



NEXTEQ

Nexteq plc 2024 results

Duncan Faithfull – CEO

Matt Staight - CFO

March 2025

Introductions



Duncan Faithfull

Chief Executive Officer

- Appointed September 2024.
- Previously the Chief Commercial Officer in Quixant (Gaming industry).
- Been within the Nexteq group for 5+ years.
- Previously in payments technology outsourcing solutions and cash management.



Matt Staight

Chief Financial Officer

- Appointed October 2024.
- Previously the Group Finance Controller in Nexteq.
- Been with Nexteq for 3 years.
- Previously in technology start ups and medical devices.

Agenda

- Introductions.
- Who is Nexteq.
- 2024 performance in summary.
- 2024 Market and performance background.
- Financial results.



Looking
backwards

-
- Product and brand.
 - 3-year plan and our KPIs to measure success.
 - Summary & Outlook
 - Q&A.

Moving
Forward



Who is Nexteq

What we are and what we stand for

NEXTEQ

QUIXANT DENSITRON



Empowering technology



Our Vision

To be recognised as the leading experts in delivering innovative technology that empowers our partners' missions and enables their success.



Our Mission

Identify, analyse and understand multiple market sectors and, through engineering excellence and partnerships, create technology solutions that delight our customers.



Innovation



Collaboration



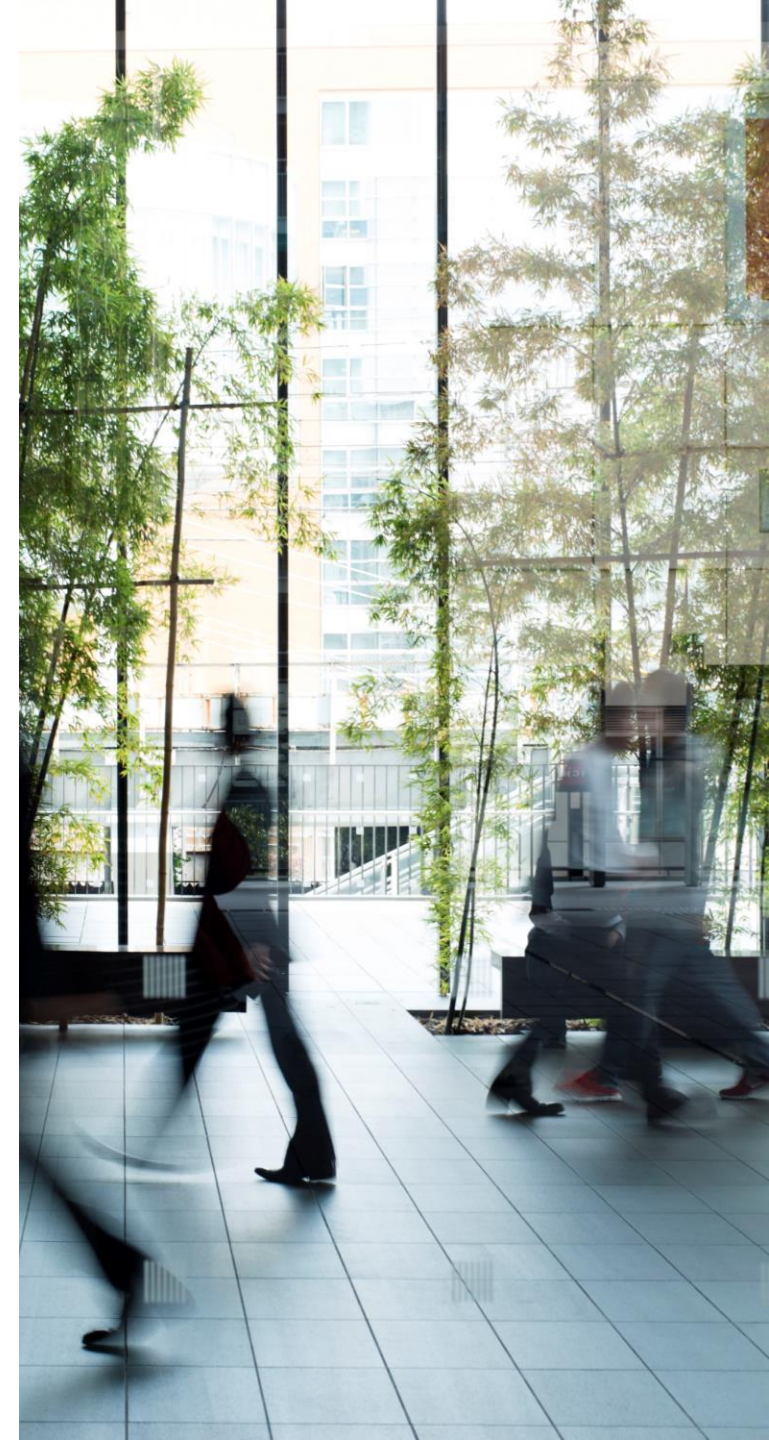
Expertise



Determination



Responsibility



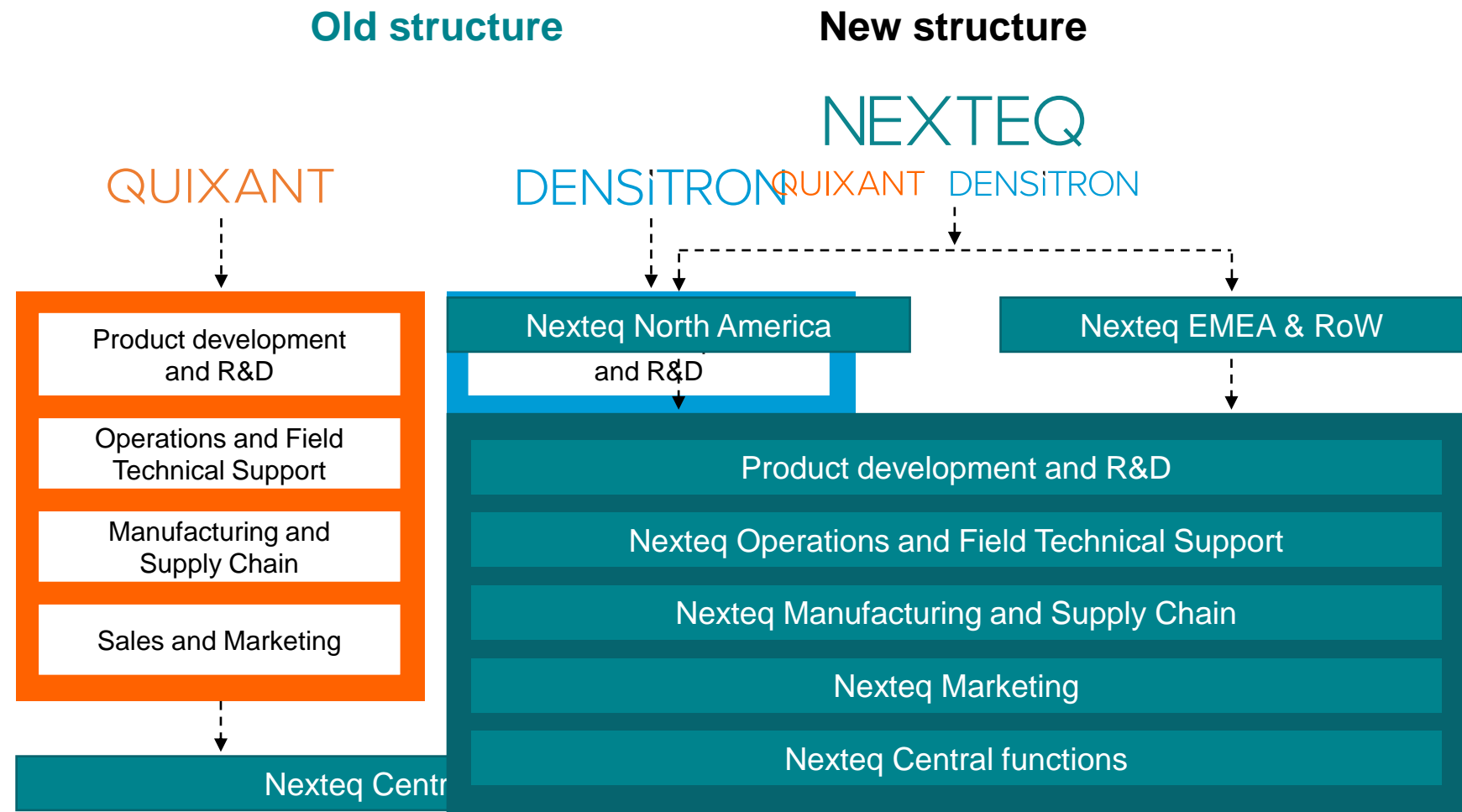
A new way of thinking about our group

ONE
NEXTEQ

QUIXANT

DENSITRON

A new way of thinking about our group



Nexteq overview

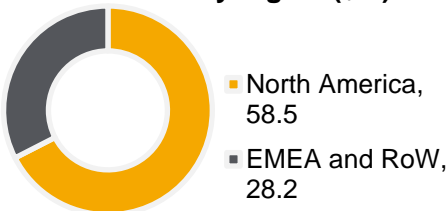
Who we are

