 2021	1,228	3,763	4,991
Amortisation for the year	389	–	389
Disposals	–	–	–
Effect of movements in foreign exchange	9	–	9
Balance at 31 December 2021	**1,626**	**3,763**	**5,389**
Net book value			
At 1 January 2020	1,534	354	1,888
At 31 December 2020 and 1 January 2021	1,280	–	1,280
At 31 December 2021	**949**	**–**	**949**

Notes to the Financial Statements

12. Investment property continued

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
Balance at 1 January	–	–	–	–
Impairment	–	–	–	–
Balance at 31 December	–	–	–	–

Investment property relates to an area of land owned by the Group at Blackheath in London. In 2019, the Group had written off the previously booked value of the land as it has failed to sell the land and failed more than once to get planning permission to build on the land. Previous valuations were based on the ability to build on the land, which is subject to a Metropolitan Land Order which restricts this. The fair value of the investment property was previously determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued. The previous carrying value is based on a valuation carried out on 10 May 2013 – an updated valuation was carried out in 2017 but not used as it relied on residential planning permission that had failed to be achieved. In the years where an external valuation was not undertaken (including as at 31 December 2021), the Directors performed a desktop review to ascertain the fair value of the investment property.

13. Investments in group companies

The principal subsidiary undertakings in which the Company had an interest in the year were:

Company name	Registered office of business	Principal activities	Class of Shares Held	Ownership 2021 and 2020
Quixant USA, Inc.	1	Distribution company	Ordinary	100%
Quixant UK Limited	2	Sales of specialist computer systems and electronic display products	Ordinary	100%
Quixant Gaming Limited	2	Sales of specialist computer systems and electronic display products	Ordinary	100%
Quixant Italia Srl.	3	Software development	Ordinary	99%
Densitron Corporation of Japan	4	Sales of electronic display products	Ordinary	100%
Densitron Corporation of America	5	Sales of electronic display products	Ordinary	100%
Densitron France SAS*	6	Sales of electronic display products	Ordinary	100%
Quixant Deutschland GmbH	7	Sales of specialist computer systems and electronic display products	Ordinary	100%
Densitron Embedded D.O.O	8	Design of electronic displays	Ordinary	100%
Singularity Games, LLC**	9	Development and distribution of Gaming technology solutions	Ordinary	100%
Densitron Technologies Limited	10	In liquidation	Ordinary	100%
Densitron Land Limited	10	In liquidation	Ordinary	100%
Densitron Computer Solutions Limited	10	In liquidation	Ordinary	100%
IDS Control Solutions Limited	10	In liquidation	Ordinary	100%

* Subsidiary of Quixant UK Limited.

** Subsidiary of Densitron Corporation of America.

1. 2147 Pama Lane, Bldg 6, Las Vegas, NV 89119, USA
2. Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP, UK
3. Contrada Case Bruciate, 1, Torrita Tiberina (RM), 00060, Italy
4. Aichiya Building 2F, 1-26-2, Omori-kita, Ota-ku, Tokyo 143-0016, Japan
5. 2330 Pomona Road, Corona, CA 92880, USA
6. 3 Rue de Tasmanie, 44115 Basse-Goulaine, France
7. Prinzregentenstrabe 20, 83022 Rosenheim, Germany
8. Brnčičeva ulica 13, 1231 Ljubljana-Črnuče, Slovenia
9. 1209 Orange Street, Wilmington, DE 9801, USA
10. 30 Finsbury Square, London, EC2A 1AG, UK

Investments in subsidiaries

	Company	
	2021 $000	2020 $000
Balance at 1 January	9,376	9,346
Group-settled share-based payment (credit)/charge	(251)	30
Balance at 31 December	9,125	9,376

14. Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021 $000	2020 $000	2021 $000	2020 $000
Property, plant and equipment	–	–	27	31
Intangible assets – capitalised development costs	–	–	1,375	831
Intangible assets – acquired in business combinations	–	–	446	460
Share-based payments	–	(163)	63	–
Receivables	(7)	(7)	–	–
Inventory provisions	(291)	(164)	–	–
Losses	(1,469)	(841)	–	–
Other	–	(92)	42	–
Deferred tax (assets)/liabilities before set-off	(1,767)	(1,267)	1,953	1,322
Set-off of tax	1,651	–	(1,651)	–
Net deferred tax (assets)/liabilities	(116)	(1,267)	302	1,322

Movement in deferred tax during the year

	1 January 2021 $000	Recognised In Profit & Loss $000	31 December 2021 $000
Property, plant and equipment	31	(11)	20
Intangible assets – capitalised development costs	831	(851)	(20)
Intangible assets – acquired in business combinations	460	(257)	203
Share-based payments	(163)	163	
Receivables	(7)	–	(7)
Inventory provisions	(164)	75	(89)
Losses[1]	(841)	841	–
Other	(92)	171	79
	55	131	186

1 The Group recognises deferred tax assets on unutilised tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. As at 31 December 2021 the Group unutilised tax losses of $1,009k (31 December 2020: $200k) for which it has not recognised deferred tax assets.

Notes to the Financial Statements

14. Deferred tax assets and liabilities – Group continued

Movement in deferred tax during the prior year

	1 January 2020 $000	Recognised In Profit & Loss $000	31 December 2020 $000
Property, plant and equipment	77	(46)	31
Intangible assets – capitalised development costs	762	69	831
Intangible assets – acquired in business combinations	630	(170)	460
Share-based payments	(121)	(42)	(163)
Receivables	(7)	–	(7)
Inventory provisions	(67)	(97)	(164)
Losses[1]	–	(841)	(841)
Other	(147)	55	(92)
	1,127	(1,072)	55

1 The Group recognises deferred tax assets on unutilised tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. As at 31 December 2021 the Group unutilised tax losses of $1,009k (31 December 2020: $200k) for which it has not recognised deferred tax assets.

Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Property, plant and equipment	**–**	–	**81**	76
Inventories	**(201)**	(130)	**–**	–
Share-based payments	**–**	(183)	**37**	–
Foreign exchange	**(37)**	(1)	**–**	–
Deferred tax (assets)/liabilities	**(238)**	(314)	**118**	76

Movement in deferred tax during the year

	1 January 2021 $000	Recognised In Profit & Loss $000	31 December 2021 $000
Property, plant and equipment	76	5	81
Inventories	(130)	(71)	(201)
Share-based payments	(183)	220	37
Foreign exchange	(1)	(36)	(37)
	(238)	118	(120)

Movement in deferred tax during the prior year

	1 January 2020 $000	Recognised In Profit & Loss $000	31 December 2020 $000
Property, plant and equipment	59	17	76
Intangible assets – capitalised development costs	54	(54)	–
Share-based payments	(118)	(65)	(183)
Inventories	(12)	(118)	(130)
Foreign exchange	(27)	26	(1)
	(44)	(194)	(238)

15. Inventories

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
Raw materials and consumables	19,226	10,954	18,207	10,585
Work in progress	2,122	825	2,016	445
Finished goods	7,737	9,822	502	2,749
	29,085	21,601	20,725	13,779

Raw materials, consumables and movement in finished goods and work in progress recognised as cost of sales in the year amounted to $51,784,551 (2020: $41,179,000).

The cost of inventories recognised as an expense includes $217,298 (2020: $615,000) in respect of write downs of inventory to net realisable value.

As at 31 December 2021 inventories of $443,000 were held at net realisable value (31 December 2020: $549,000).

