

# Annual Review of Compliance Statement

## QCA Corporate Governance Code

### Chairman'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 Quixant 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 Quixant plc. The Board considers that it does not depart from any of the principles of the QCA Code.

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 28 February 2022 and will be reviewed at least annually and updated following any changes.

Francis Small  
Non-Executive Chairman  
Quixant plc

28 February 2022

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

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

Quixant Gaming technology enables manufacturers of casino gaming and slot machines to focus their internal engineering development effort on game design by outsourcing design and manufacture 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. This enables the Group to manage the end of life process of its products and provide appropriate product continuity to customers. The Company also buys 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 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. 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, 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, finnCap Ltd and Canaccord Genuity, who follow up with investors after the meetings and provide anonymised feedback to the Board. Other ad hoc meetings are attended as requested by existing and potential institutional investors.

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.

The Chairman regularly meets 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 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** – 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.

**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 2020 are detailed on page 23 of the 2020 Annual Report. All IT equipment which has finished its useful life is made available to employees to purchase and the proceeds are given to the employee nominated charity.

**Environment** - Quixant is committed to a programme to more accurately assess and reduce its environmental impact. Several initiatives were introduced throughout the businesses to 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 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 Chairman, 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 Chairman 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-executives 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 Meetings	Audit Committee meetings	Remuneration Committee Meetings
<b>Number of meetings</b>	<b>12</b>	<b>3</b>	<b>4</b>
F Small	12	3	4
M J Peagram (resigned May 2021)	5	2	2
G Van Zwanenberg	12	3	4
N C L Jarmany	12		
G P Mullins	12		
J F Jayal	12	3	4
J Olivier (appointed August 2021)	5	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 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 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. The Board is developing a formal training programme for directors and senior team members.

## **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 Chairman 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 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 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. 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 5 key behaviours:

- 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, energy and 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**

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.

### **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 Quixant 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 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.

#### **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.

### **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 and Guy van Zwanenberg 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.

A full review of all corporate governance procedures and policies was carried out upon appointment of the new company secretary. The report of findings and recommendations has been reviewed and discussed by the Board and a number of changes and updates are in the process of being implemented.

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.