- Operations in US, Europe and Asia with infrastructure to scale
- Profitable cash generative core business
- Net cash balance sheet with capacity to make acquisitions
- Growth strategy to enhance revenue diversification

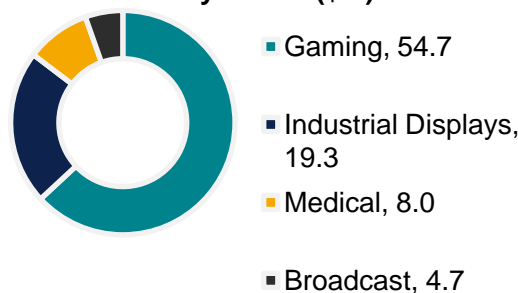


Business split

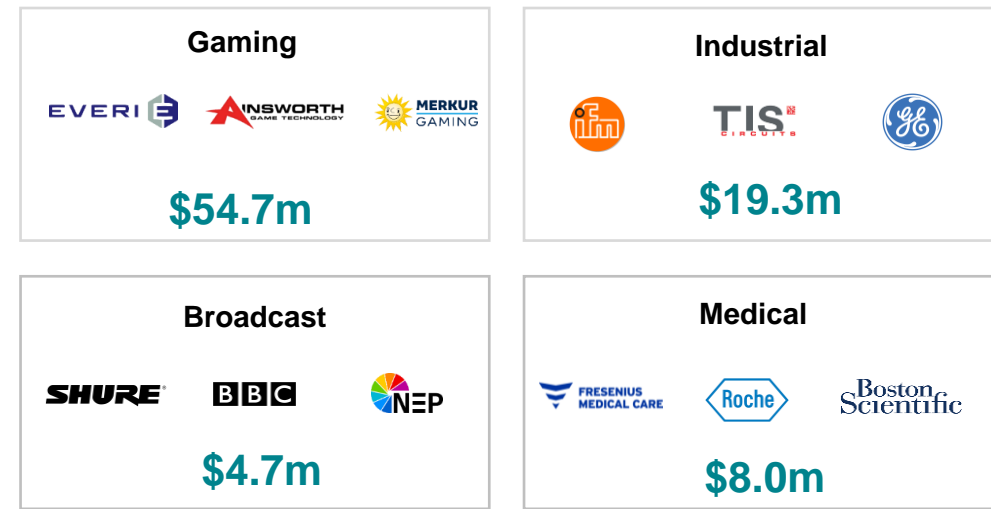
2024 revenue by region (\$m)



2024 revenue by sector (\$m)

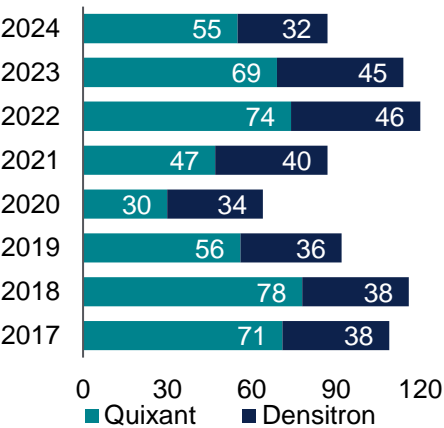


Who we are

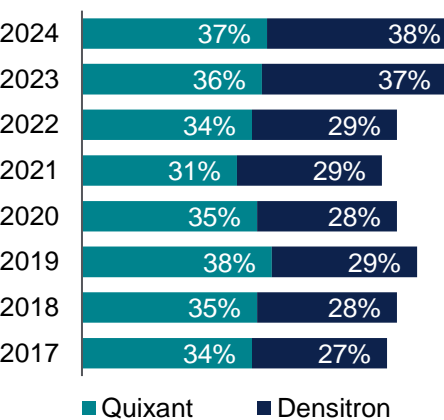


Financial profile

Historic group revenue (\$m)



Historic group Gross margin (%)



Our brands

QUIXANT

Design and deliver high-performance gaming computing platforms and software solutions that enhance the player experience.

Why Quixant?



Exclusive industry focus and expertise.



Market-leading hardware solutions.



Global regulatory requirements guaranteed.



Specialist game development software.



Global supply chain expertise.



Key Metrics

20

Years of gaming expertise

63%

Current group revenue %

95

Customers

\$54.7m

2024 revenue

\$22.4m

2024 \$ Gross Margin

\$47m

Top 10 customers value

Our brands

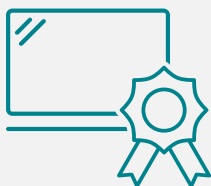
DENSITRON

Leaders in HMI (Human-Machine Interface) and control system solutions for industries such as medical and broadcast.

About Densitron



Traditionally an industrial display reselling business



Global display expertise



Access to many industrial markets



Recurring software revenue from Densitron



Key Metrics

50

Years of HMI expertise

37%

Current group revenue %

469

Customers

\$32m

2024 revenue

\$12m

2024 Gross Margin

\$11m

Top 10 customers value

2024 – Review of a tough year

2024 – summary ‘at a glance’

