NEXTEQ

A Platform for success

Annual Report and Accounts

for the year ended 31 December 2024

Nexteq is a B2B technology company that enables customers in selected industrial markets to outsource the design, development and supply of non-core aspects of their product offering.

Our Vision

We are the leading experts in delivering innovative technology that empowers our partners' missions and enables their success.

Our Values

Innovation

We believe that success comes through innovation. We champion creative thinking within our Group and actively seek new viewpoints.

Collaboration

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

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

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

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.

Visit our corporate website (www.nexteqplc.com) for a range of investor materials including news and press releases, reports and publications and Company details.

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Highlights

Financial highlights

Group revenue

↓ 24%

$86.7m

(2023 $114.3m)

Group gross margin

↓ 41bps

35.9%

(2023 36.3%)

Adjusted profit before tax[1]

↓ 67%

$4.8m

(2023 $14.7m)

Group profit before tax

↓ 87%

$1.7m

(2023 $12.9m)

Adjusted diluted earnings per share[1]

↓ 72%

5.08c

(2023 18.09c)

Diluted earnings per share

↓ 97%

0.48c

(2023 16.02c)

Net cash from operating activities

↓ 34%

$13.0m

(2023 $19.8m)

Net cash[1]

↑ 4%

$29.1m

(2023 $27.9m)

[1] For details of adjusted measures refer to Note 1 and Note 9 of the financial statements.

Nick Jarmany I Interim Chair

Chair's statement

As one of the three founders of Quixant, I am delighted to continue in my role of Interim Chair as we move into 2025. With Quixant celebrating its 20th Anniversary in March 2025, and with Densitron recently turning 50 years old, we have established brands, with a reputation for engineering excellence; quality and innovation.

Coming out of the pandemic years, and the subsequent component crisis, I truly believe that we now have an organisational structure and strategy to deliver a diversified Group, and consistent growth for all our stakeholders.

2025 will see a new Chair in role, now that the new Senior Leadership Team has set out its strategy, but my continuing affection and drive for this business, will see me retaining my position as a non-executive on the Board, supporting the new Chair, and the business as we move through the next phase of Nexteq's evolution.

Review of 2024

The year under review has been a challenging period for the Group, both in terms of the wider market backdrop, which was characterised by the continued trend of industry-wide destocking and low business confidence, but also a period of major leadership transition with the resignation of the Chair, CEO and CFO, each having made major contributions to the Group's evolution and success. This was followed by the appointment of strong internal successors following a rigorous process, with Duncan Faithfull taking on the role of CEO and Matt Staight appointed to CFO. I have been impressed in my time working with Duncan and Matt on their clarity of vision, early strategy execution and determination in delivering results, and I am delighted we now enter the new year with a renewed platform of stability with an excellent blend of expertise and experience.

Notwithstanding the above challenges, the robustness of the underlying business meant the Group delivered total revenues of $86.7m, albeit 24% down on a strong comparative year, together with gross margins maintained at historically high levels. Careful management of costs meant that adjusted profit before tax was $4.8m, in line with market expectations as set out in October 2024. The Group ended the year with a net cash position of $29.1m, reflecting continued strong cash generation net of the impact of returns to Shareholders over the year via our $6.9m share buyback programme and dividends of $2.8m.

Growth ambitions building on our core strengths

Following a strategic review, the newly installed Senior Leadership Team restructured the business in Q4 2024 to align it to a new three-year strategy of delivering revenue of $108m-$120m, gross margins of 35-38% and Adjusted EBITDA margins of a 10-15%. The building blocks of this plan are driving organic growth within the current product suite, expanding the addressable opportunity through product innovation and accelerating diversification into new verticals through bolt-on M&A. Further details of the Group's three-year plan can be found in the CEO's report.

My confidence in the Group achieving these ambitions is underpinned by Nexteq's core strengths and competitive market positioning built up over its 20-year heritage. First, the established and close relationships Nexteq has earned with its customers are stronger than ever, working alongside them as a key engineering and technology partners for their business-critical products. Our persistent focus on product quality and collaborative approach to customer care is part of Nexteq's DNA and is evidenced by the Group's long-standing customer relationships and high retention rates.

Second, the Group's track-record of successfully launching and bringing new products to market across its core verticals of Gaming, Broadcast and Medical means that the Group has grown from a reputation as a technology pioneer within its chosen markets, and which continues to support new customer wins today. The next step is to accelerate the pace and rigor of product innovation to drive new growth opportunities and enhance our value proposition to customers. The Group has a robust hardware and software product roadmap and I am excited to support the team in their strategy.

Third, I continue to be impressed by the quality of the team and skills within the organisation. The dedication to delivering for customers and enthusiasm through a period of uncertainty has been inspiring, and on behalf of the Board, I would like to thank all of our team members for their hard work.

