

Corporate Governance Chairman's Statement

As the Chairman 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 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 Quixant plc has an effective corporate governance model, the Board of Directors has adopted the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"), in line with the AIM Rule requiring all listed companies to adopt and to comply with a recognised corporate governance 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 Quixant plc. The Board considers that it does not depart from any of the principles of the QCA Code.

The Directors consider that the corporate governance framework that the Group currently operates within is proportionate to the size, risk and complexity of its business.

This statement was re-issued on 26 November 2019 and will be reviewed at least annually and updated following any changes.

Michael Peagram
Chairman
Quixant plc

26 November 2019

Principle	How the Company complies...
<p>The following paragraphs set out the 10 QCA Code principles and how Quixant has complied with those principles:</p>	
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The Quixant business is split into two divisions: the Gaming division and the Densitron division.</p> <p>Quixant’s Gaming division technology enables manufacturers of gaming machines to design and ship world- beating products in record time. Its range of all-in-one gaming platforms are high performance, PC compatible systems designed and tuned specifically to meet the complex 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.</p> <p>The Densitron division is a solution provider of electronic displays and HMI (human machine interface) solutions. Since Quixant acquired Densitron in 2015 it has changed the focus of the business to be more industry specific supplying more technologically value-rich products. To that end a dedicated embedded board design and development facility located in Slovenia has been established.</p> <p>Challenges</p> <ul style="list-style-type: none"> • Maintaining a level of technology – 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 and pricing so that new products maintain the target level of margin. Quixant invests heavily in design and development. Its development facilities are split between Taiwan, Italy and Slovenia 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 – customers expect a high level of quality in the product supplied. Quixant has, within its Taiwanese branch (which is ISO9001:2015 accredited) a quality control department that undertakes rigorous testing and 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 Board quarterly so that the directors are aware of, understand and if necessary address any quality issues within the Group. • Ensuring continuity of supply – the Gaming industry is highly regulated and requires regulatory approval of all components contained within a bill of materials. To manage this continuity of supply Quixant’s purchasing department in Taiwan controls the bill of materials ensuring purchases are made in accordance with the bill of materials. By doing this the Group is able to manage the end of life process of its products and provide appropriate product continuity to customers. • Recruitment of high calibre 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.
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>The principal responsibility for investor relations lies with the Chief Executive Officer, supported by the Chief Finance 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.</p> <p>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 Notice of AGM is sent to Shareholders at least 21 days before the meeting is due to be held. At the meeting, Shareholders vote on each resolution and the meeting is advised of the number of votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company’s website.</p> <p>Institutional Shareholders – the directors consider that it is 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 broker, finnCap Ltd, who will follow up with investors following the meetings and provide anonymised feedback to the Board. Additionally, other ad hoc meetings are attended as requested by existing and potential institutional investors.</p> <p>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 following those meetings. It also reviews analysts’ notes to gauge market expectations.</p> <p>The Chairman has for some years visited the largest four or five institutional shareholders to discuss corporate plans and any concerns. This has now been made a formal annual responsibility.</p>

<p>3. Take into account wider stakeholder and social responsibilities and their implication for long-term success</p>	<p>The Board considers their 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:</p> <p>Employees – the Board primarily engages with the employees of the Group by holding “Town Hall” meetings twice a year following the announcement of the interim and annual results. Two of each meeting are held to allow all employees, whatever their location in the world, to attend by video conference. Each meeting is run by three Board members or other senior managers 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.</p> <p>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 twice 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.</p> <p>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.</p> <p>Shareholders – the Board recognises the importance of its responsibilities to the Company’s shareholders, and has explained its engagement process with them above.</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>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.</p> <p>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 in the annual report and accounts..</p>
<p>5. Maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Group. The Chairman is ultimately responsible for Corporate Governance. However, the Board is responsible for defining the corporate governance policies.</p> <p>The Board is made up of three non-executives and five 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.</p> <p>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.</p> <p>Details of attendance of directors at Board meetings are set out in Quixant’s annual report.</p> <p>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 Chairman 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 program of meetings in the year.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>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 consider 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.</p>

<p>7. Evaluate Board Performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>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 Chairman and with the help of an external facilitator the Board is challenged to review its performance and effectiveness objectively. During this process the Board considers:</p> <ul style="list-style-type: none"> • 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; • Areas of weakness either at Board level or executive management level for which recruitment may be required; and • Succession planning.
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>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.</p> <p>Our culture is built around 5 key behaviours:</p> <ul style="list-style-type: none"> • Team-centred: 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 <p>Our values are at the heart of everything we do:</p> <ul style="list-style-type: none"> • We are pioneers • We put customers first • We play to win • We are entrepreneurial • We do the right thing.
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</p>	<p>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.</p> <p>Board Committees</p> <p>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 and a summary of their terms of reference are outlined below.</p> <p>Remuneration committee – The remuneration committee is comprised of not less than 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.</p> <p>Audit 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 and procedures and accounting policies.</p> <p>Chairman – the Chairman 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.</p> <p>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.</p>

<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board <i>CONTINUED</i></p>	<p>Executive Directors – 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.</p> <p>Non-executive directors – the non-executive directors, all of whom have all 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.</p> <p>Company Secretary – An external company secretary is appointed to assist the Board with the statutory filing and the annual general meeting, all other matters are managed internally. Where further advice is required the Board employs professional advisors.</p> <p>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 following are the matters that are reserved for the Board:</p> <ul style="list-style-type: none"> • Formulating the Group’s business model. • Setting the long-term objectives and strategy. • Setting and review of the corporate governance framework under the QCA code. • Market communication. • Approvals of matters such as: <ul style="list-style-type: none"> o Dividend policy and declaration of dividends. o Acquisition or disposal of investments. o Major capital investment projects. o Changes to the capital structure of the Company. o Annual and interim reports on advice from the Audit committee. o Resolutions to be put before the shareholders at general meetings. o Approval of annual budgets. o Changes to executive remuneration and remuneration packages of new executives. o Changes to the structure of the board of directors. o Appointment of professional advisors such as auditors, tax advisors and insurance brokers. o Approval of contracts that have the potential to have a material impact on the Group.
<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>In addition to the investment activities described above: the Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the London Stock Exchange’s Regulatory News Service (‘RNS’), the Annual General Meeting, EGMs as appropriate, and one-to-one meetings with large existing or potential new shareholders. The Company’s Annual Report contains an overview of the board committee meetings held during the year. The Chairman has an active role in encouraging shareholder interaction, seeking and listening to feedback. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company’s corporate website, www.quixantplc.com.</p> <p>The Board receives regular updates on the views of shareholders through briefings and reports from the CEO, CFO and the Company’s brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts’ notes and brokers’ briefings are reviewed to achieve a wide understanding of investors’ views. In addition, the Company carries out periodic employee engagement surveys to provide feedback and guidance to management to ensure they effectively communicate to the global team.</p>