Revenue

\$86.7m

-24%

Gross
Margin

35.9%

-40bps

Adjusted Profit
Before Tax

\$4.8m

-67%

Adjusted
Diluted EPS

5.08c

-72%

Operating Cashflow
Conversion

324%

2023: 142%

Net Cash

\$29.1m

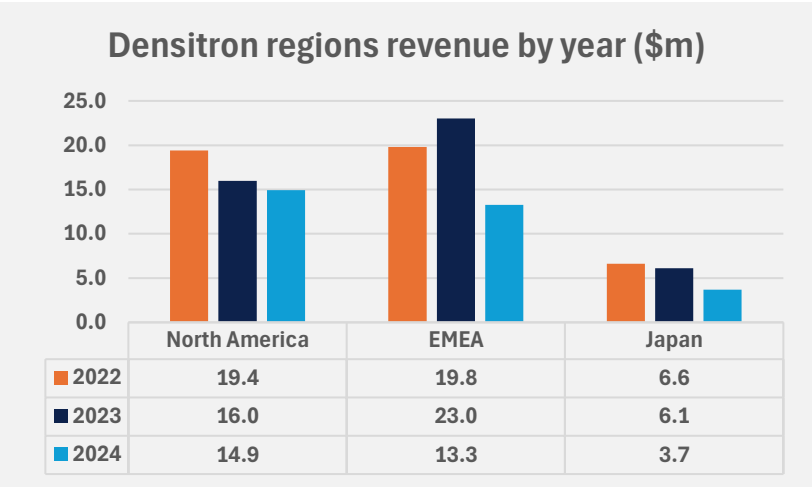
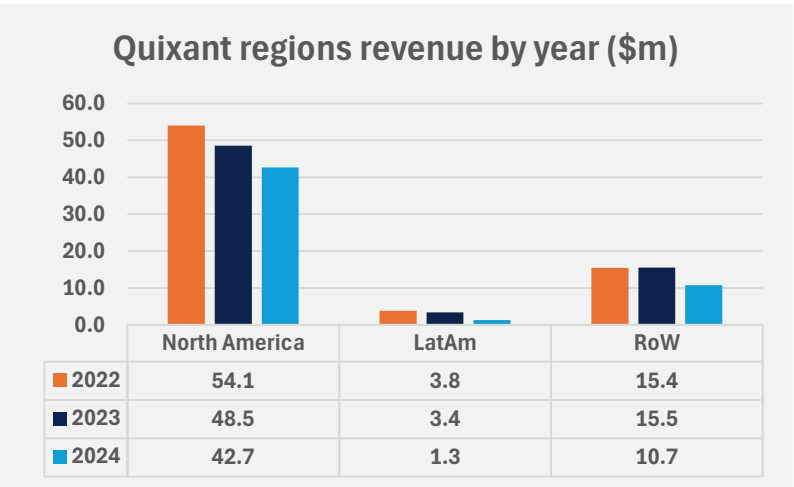
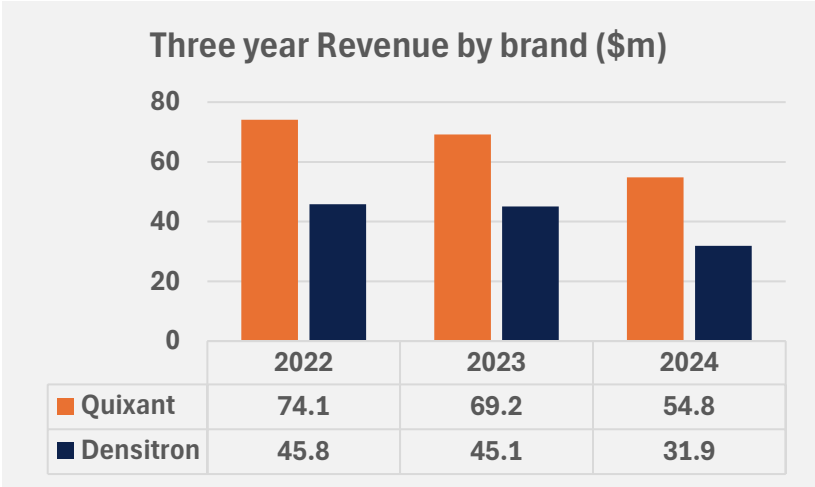
+4%

2024 trading background

Revenues were disappointing.

- Destocking across our customer base continued through 2024 as predicted.
- RoW regions saw the largest % decline vs 2023 (-43%), with the biggest decline across the markets our Densitron business serves.
- USA was more resilient, declining 10% vs 2023, with AGT decline of \$5.3m being the biggest contributor.
- However; we achieved 100% customer retention.

Trend of destocking evident since 2022



2024 review

What went well

- New Senior Leadership Team in place.
- Efficiencies in overhead delivered in Q4.
- One Nexteq structure delivered – The best of Nexteq.
- Launched two new innovative gaming hardware products.
- Intel and AMD solutions available across the range of platforms.
- Recruited Gaming Software specialist to ensure focused R&D.
- Securing gaming cabinet business as a growth accelerator.
- Progress in Broadcast sector, with 12% growth.
- Won three Tier 1 Broadcast manufacturers.
- Launched New Tactila and ProDeck solutions.
- Medical business grew to \$8m of revenue.
- Delivery of dual manufacturing strategy.

What was challenging

- Macro-economic environment.
- Significant internal change.
- Destocking, with false 2022 and 2023 peak volumes.
- ‘Big 2’ Gaming customers struggled in their marketplace.
- Continuing reliance on those ‘Big 2’.
- Pressure from IPC manufacturers.
- Intel restructuring.
- Management of Densitron last time buys.
- Speed of integration of new business wins.
- Managing the integration of cabinet wins.
- Potential of tariffs in Chinese supplier base.
- Continuing impact on supply chains of global conflicts.

Detailed financial performance

Matt Staight - CFO

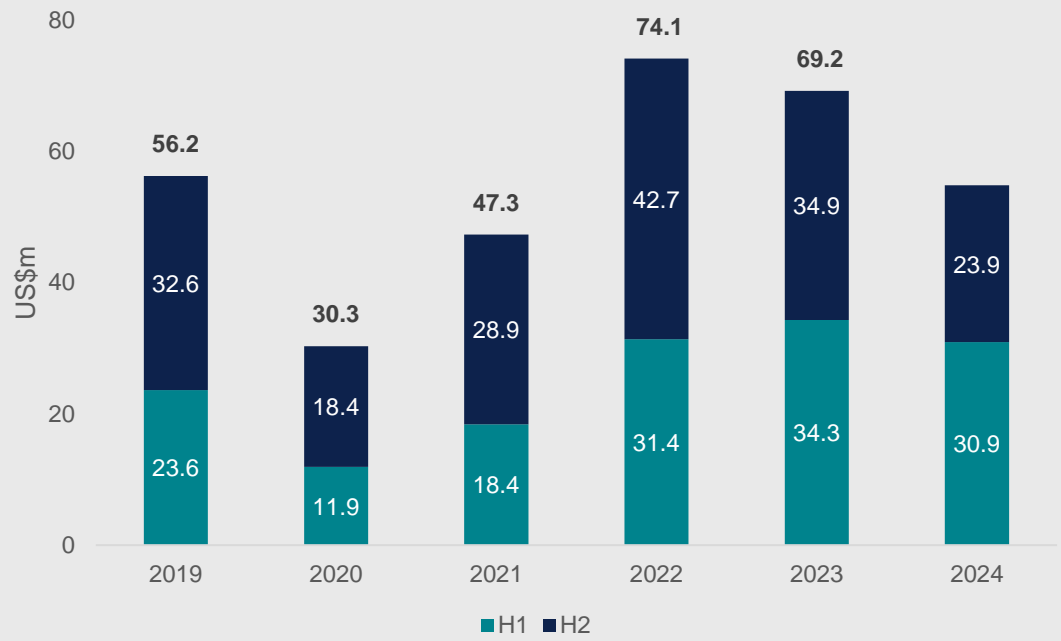
Income statement

	31-Dec-24 \$m	31-Dec-23 \$m	Change %
Revenue	86.7	114.3	-24%
Cost of sales	(55.6)	(72.8)	-24%
Gross profit	31.1	41.5	-25%
Gross margin (%)	35.9%	36.3%	-40 bp
Adjusted Operating expenses	(27.7)	(27.3)	1%
Adjusted Operating profit	3.4	14.2	-76%
Net finance income	1.4	0.5	180%
Adjusted Profit before tax	4.8	14.7	-67%
Adjusted Profit before tax (%)	5.6%	12.9%	-730 bp
Adjustments to PBT	3.1	1.8	72%
Profit before tax	1.7	12.9	-97%
Profit before tax (%)	2.0%	11.3%	930 bp
Taxation	(1.4)	(2.0)	Nm
Profit for the year	0.3	10.9	-97%
Basic earnings per share (cents)	0.48	16.39	-97%
Diluted earnings per share (cents)	0.48	16.02	-97%
Adjusted basic earnings per share (cents)	5.11	18.50	-72%
Adjusted diluted earnings per share (cents)	5.08	18.09	-72%