Notes to the Financial Statements

16. Trade and other receivables

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
Non-current				
Trade receivables	336	–	–	–
Amounts receivable from subsidiary undertakings[1]	–	–	18,798	25,393
	336	–	18,798	25,393
Current				
Trade receivables	19,952	14,269	1	26
Amounts receivable from subsidiary undertakings	–	–	6,735	5,164
Other receivables	3,008	2,248	2,197	1,092
	22,960	16,517	8,933	6,282
	23,296	16,517	27,731	31,675

1 The non-current amounts receivable from subsidiary undertakings are repayable on demand.

The non-current trade receivables relate to sales where consideration is payable in 36 monthly instalments.

In respect of expected credit losses $185,573 has been provided as at 31 December 2021 (31 December 2020: $146,963). The Directors have considered the nature of the customers, the historic levels of bad debts and the payment profile of customer contracts in reaching the value of the expected credit losses above. See Note 23 for further disclosure regarding the credit quality of the Group's trade debtors. Management have also considered the expected credit losses in relation to amounts owed from subsidiary undertakings and has considered it to be immaterial.

As at 31 December 2021, the following sets out the trade receivables that were past due but not impaired. These relate to customers where there is no evidence of unwillingness or of an inability to settle the debt. The ageing of these receivables is as follows:

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
30 – 60 days	1,306	954	–	–
61 – 90 days	736	1,045	–	22
Over 90 days	469	1,207	–	–
	2,511	3,206	–	22

17. Cash and cash equivalents

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
Cash and cash equivalents per balance sheet	18,347	18,804	6,604	3,080
Cash and cash equivalents per cash flow statements	18,347	18,804	6,604	3,080

18. Loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see Note 23.

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Non-current liabilities				
Secured bank loans	**621**	712	**621**	712
	621	712	**621**	712
Current liabilities				
Current portion of secured bank loans	**99**	695	**99**	96
	99	695	**99**	96

Terms and debt repayment schedule

	Currency	Nominal Interest Rate	Year of Maturity	Face Value 2021 $000	Carrying Amount 2021 $000	Face Value 2020 $000	Carrying Amount 2020 $000
Loan secured on the Group's freehold property in Taiwan	NTD	1.45%	2028	**720**	**720**	808	808
Revolving Credit Facility	GBP	1.66% to 3.00%	2021	**–**	**–**	33	33
USA COVID-19 support loan	USD	1.00%	2021	**–**	**–**	117	117
France COVID-19 support loan	EUR	0%	2021	**–**	**–**	449	449
				720	**720**	1,407	1,407

Reconciliation of liabilities arising from financing activities

Group

	2020	2021						
Current liabilities	$000	Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	695	415	(509)	–	31	(534)	–	99
Lease liabilities (Refer to Note 24)	386	1,221	(572)	94	–	(61)	(459)	609
	1,081	1,636	(1,081)	94	31	(595)	(459)	708

	2020	2021						
Non-current liabilities	$000	Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	712	–	(99)	–	8	–	–	621
Lease liabilities (Refer to Note 24)	901	–	–	–	–	–	459	1,360
	1,613	–	(99)	–	8	–	459	1,981

Notes to the Financial Statements

18. Loans and borrowings continued

Current liabilities	2019 $000	2020 Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	82	903	(89)	-	70	(297)	26	695
Lease liabilities	406	1,245	(568)	55	55	(83)	(724)	386
	488	2,148	(657)	55	125	(380)	(698)	1,081

Non-current liabilities	2019 $000	2020 Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	738	-	-	-	-	-	(26)	712
Lease liabilities	564	-	-	-	-	(387)	724	901
	1,302	-	-	-	-	(387)	698	1,613

Reconciliation of liabilities arising from financing activities

Company

Current liabilities	2020 $000	2021 Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	96	197	(195)	–	1	–	–	99
Lease liabilities (Refer to Note 24)	200	1,001	(228)	43	3	–	(668)	351
	296	1,198	(423)	43	4	–	(668)	450

Non-current liabilities	2020 $000	2021 Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	712	1,297	(1,388)	–	–	–	–	621
Lease liabilities (Refer to Note 24)	–	–	–	–	–	–	668	668
	712	1,297	(1,388)	–	–	–	668	1,289

