

Annual Review of Compliance Statement

QCA Corporate Governance Code

Chair's Statement

The Board considers that good corporate governance is a key driver of the success of the business. Accountability to the Company's stakeholders, including shareholders, customers, suppliers and employees is a vital element in that governance.

To help ensure that Nexteq plc has an effective corporate governance model, the Board of Directors has adopted the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"). The QCA Code is made up of 10 principles, which are set out below, together with an explanation of how each principle is applied by Nexteq plc. The Board considers that it does not depart from any of the principles of the QCA Code. The Board has started putting measures in place to ensure continued compliance with the updated QCA Code released on 13 November 2023 and applicable in respect of accounting periods commencing on or after 1 April 2024

The Directors continue to support achieving high standards of corporate governance and we remain committed to adhering to the principles of the QCA Code.

This statement was last updated on 22 April 2024 and will be reviewed at least annually and updated following any changes.

Francis Small
Non-Executive Chair
Nexteq plc

22 April 2024

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

The Board completed its annual strategy review in July 2023, which confirmed that the medium-term plan remains appropriate and robust. The Group's strategy is focused on sustainable long-term growth, through both organic and acquisitive means. We believe that organic growth can be achieved by:

- New markets: Identification and analysis of market sectors, focusing on those that do not currently benefit from dominant deep specialist solution outsource providers and are undergoing a technology evolution.
- Customer acquisition: Building new customer partnerships in its chosen target market segments, further diversifying the Group's revenue base.
- Product innovation: Focused R&D to move up the value chain, including within the software stack.
- Land-and-expand: Increase share of customer wallet by providing additional outsource solutions to become a fully integrated technology partner

Alongside organic growth, selected acquisitions are a key factor in the Group's strategy; to complement and accelerate its strategy. The Board is investigating opportunities in selected other industrial PC markets, which leverage our experience and capabilities already deployed in the gaming sector.

The Board also has a commitment to long-term, sustainable value creation. During the past year, we've worked on broadening our sustainable business strategy, implementing measurable goals and targets, and aligning to the UN Sustainable Development Goals (SDGs). We have focused on around five of the UN SDGs, which we believe are most appropriate and practical for the Group to support in its sustainability activities. As part of our support of the Climate Action UN SDG, we have also committed to achieving Net Zero emissions by 2050 and the Company was Carbon Neutral in 2023.

The Group's capital-light model generates strong cash flows, which management looks to reinvest into accelerating the strategy and delivering further value for Shareholders. The Board believes that the combination of organic growth opportunities in current markets combined with acquisitions can deliver transformative growth in earnings for Shareholders over the medium term.

2. Seek to understand and meet shareholder needs and expectations

The primary responsibility for investor relations lies with the Chief Executive Officer, supported by the Chief Financial Officer 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, Cavendish Capital Markets Ltd and Canaccord Genuity, who follow up with investors after the meetings and provide

anonymised feedback to the Board. Various members of the Board, including the Chair, CEO and CFO also meet regularly 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, while remaining profitable. This is done by development of new products over the previous years and by acquisitions when appropriate. Products are developed based on an identified market demand.

The Board considers 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.

At least once per year the Chair offers to meet the largest institutional shareholders to discuss corporate plans and any concerns.

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

The Board regularly receives reports from management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors. 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 its stakeholders.. As such it ensures that there is engagement with each of the Company’s stakeholders, as outlined below:

Employees – 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 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. The Executive Committee also aims to hold its monthly meetings across multiple sites of the business’ global operations and engage informally with staff.

Towards the end of 2023, the Group completed its first ever employee survey that was administered by an externally recognised professional firm, Great Place to Work. The aim of this was to improve our understanding of our employees by asking them for their views on us as an organisation, to ensure that our initiatives are employee led.. The level of positive feedback from our employees earned us the ‘Great Place to Work’ accreditation, which is an excellent result for the organisation. We have also embarked on a series of focus groups across our offices, in a bid to understand what we can do to improve the employee experience. The aim is to convert the key initiatives into a series of actions, with a view to further improve our results. This year we also introduced an employee volunteering policy that enables all employees to carry out volunteering that is important to them.

As a global business, the Group always strives to ensure that we recruit employees from a range of ages, ethnic/ racial groups, religious beliefs, gender and personal backgrounds. This is to always ensure an inclusive and diverse workplace.

Customers – Relationships with customers are fostered through a collaborative approach using technical services, evaluation software and products and customer specific product development where appropriate. 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 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. Customer focus is a key part of our culture as detailed on page 42 of the 2023 Annual Report.

Suppliers – Relationships with suppliers are also developed following close evaluation of their products, financial stability, manufacturing quality and resilience, management experience and commercial terms. 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 – One of the key pillars of the Board's Environmental, Social and Governance (ESG) strategy is to support charitable causes connected with the business through donation of a proportion of profits. As a global organisation we made the decision to set up a charity committee with local representatives from all our offices to understand the needs of communities and causes local to our locations. We've aligned to recognised charities across the globe and have already made good progress on supporting our chosen organisations.

The Board also has a commitment to long-term, sustainable value creation. During the past year, we've worked on broadening our sustainable business strategy, implementing measurable goals and targets, and aligning to the UN Sustainable Development Goals (SDGs). We have focused on around five of the UNSDGs, which we believe are most appropriate and practical for the Group to support in its sustainability activities. As part of our support of the Climate Action UN SDG, we have also committed to achieving Net Zero emissions by 2050 and the Company was Carbon Neutral in 2023.

Environment - Another key pillar of the Board's ESG Strategy is to raise awareness of the environmental impact of the Group's activities across the business and encourage employees to bring ideas for improvements. Nexteq is committed to a programme to assess and reduce its environmental impact more accurately. Further information can be found on pages 32-36 of the 2023 Annual Report.