- Year-over-year revenue decline of 24%, with revenue from top 10 customers at 60%, up from 51% in 2023.
- Gross margin remaining around historical highs, at 35.9%, despite provision taken for Aruze inventory.
- Adjusted operating expenses largely aligned with 2023.
- Adjusted profit before tax of \$4.8m, a 67% reduction, reflecting the fall in revenue performance. With additional \$1.5m provision booked at year end for Aruze inventory.
- Finance income benefitting from effective use of excess cash balances.
- Tax charge of \$1.4m, driven by Goodwill impairment charge and tax losses not recognised as a deferred tax asset.
- Earnings per share reduction in line with decreases in profit and further reduced by high effective tax rate resulting from non-deductible items of Goodwill impairment and tax losses.

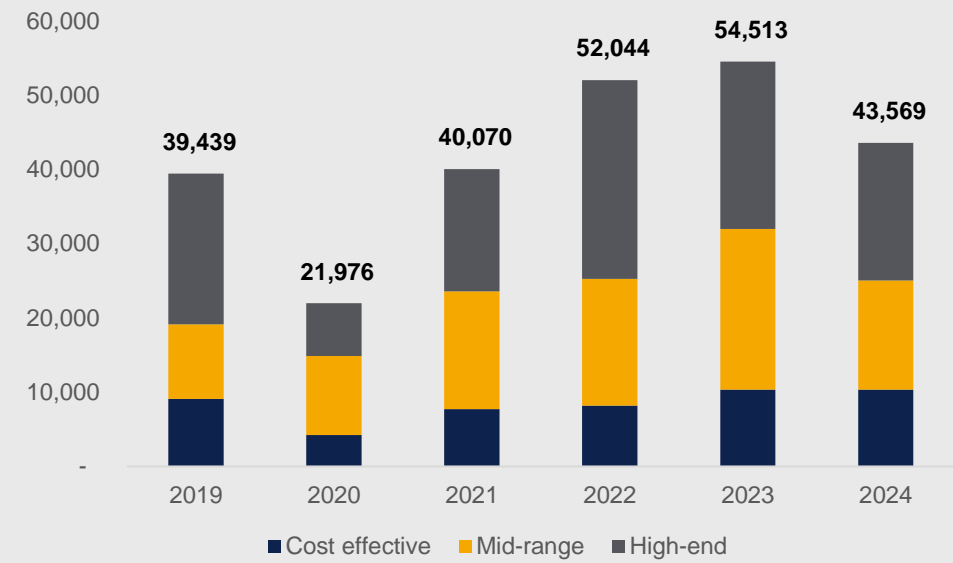
Quixant revenues

Revenues



- Both H1 and H2 behind 2023, with customer push outs and de-stocking cycle impacting revenue performance
- Gross margin performance maintained

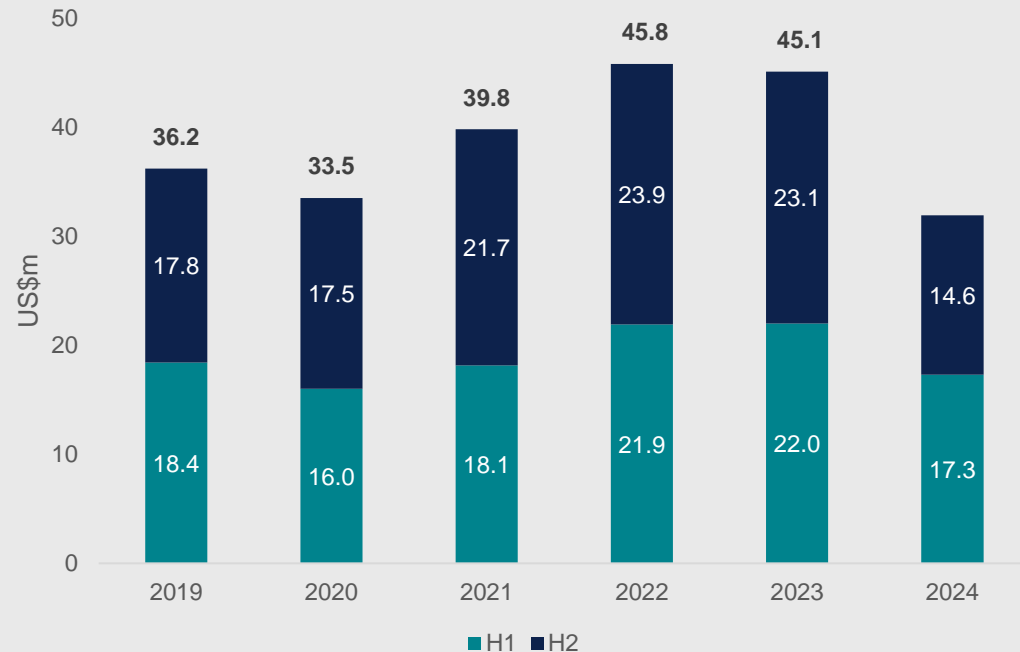
Gaming Platform sales (quantity) by product family



- 43.6k platforms shipped in 2024, down 20% on 2024
- Volumes of cost-effective range maintained with average selling price in line YoY for each of the product ranges. Declines in mid-range and high-end leads to average selling price down 1%

Densitron revenues

Revenues



- Both H1 and H2 behind 2023, with customer push outs and de-stocking cycle impacting revenue performance along with end of life products