Current liabilities	2019 $000	2020 Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	$000
Other interest-bearing loans and borrowings	81	-	(89)	-	78	-	26	96
Lease liabilities	252	126	(186)	13	(5)	-	-	200
	333	126	(275)	13	73	-	26	296

Non-current liabilities	2019 $000	Additions $000	Repay-ments $000	Interest $000	Foreign Exchange $000	Release $000	Reclass-ification $000	2020 $000
Other interest-bearing loans and borrowings	738	-	-	-	-	-	(26)	712

Lease release relates to one lease the Group and the landlord agreed to end at the break clause date.

19. Trade and other payables

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Current				
Trade payables	**21,333**	9,768	**19,838**	8,899
Other tax and social security payables	**–**	276	**–**	5
Other payables and accrued expenses	**4,177**	2,869	**2,273**	1,605
Amounts payable to subsidiary undertakings[1]	**–**	–	**214**	214
	25,510	12,913	**22,325**	10,723

1 The amounts payable to subsidiary undertakings are repayable on demand.

20. Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was $676,396 (2020: $624,623).

Share-based payments – Group and Company

Options have been granted under the Company's Share Option Plan since 2013. To be able to exercise these options, employees are required to be employed by the Company for a period of three years from the grant date. In addition, exercise is conditional on the Company achieving a minimum level of EPS growth over the vesting period.

Exercise prices are set out below. Options issued under the scheme expire ten years from grant date.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs and assumptions for issues in 2020 and 2021 are as follows:

	Issue 12 6 October 2021	Issue 11 6 October 2021	Issue 10 20 May 2021	Issue 9 15 October 2020	Issue 8 15 October 2020
Fair value at grant date	**£0.79**	**£1.79**	**£0.58**	£1.24	£0.56
Weighted average share price	**£1.90**	**£1.90**	**£1.59**	£1.25	£1.25
Exercise price	**£1.59**	**£0.01**	**£1.59**	£0.01	£1.13
Expected volatility	**45%**	**45%**	**45%**	47%	47%
Option life	**10 years**	**10 years**	**10 years**	10 years	10 years
Risk-free interest rate	**0.90%**	**0.90%**	**0.90%**	0.90%	0.90%

The fair values at grant date were converted at the exchange rate on the grant date to give fair values of $1.06, $0.77 and $0.73 per option. The total expense recognised in respect of share options granted in the period is $115,000 (2020: $226,000). The Group recognised a share-based payment credit of $336,000 in the income statement (2020: nil) where the estimated vesting for share awards was revised downwards.

Notes to the Financial Statements

20. Employee benefits

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

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

	Weighted Average Exercise Price 2021	Number Of Options 2021	Weighted Average Exercise Price 2020	Number Of Options 2020
Outstanding at the beginning of the period	£1.73	687,290	£2.78	472,790
Granted during the period	£1.57	728,500	£1.13	361,500
Lapsed during the period	£1.73	(202,500)	£3.98	(132,000)
Exercised during the period	–	–	£0.49	(15,000)
Outstanding at the end of the period	£1.68	1,213,290	£1.73	687,290

The share options exercisable as at 31 December 2021 were 425,500 (31 December 2020: 148,290).

21. Provisions

Group

	2021 $000	2020 $000
Balance at 1 January	354	343
Provisions made during the period	80	11
Provisions used during the period	(99)	–
Balance at 31 December	335	354

The provision is in respect of long-term employment liabilities in Italy, Japan and the UK and is non-current.

The Company has no provisions.

22. Capital and reserves

Share capital

Fully paid ordinary shares of 0.1p per share

	Ordinary shares Number	Share Capital $000	Share Premium $000
Balance at 1 January 2021 and 31 December 2021	66,450,060	106	6,708
Balance at 1 January 2020	66,435,060	106	6,698
Exercise of share options (see Note 20)	15,000	–	10
Balance at 31 December 2020	66,450,060	106	6,708

The holders of fully paid ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Dividends

The Board proposed a dividend for the year ended December 2021 of 2.4p per share which is not recognised as a distribution to equity holders during the period.