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

Carol Thompson was appointed Chair of the Audit and Risk Committee in October 2022, and the terms of reference of this committee were updated in 2023 to include an increased scope and responsibility of risks and risk management. A copy of the terms of reference can be found on the Group's website. 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 at least 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 is set out in the Annual 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 five non-executives and two executives and has devolved responsibility for certain matters to two committees, an Audit and Risk 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.

Non-executive directors are expected to devote sufficient time to the company to meet their responsibilities. Generally, 10-11 Board meetings (some of which are attended only by non-executive directors) are held each year and directors are expected to attend as many as practicable either in person or by video or telephone conference arrangements. The attendance of directors at meetings held between January 2023 and December 2023 is summarised below:

	Board Meetings	Audit and Risk Committee meetings	Remuneration Committee Meetings
Number of meetings	10	4	3
F Small	10	4	3
N C L Jarmany	10		
G P Mullins	10		
D J Penny	10	3	3
C Thompson	10	4	1
J F Jayal	10		
J Olivier	10		
G Van Zwanenberg (stepped down in April 2023)	3	1	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 an annual cycle of matters that are reviewed annually, which are spread through the programme of meetings in the year.

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.

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 the Board is challenged to review its performance and effectiveness objectively. The 2023 Board evaluation took the form of a questionnaire based on a number of 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 February 2024 Board meeting. The overall findings from the evaluation were positive. Areas for improvement were identified, including increasing time spent reviewing progress against the Group's strategy; succession planning; increasing stakeholder engagement; and creating more opportunities for the Non-Executive Directors to meet. 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. We are proud to be a business that spans multiple countries, cultures, languages and time zones. The diversity inherent within our culture enhances our thinking, providing us with a strong competitive advantage as well as making the business a much more enriching and vibrant place to work. We believe that creating a thriving, dynamic, inclusive and welcoming environment fosters creativity and unlocks career potential, which in turn brings benefits to our shareholders, customers and suppliers.

Our culture is characterised by five pillars. These are the values that have helped us achieve our success:

- Innovation
 - o We believe that success comes through innovation. We champion creative thinking within our group and actively seek new viewpoints.
- Collaboration
 - o We work together with our customers to fully support them and understand their needs. Together with our colleagues and partners, we're always friendly, honest and supportive.

- Expertise
 - o We value knowledge and take pride in our professionalism. We invest in skills and state-of-the-art thinking so our customers can depend on our expertise.
- Determination
 - o We don't cut corners, even while we strive for efficiency. We enjoy hard work and have an absolute commitment and determination to see a task to completion.
- Responsibility
 - o We believe in being held accountable for our actions. We're open and honest about how we do business and are always accessible to our shareholders, employees and customers.

We believe that creating a thriving, dynamic, inclusive and welcoming environment fosters creativity and unlocks career potential, which in turn brings benefits to our Shareholders, customers and suppliers. 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

The Board provides the strategic leadership for the Company and ensures that the business operates within the corporate governance framework that has been adopted. Its prime purpose is to ensure the delivery of shareholder value in the long term by setting the business model and defining the strategic goals to achieve this. Additionally, it has introduced the culture, values and practices that have been adopted throughout the business to assist in achieving the strategic goals and ensures that they remain up-to-date and fit for purpose. The Board 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.

Board Committees

The Board has established a remuneration committee and an audit committee. It has not deemed it necessary to form a nomination committee, rather leaving the decision-making regarding the appointment of new directors to the Board as a whole. Each committee has formally delegated duties and responsibilities. Full terms of reference of the Board committees are available on the Nexteq website.

Remuneration committee

The remuneration committee is comprised of at least two 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.

Audit and Risk committee

The audit committee is comprised of not less than two non-executive directors, it meets at least twice a year and 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, risks and procedures and accounting policies.

Chair

The Chair has overall responsibility for corporate governance and in promoting high standards throughout the Group. He leads and chairs the Board in the development of strategies and corporate objectives, ensuring that the committees are appropriately structured and operate to their terms of reference. He is also responsible for ensuring that performance reviews of individual directors, the board and committees are carried out on a regular basis.

Chief Executive Officer

The CEO is responsible for the management of the Group and implementation of the strategies and standards agreed by the Board. He monitors, reviews and manages the key operational risks highlighting to the Board areas of perceived weakness. He is responsible for investor communications and ensuring that the Group's standing with its shareholders and the wider investment community is maintained.

Executive Directors and Executive Committee

The executive directors are collectively responsible for the day-to-day operation of the business ensuring the deliverance of the Group's strategy by making the necessary operational and financial decisions. They are also responsible for promoting the core values of the Group and providing leadership to the wider Group.

Non-executive directors

The non-executive directors, of whom Francis Small, Duncan Penny and Carol Thompson have been determined as being independent, are experienced individuals from a range of backgrounds and industries bringing a wealth of knowledge to the company. They provide independent views through their experiences challenging the executive directors, providing oversight and ensuring that the Group is operating within the parameters set by the board both in terms of strategy and corporate governance.

Company Secretary

An external qualified company secretary was appointed in 2021 to advise the Board on governance and regulatory matters and to assist the Board with the statutory filing and the annual general meeting process. All other matters are managed internally. Where further advice is required the Board appoints professional advisors.

There are certain business matters that are of sufficient importance that the Board considers that it should take the responsibility for ultimate decision making. The matters reserved for the board are set out on the Groups' website.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the investment activities described above in QCA Code Principle 2, the Board is committed to communicating regularly, effectively, clearly and accurately with the Group's shareholders and other stakeholders to keep them apprised of the Group's progress. The regulatory news section on the Group's website is kept up to date and contains copies of all regulatory announcements. The Group's financial results, investor presentations and circulars can be found on the financial and operation information pages.