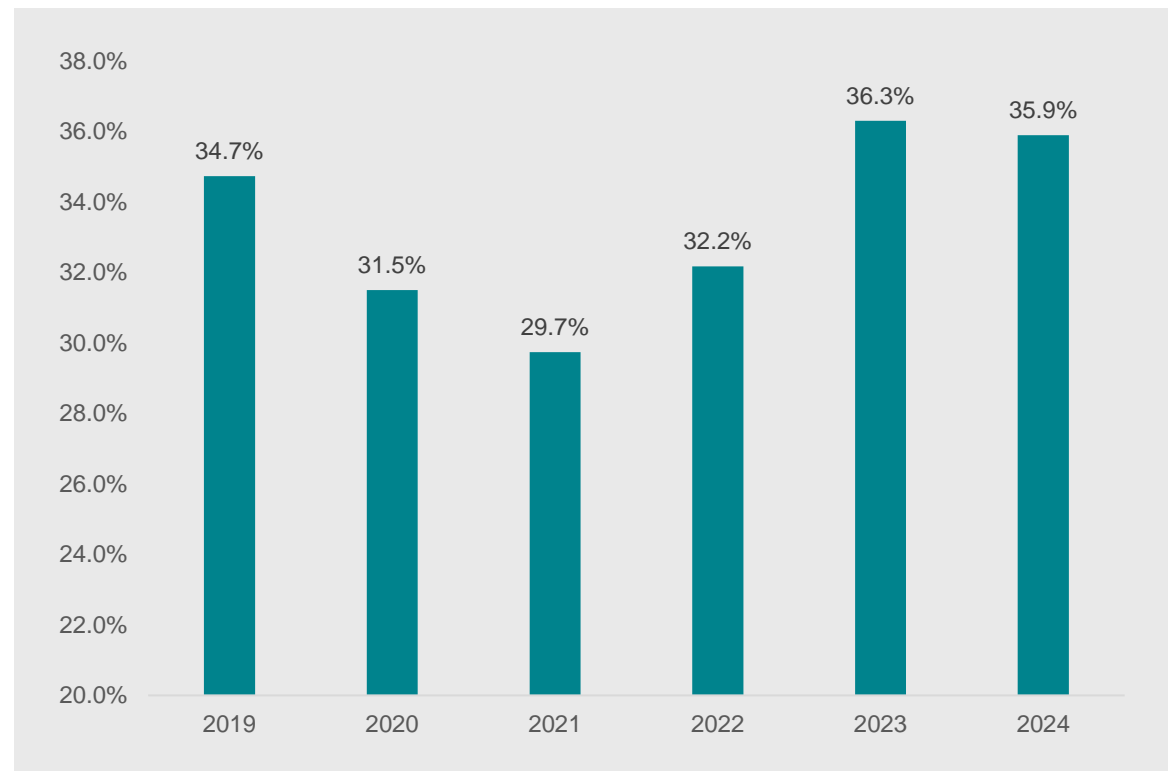
ProDeck™

- First revenue from the newly launched ProDeck.
- Stand alone desktop control solution.
- The current market leader requires a PC to be linked to control broadcast tech.....
-Our new ProDeck has a PC integrated into it.....saving cost and space
- Consumer grade buttons and programmable for personal use preferences.
- Links our IDS software to our innovative hardware.
- Can transform anywhere to be a broadcast studio.



Gross margin

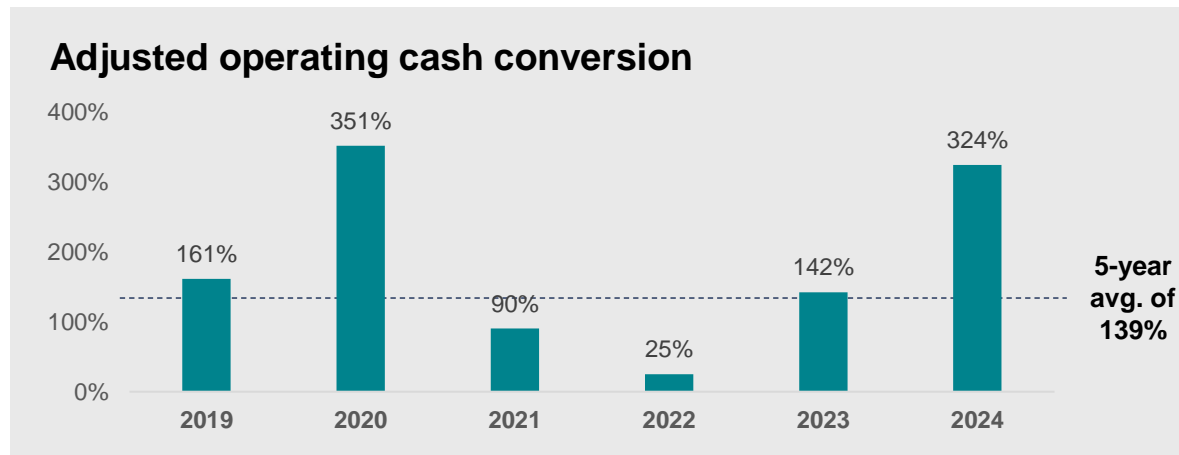
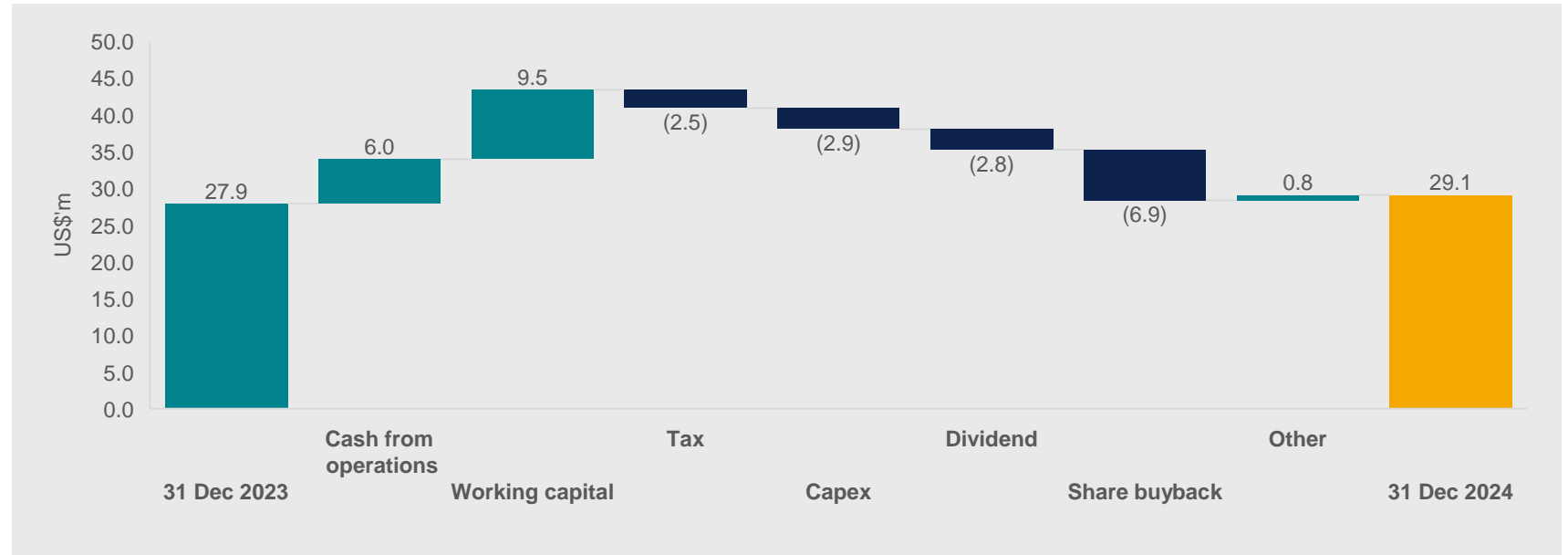
Gross Margin remains close to historic high levels



- Gross margins remaining close to historic high at 35.9%, down 40bps YoY.
- The gross margin recovery reflects:
 - Focus on higher margin business in Densitron Display Components.
 - Steady component pricing across both divisions.
 - Repeatable revenue and margin from integrated design into customers solutions.
- Margin was impacted by the \$2.7m inventory provision booked against Aruze stock items in 2024, with \$0.5m unwinding on component stock item sales.
- Customer retention remains high despite our focus on higher margins.

Positive operating cashflow leading to improved net cash

- Net cash of \$29.1m at 31 December 2024, up \$27.9m on 31 December 2023.
- Improved cash from operations and working capital inflows as we consume strategic stock.
- Capital light model with R&D being only significant capex.
- Dividend of 3.3p (\$2.8m) paid in August 2024, a 10% increase on prior year.
- Share buyback programme returned a further \$6.9m to Shareholders in 2024, with the buyback fully completed in March 2025.
- Adjusted operating cash conversion of 324% (2023: 142%).
- Despite the impact of COVID and supply chain constraints the Group has achieved cashflow conversion of 139% over the last six years.