The following dividends were recognised during the period:

	2021 $000	2020 $000
Nil per qualifying ordinary share	1,848	–
Total dividends recognised in the year	1,848	–

23. Financial instruments – Group and Company

This note presents information about the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Financial risks

The Group's activities expose it to a number of financial risks including credit risk, liquidity risk and exchange rate risk:

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. Operations in emerging or new markets may have a higher-than-average risk of political or economic instability and may carry increased credit risk. The risk to the Group is the recoverability of the cash flows.

The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers, by requiring wherever possible payment for goods in advance or upon delivery, and by closely monitoring customers balances due, to ensure they do not become overdue.

In addition, careful consideration is given to operations in emerging or new markets before the Group enters that market. A provision of $185,573 has been provided in respect of expected credit losses as at 31 December 2021 (31 December 2020: $146,963). The Directors have considered the nature of the customers, the historic levels of bad debts and the payment profile of customer contracts in reaching the value of the expected credit losses above. Management have also considered the expected credit losses in relation to amounts owed from subsidiary undertakings and has considered it to be immaterial.

The aging of trade receivables at the Balance Sheet date is set out in Note 16.

The Group is exposed to credit-related loses in the event of non-performance by counterparties to financial instruments but does not currently expect any counterparties to fail to meet their obligations. Credit risk on liquid funds is mitigated because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Group cash balances and expected cash flow are monitored on a daily basis to ensure the Group has sufficient available funds to meet its needs.

Notes to the Financial Statements

23. Financial instruments – Group and Company continued

Exchange rate risk

Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored, and any losses or gains incurred are taken to the Profit and Loss account and reported in the Group's internal management information. Before agreeing any overseas transactions, consideration is given to utilising financial instruments such as hedging and forward purchase contracts.

Capital management

Group and Company

The capital management policy is to maintain a strong capital base to enhance investor, creditor and market confidence. The Board's objective is to safeguard the Group's ability to continue as a going concern, to sustain the future development of the business and to provide returns for shareholders, whilst controlling the cost of capital.

The Group monitors capital based on the carrying amount of equity, less cash and cash equivalents as presented on the face of the Balance Sheet.

In order to maintain or adjust the capital structure the Group may adjust the number of dividends paid to Shareholders, issue new shares or sell assets.

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

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Total equity (note 22)	**64,076**	63,353	**45,608**	51,789
Cash and cash equivalents (note 17)	**(18,347)**	(18,804)	**(6,604)**	(3,080)
Capital	**45,729**	44,549	**39,004**	48,709

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Total equity (note 22)	**64,076**	63,353	**45,608**	51,789
Other financial liabilities (note 18)	**720**	1,407	**720**	808
Total financing	**64,796**	64,760	**46,328**	52,597

Financial assets and liabilities

The Group's activities are financed by cash at bank and bank borrowings.

Credit risk

Exposure to credit

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Cash and cash equivalents	**18,347**	18,804	**6,604**	3,080
Trade and other receivables excluding prepayments – non-current	**336**	–	**18,798**	25,393
Trade and other receivables excluding prepayments – current	**19,952**	14,269	**6,736**	5,190
	38,635	33,073	**32,138**	33,663

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Australia	**907**	1,424	**–**	–
USA	**8,352**	6,337	**–**	–
Asia	**1,448**	1,538	**1**	26
Europe	**8,871**	4,632	**–**	–
Rest of World	**710**	338	**–**	–
	20,288	14,269	**1**	26

Notes to the Financial Statements

23. Financial instruments – Group and Company continued

Liquidity risk

Group policy is to maintain a strong capital base to enhance investor, creditor and market confidence. Surplus funds are placed on deposits with cash balances available for immediate withdrawal if required.