Moving ahead sustainably

Our commitment to long-term, sustainable value creation remains a central component of evolution. In addition to being Carbon Neutral in 2024, the Group continues to make progress towards its target of achieving Net Zero emissions by 2050. The work we have done against the five UN Sustainability Development Goals (SDGs) we identified for the Group include expanding the number of apprenticeships and continuing our contribution to carbon reduction projects.

Dividend and share buyback programme

The Board has agreed to maintain growth in the dividend despite the reduction in earnings, supported by the healthy operating cash flow and record cash balance which supports continued investment to grow the business. As a result, the Board considers it appropriate to recommend a full year dividend of 3.7p per share (2023: 3.3p per share). The Group's share buyback programme, launched in H2 of 2024, has returned $6.9m of cash to shareholders during the year with 89% of the approved buybacks having been completed at year end.

Looking ahead

Nexteq has demonstrated resilience withstanding the headwinds in 2024 and addressing the continued global uncertainties which face all business in 2025. In Q4 the business made the purposeful decision to refocus investment, both time and skills, on the areas of the business driving new product development and new business wins. The successful transition in leadership, continued focus on operational efficiencies, and the establishment of a clear three-year plan means we enter 2025 in a stronger position. Evidenced by significant business wins secured across the Group and a clear path to delivering the three-year strategy, the Board expects positive movements in order book generation to be seen through 2025, with revenue growth becoming more material from 2026.

On behalf of the Board, I would like to thank our employees, customers, and shareholders for their continued support and confidence in Nexteq. We look forward to the next phase of our journey with optimism and determination.

Nick Jarmany | Interim Chair

Duncan Faithfull I Group Chief Executive Officer

Chief Executive's report

2024 was a challenging year for Nexteq, but in my first few months as CEO, I have seen firsthand the solid foundations the Group has built over its 20-year history.

I continue to be impressed by the Group's heritage of technology leadership in its focus markets, excellent team of people with deep technology expertise and best-in-class customer service that we have become known for.

The market backdrop in 2024 was characterised by difficult conditions, including geopolitical uncertainty, elevated inflation which both impact business confidence combined with the ongoing cycle of destocking. As a result, our trading performance was not at the high standard that we set ourselves. Notwithstanding external factors, there are a number of operational and organisational factors within our control that I, together with the newly appointed Senior Leadership Team, have identified to change in order to become leaders of markets again, and to drive the growth that this business is capable of, in line with our three-year ambitions of being $108m-$120m revenue, with gross margins of 35-38% and Adjusted EBITDA margins of 10-15%. This refocus was presented at our recent Capital Markets Event in February and detailed later in this report.

Despite a tough market environment, our gross margins remained strong and resilient; our operating costs remained controlled; and our profit performance was in line with expectations set out by the new management team. Our challenge in 2024 was one of revenue generation and order intake, resulting in revenue lower than 2023 across both of our trading brands, Quixant and Densitron.

Trading environment

The lower revenue performance in 2024 was driven by three critical factors occurring simultaneously. Firstly, during the years post-pandemic, stock was procured by our customer base expecting continuing growth in demand for their products, which did not transpire to be the case. The subsequent destocking process impacted 2024 significantly, and in fact, in certain geographies and markets, still continues. Secondly, throughout 2024, across all our market verticals, our customers' confidence to invest in capital projects was impacted negatively by an uncertain macro-economic environment translating into higher-than-expected cost of capital. Thirdly, across the business, 2023 was positively impacted by end of life / last time purchase situations in key customers, providing a very strong comparative year.

> Nexteq had a challenging 2024, but with our new structure, and a re-energised focus on creating amazing products, we are positioned for a period of exciting growth.

These issues were felt across the business, but especially in our non-USA business, which saw a 40% reduction in revenue between 2023 and 2024, driven largely by the EMEA business in both the Quixant and Densitron brands. In the USA, revenue was impacted in the same way, but to a lesser extent, with an 8% reduction in revenue being seen year on year, mirroring our two largest customers' performance in their home market.

Following rigorous analysis of the situation, we are very clear about what has driven these revenue challenges, and we have implemented specific regional growth plans across the business verticals to win material new business through 2025 and drive growth from 2026 and beyond. This is detailed later in my report.

Excellent cash generation continues

As a result of the efficient Nexteq business model, cash generation continues to be exceptionally strong. Throughout 2024, this has enabled the share buyback scheme, in which $6.9m was returned to shareholders, alongside $2.8m in dividends. Despite this investment we ended 2024 with $29.1m of net cash, and as we move to 2025, this provides the flexibility to invest in our organic and targeted "bolt-on" M&A growth strategy.