Looking forward – Our products and three-year plan

Duncan Faithfull - CEO

Product Innovation driving growth

Tactila

- Unique IP rotary encoder.
- On screen technology.
- Ability to deliver rotary dials and touch screen technology on one application.
- Revolutionises the user experience in the broadcast environment.....
-and other sectors like Medical.



ProDeck™

- Stand alone desktop control solution.
- Includes PC.
- Others must be connected to a PC.
- Consumer grade buttons and programmable.
- Uses IDS software, utilising our unique IP.
- Application potential outside of broadcast studio.

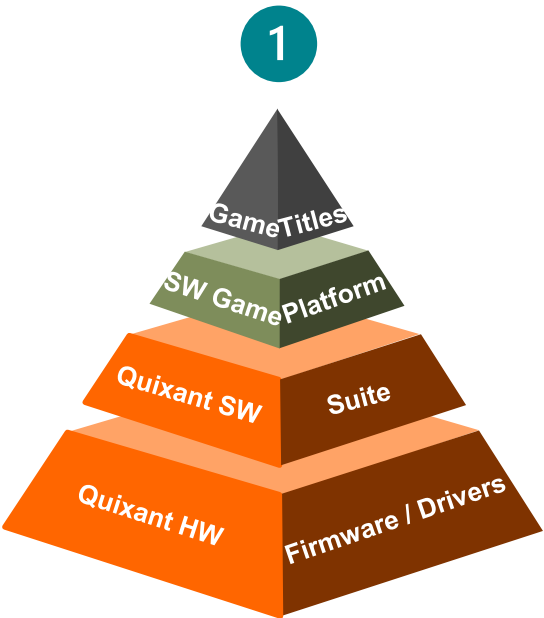


iQ iQON QMAX

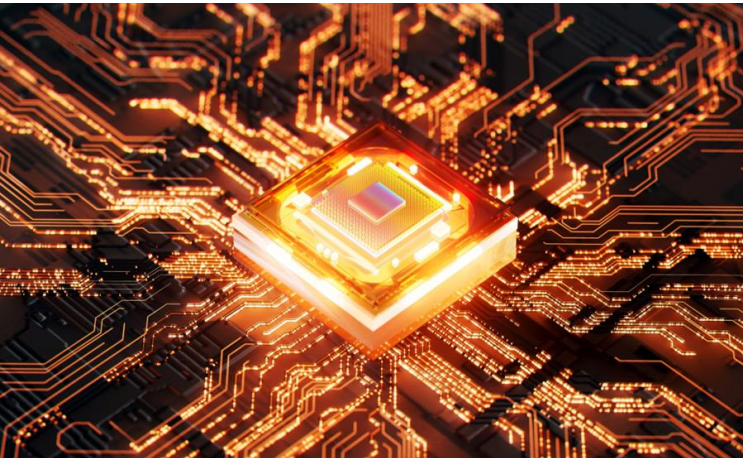
- Complete gaming hardware range.
- Includes new products for LatAm and Amusement sector in NA and Spain.
- 44,000 platforms sold in 2024.
- Intel and AMD options across our range.



Unique technology transforming Quixant opportunity



- Unique IP software platform being launched at G2E 2025 in Las Vegas.
- Adds recurring software revenue to our repeatable hardware platform business.



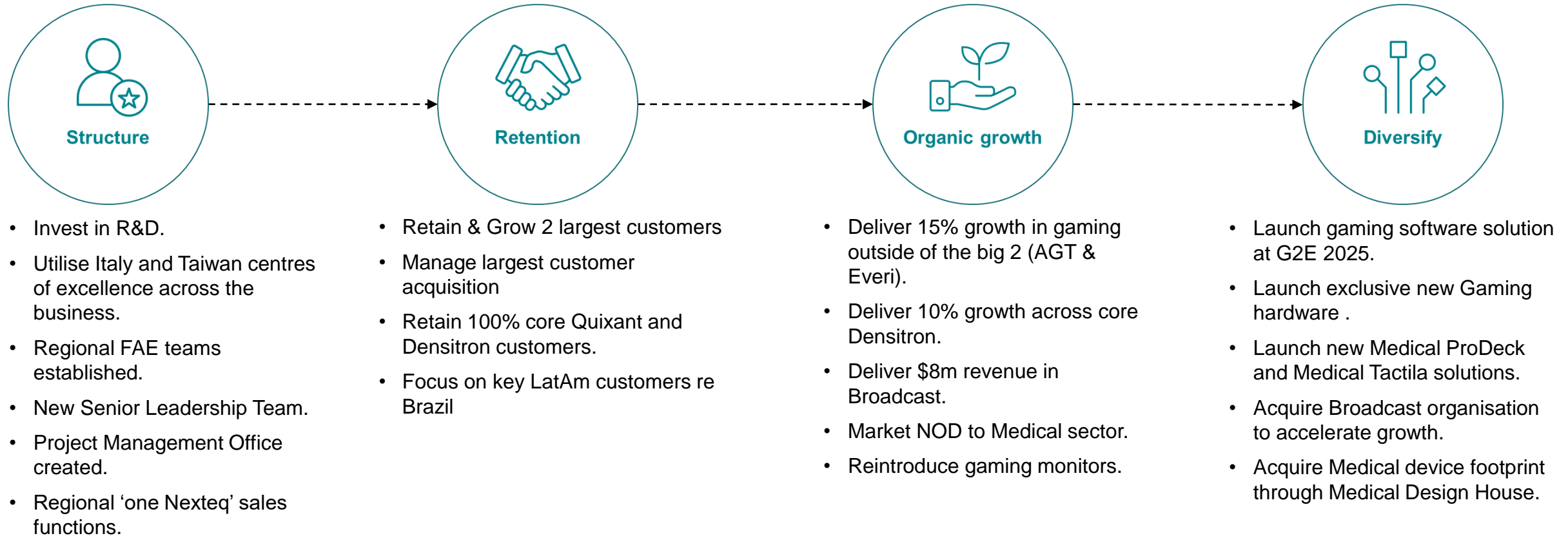
- Exclusive graphics solution integrated onto our gaming hardware platforms.
- Utilises A.I. development technology for better game development and higher performance.
- Can change the game for customers, delivering graphics power that exceeds their imagination.



- Unique partnership model to deliver excellent 'turnkey' solutions.
- Over \$2m revenue in 2025.
- Growing customer base.