Liquidity needs are managed by regular review of the timing of expected receivables and the maintenance of cash on deposit. This review ensures the Group has sufficient cash balances to meet the contractual financial liabilities and interest payments.

The following show the contractual undiscounted cash flows and the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Group	Trade and Other Payables $000	Other Financial Liabilities $000	Total $000
31 December 2021			
Carrying amount	**25,510**	**720**	**26,230**
Contractual cash flows			
6 months or less	**25,510**	**50**	**25,560**
6 to 12 months	**–**	**49**	**49**
More than 12 months	**–**	**621**	**621**
	25,510	**720**	**26,230**
Group	$000	$000	$000
31 December 2020			
Carrying amount	12,913	1,407	14,320
Contractual cash flows			
6 months or less	12,913	165	13,078
6 to 12 months	–	530	530
More than 12 months	–	712	712
	12,913	1,407	14,320
Company	**$000**	**$000**	**$000**
31 December 2021			
Carrying amount	**22,325**	**720**	**23,045**
Contractual cash flows			
6 months or less	**22,325**	**50**	**22,375**
6 to 12 months	**–**	**49**	**49**
More than 12 months	**–**	**621**	**621**
	22,325	**720**	**23,045**
Company	$000	$000	$000
31 December 2020			
Carrying amount	10,723	808	11,531
Contractual cash flows			
6 months or less	10,723	48	10,771
6 to 12 months	–	48	48
More than 12 months	–	712	712
	10,723	808	11,531

The carrying amounts of the Group's financial assets and liabilities may also be categorised as follows:

	Group		Company	
	2021 $000	2020 $000	2021 $000	2020 $000
Current assets				
Cash and cash equivalents	18,347	18,804	6,604	3,080
Trade and other receivables excluding prepayments – non-current	336	–	18,798	25,393
Trade and other receivables excluding prepayments – current	19,952	14,269	6,736	5,190
	38,635	33,073	32,138	33,663

All of the above relate to the IFRS 9 category loans and receivables and are measured at amortised cost.

	Group 2021	Group 2020	Company 2021	Company 2020
Current liabilities				
Trade and other payables	(25,510)	(12,913)	(22,325)	(10,723)
Other financial liabilities	(99)	(695)	(99)	(96)
	(25,609)	(13,608)	(22,424)	(10,819)
Non-current liabilities				
Other financial liabilities	(621)	(712)	(621)	(712)
	(26,230)	(14,320)	(23,045)	(11,531)

All of the above relate to the IFRS 9 category other financial liabilities and are measured at amortised cost.

Currency risk

Transactional currency risk

The Group is exposed to foreign currency risks arising from sales or purchases in currencies other than their functional currencies. Before agreeing any overseas transactions, consideration is given to utilising financial instruments, such as hedging and forward purchase contracts.

This risk is mitigated by the majority of revenue and cost of sales being denominated in US Dollars which is the Group's reporting currency.

Translational currency risk

The Group has significant investments in overseas operations. As a result, the US Dollar value of the Group's balance sheet can be affected by movements in exchange rates.

Interest rate and currency profile

The Group's financial assets comprise trade and other receivables and cash at bank. The average interest rates earned on the daily closing balances during 2021 were negligible due to the current economic climate (2020: 1.10% and 1.05%).

Sensitivity analysis

The Group does not prepare sensitivity analysis for fluctuations in interest rates and currency exchange rates.

Fair values versus carrying amounts

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The Directors consider that there is no material difference between fair values and carrying amounts of financial assets and liabilities.

Notes to the Financial Statements

24. Leases

The Group and Company do not have material operating leases that have not been capitalised under IFRS 16 (2020: Nil).