Three-year plan - Four areas of execution



Three-year plan financials

Significant growth by 2027

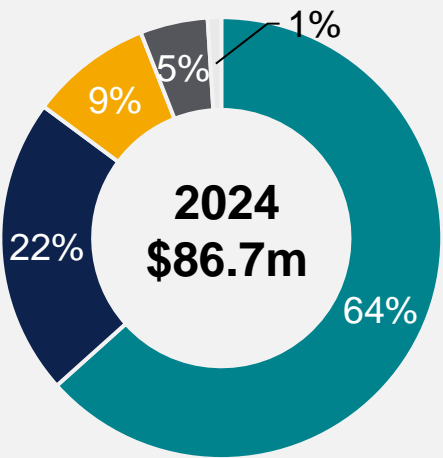
Where are we now

Varied market conditions in previous years:

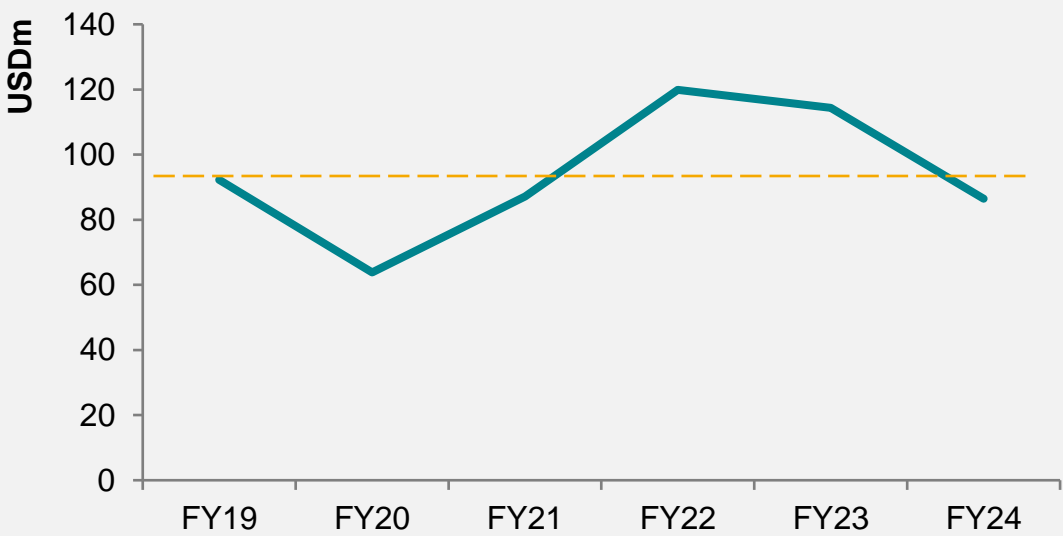
- Covid impact 2019-2021.
- Post covid boost 2022/2023.
- De-stocking cycle through 2024.
- **Average revenue <\$94m.**

Consistently 65% of revenue from Top 20 customers

- Gaming, 64%
- Industrial, 22%
- Medical, 9%
- Broadcast, 5%
- Software, 1%

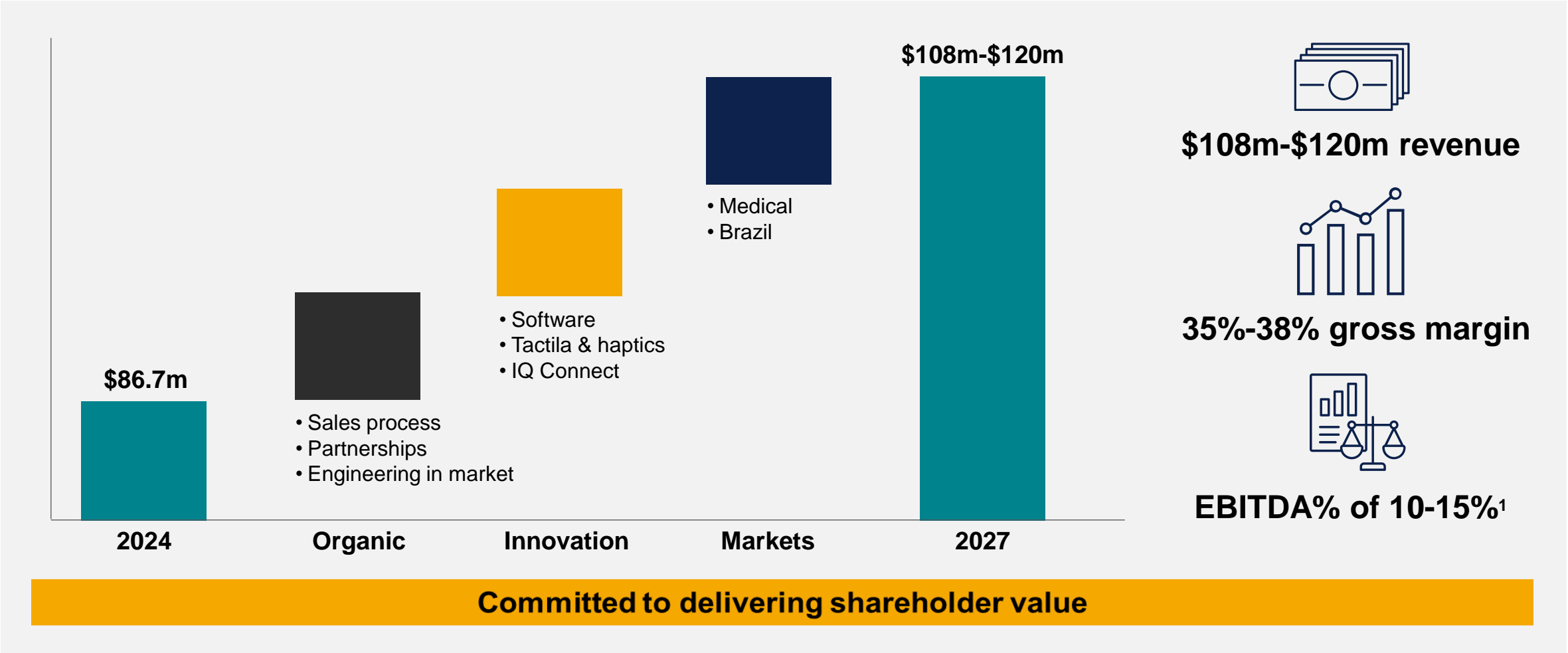


Nexteq Revenue trend

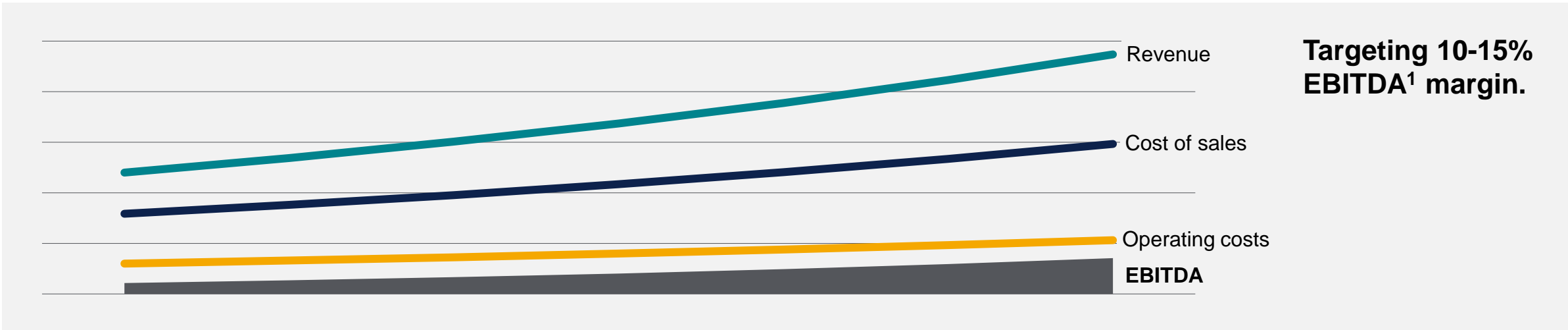


	FY19	FY20	FY21	FY22	FY23	FY24
Revenue	92,280	63,810	87,128	119,873	114,308	86,480
Gross Margin	34,200	21,800	25,906	38,541	41,228	32,592
Gross Margin %	37.1%	34.2%	29.8%	32.2%	36.1%	37.7%

Organic growth – 2027 financial ambition






Driving operational leverage



Gross margin

-  Supply chain efficiency reducing BOM costs.
-  Increased sales incorporating Nexteq IP.
-  Higher % of revenue from software solutions.
-  Engineering expertise in market advising customers.