IFRS 16

The Group and Company leases office and the Group a small number of cars of immaterial value where employment practice demands company cars be available. Office leases typically run from two to ten years with options to renew. Lease payments are negotiated every five years to reflect market rentals. Sub-leasing arrangements are not always available. Car leases are typically three years long. Group expenses of $197,073 were incurred in 2021 (2020: $179,000) on leases excluded because they are short-term (less than one year) or low value (asset is less than $5,000). The following table summarises the IFRS 16 disclosures for the Group and Company:

	Group		
$000	**Land & Building**	**Motor Vehicles**	**Total**
2021			
Balance at 1 January	**1,255**	**21**	**1,276**
Additions to right-of-use assets	**1,324**	**25**	**1,349**
Depreciation charge	**(683)**	**(18)**	**(701)**
Balance at 31 December	**1,896**	**28**	**1,924**

	Group		
$000	Land & Building	Motor Vehicles	Total
2020			
Balance at 1 January	836	58	894
Additions to right-of-use assets	855	–	855
Depreciation charge	(436)	(37)	(473)
Balance at 31 December	1,255	21	1,276

	Company		
$000	Land & Building	Motor Vehicles	Total
2021			
Balance at 1 January	**200**	**–**	**200**
Additions to right-of-use assets	**1,233**	**–**	**1,233**
Depreciation charge	**(433)**	**–**	**(433)**
Balance at 31 December	**1,000**	**–**	**1,000**

	Company		
$000	Land & Building	Motor Vehicles	Total
2020			
Balance at 1 January	252	–	252
Additions to right-of-use assets	178	–	178
Depreciation charge	(230)	–	(230)
Balance at 31 December	200	–	200

Profit & Loss Account	Group 2021 $000	Group 2020 $000	Company 2021 $000	Company 2020 $000
Depreciation	**701**	473	**433**	230
Lease interest expenses	**94**	55	**43**	13
Expenses on excluded leases (short term or low value)	**197**	179	**171**	171

25. Commitments

The Group has entered into last time buy purchase orders with AMD, a key supplier. These relate to the purchase of components affected by an end-of-life notice from AMD and will ensure that Quixant can satisfy future Gaming customer orders across several products. The last time buy orders will cost $7.9m, with payments running from Q4 2021 through to 2023.

26. Contingencies

Neither the Group nor Company had any contingencies existing at 31 December 2021 (2020: none).

27. Related parties

Group

During the year, the Group paid €31,200 (2020: €31,200) for administration services to Francesca Marzilli, the wife of Nick Jarmany.

There were no other related party transactions other than transactions with Key Management Personnel, who are the Directors disclosed in Note 5.

Other related party transactions

There are no other transactions and balances with key management not included within the Directors' remuneration.

Company

Directors and key management compensation disclosed in Note 5 to the consolidated financial statements.

These related party transactions with other group companies and the balance outstanding are as follows:

	Profit and Loss Account		Balance outstanding included in Trade and other receivables	
Income	**2021 $000**	2020 $000	**2021 $000**	2020 $000
Sales to other Group Companies	**64,881**	42,085	**6,735**	5,103
Dividend income from other Group companies	**–**	391	**–**	–
Dividend income in respect of legal restructure from other Group companies	**–**	–	**15,008**	21,604
Audit fees recharged to Group companies	**–**	61	**–**	61
Other loan balance due from Group companies				
The Company has loan balances due from Group companies essentially related to funding to the establishment of overseas offices	**–**	–	**3,575**	3,575
Expenses				
Salary recharges from Group companies	**94**	88	**–**	–

Company information

Directors	F D Small N C L Jarmany G P Mullins J F Jayal G C van Zwanenberg J J Olivier
Company Secretary	Susan Wallace
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Auditor	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR
Nominated advisor and Broker	Finncap 60 New Broad Street London EC2M 1JJ
Joint Broker	Canaccord Genuity 88 Wood Street London EC2V 7QR
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Registrars and CREST settlement agents	Neville Registrars Neville House Steelpark Road Halesowen B62 8HD
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