Operating costs

-  Shared use of technical resources across Group.
-  Operational alignment in regions as One Nexteq.
-  Delivering \$2.3m reduction in overheads.

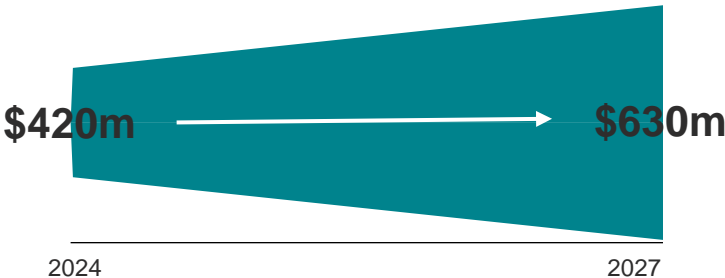
Organic growth – Signposts to success

#1 - Pipeline growth

Goal

- Deliver significant growth in the multi-year sales pipeline across all verticals.

Baseline



- Gaming pipeline for Brazil \$80m.

2027 Target

Deliver 50% growth in pipeline to \$630m of opportunities.

#2 - Nexteq new IP revenue

Goal

- Increase revenue from products with new Nexteq IP.

Baseline

- <\$1m revenue from new Nexteq IP across each of last four years.

Definition – new Nexteq IP

- Products launched in last three years.
- New technology developed.
- Opens new addressable market.

2027 Target

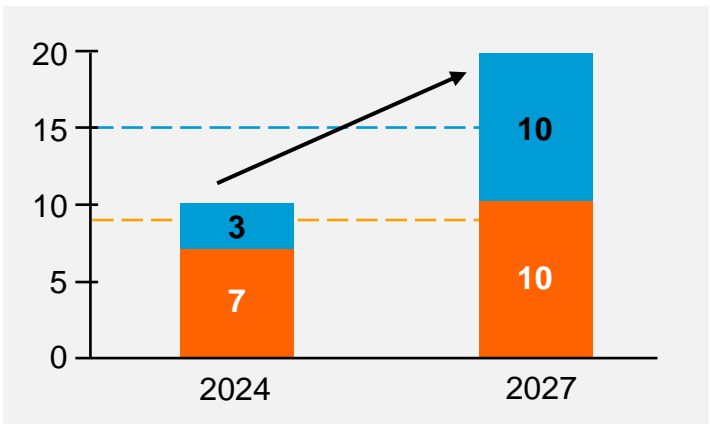
\$10m revenue from new Nexteq IP products.

#3 - \$1m customers

Goal

- Grow number of customers delivering \$1m annual revenue.

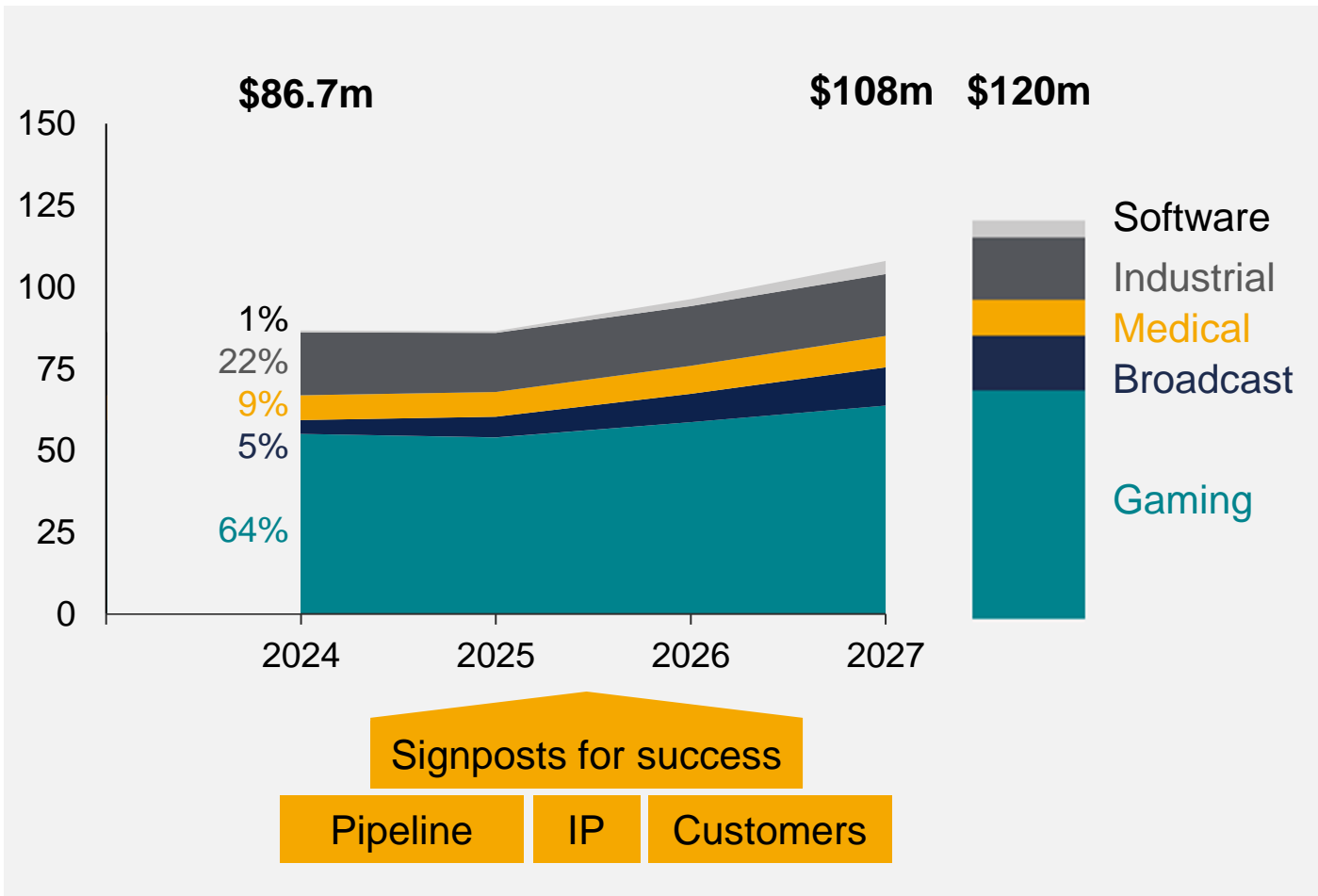
Baseline



2027 Target

100% increase in customers delivering \$1m+ revenue to 20.

One Nexteq platform for growth beyond 2027 . . .



Continued innovation revenue growth.

Increases in key market verticals.

Operating cash flow driving investment.

Customer wins with repeat volumes.

M&A growth accelerator on-top.

Summary and Outlook

2025 will be a transformational year

- 2024 was difficult – but we ended the year with a new structure and a re-energised and re-focussed business.
- One Nexteq gives the chance to utilise the core Nexteq skills across the focus areas.
- Innovation and investment in R&D will be at the heart of all we do – we will be brave.
- Broadcast growth to drive Group revenue growth. Assessment of strategic M&A to accelerate this growth area.
- Medical is the next focus area.
- Software revenue will add new high quality revenue streams.

New and clear
strategic direction

**Profitable, cash
generative** core
business with 'sticky'
customers

**Targeted expertise
recruitment**
Has increased new
product capability

Net cash balance
sheet
with capacity to make
acquisitions

Growth strategy to
enhance diversification
with new customer and
products in motion

**New energy and
focus**
to deliver consistent
future revenue
growth



Thank you

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