Managing change

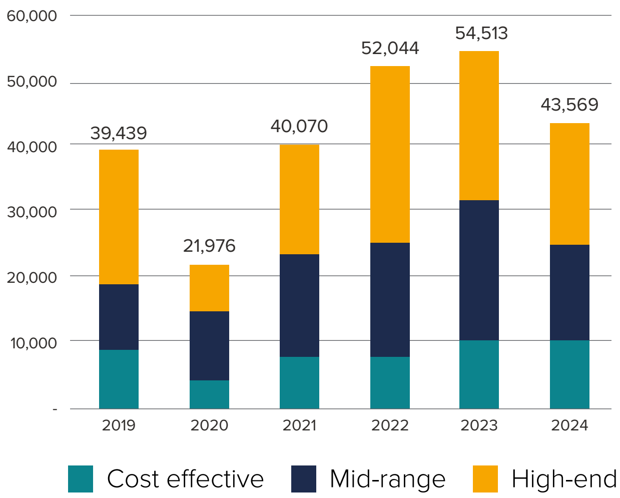
2024 also brought a period of significant leadership change within the business, including the appointment of an interim Chair and new permanent Executive team, along with the reorganisation of the business into a regionally aligned 'One-Nexteq' structure to support the execution of our new strategy in 2025 and beyond. I would like to extend my thanks to all our global teams for their perseverance and focused commitment to delivering a best-in-class service to clients through this period of disruption.

Business Review: Quixant

Quixant is our trading brand which delivers technology outsourcing solutions to the casino, and slot machine industry, focussed on specific hardware Gaming platforms (PCs); monitor and cabinet solutions. Quixant turned 20 years old in March 2025.

Quixant increased its percentage share of Group revenue in 2024 to 63%, despite a year-on-year decline in its own revenue of $14.4m to a total of $54.8m. The reduction in revenue from the Quixant brand was spread between the trading regions, with our largest market, the USA, down 12%, or $6.8m versus 2023, and the Rest of the World (RoW) region by 40%, which equated to a $11.4m reduction. Driving this was an overall reduction in hardware platform sales as customers' confidence to invest was impacted by persistent macro-economic uncertainty. This uncertainty, coupled with the destocking process which followed the 2022 and 2023 post pandemic optimism led to reductions in volume of sales of the three hardware platform categories that Quixant offers.

Gaming Platform sales (quantity) by product family



Our cost-effective IQ range of solutions saw the smallest decline of the three product categories. We saw no customer losses through 2024, and our newest variants IQ 2 and IQ Connect were launched in the second half of 2024, so we expect material progress to be made in this category in 2025.

Traditionally the mid-range IQON series of products are the biggest selling product but saw a 38% reduction in volume between 2023 and 2024, driven by general destocking, and one large customer in the UK being acquired by a business which has not historically used Quixant.

Our premium QMAX range, our performance product, declined by 33% in volume in 2024 as a result of three large customers having difficult trading years themselves. No distribution has been lost, and the three customers have now invested significantly in game design – the factor which determines the success of a cabinet and our sales of hardware platforms.

2024 saw the continuing improvement in supply chain lead times and component pricing. Quixant's lead times are now back at pre-pandemic levels and whilst component pricing has not returned to pre-pandemic levels, the market is now stable, with supply and demand in balance.

Throughout 2024, Quixant refocused onto product development and concentrated on the following activities:

- **AMD and Intel –** Both graphic chip partners have been integrated across the hardware product range with all product families having an Intel and AMD variant. Our Gaming customers are split equally between the two graphics providers, so having a product range which uses both is essential for opening the overall addressable market.
- **New Product Introduction –** Our IQ 2 and IQ Connect hardware platforms were launched which target cost-sensitive addressable markets in Spain, LatAm and North American route markets, which are distributed Gaming operations where Gaming machines are placed in various non-casino venues, such as bars, restaurants, and truck stops.
- **Bespoke QMAX development –** Both of our largest Gaming customers started the process of moving to a next generation hardware platform to give them more performance at competitive pricing levels, utilising our core strength of PC hardware and software engineering.

Quixant continued its progress in Gaming cabinets in 2024, with new customers to compliment the significant win of one of the UKs largest casino operators in 2023. Quixant now works with leading cabinet manufacturers in North America and Europe to deliver its 'turnkey' cabinet solutions, for customers who need a fully outsourced cabinet. Through 2024 Quixant sold over 200 full turnkey cabinets globally.

The partnership 'turnkey' model is gaining traction as the trend for online game providers looking for a land-based solution increases in popularity.

Quixant Outlook

There are many reasons to be positive as we move into 2025:

- **Brazil –** With the online and sports betting segment already regulated in 2023, the Video Lottery Terminal (VLT) market is being opened on a state-by-state basis. With two states already operating VLTs legally, the expectation is that this will grow offering an opportunity even before any federal law is passed legalising slot machine operations in country. Quixant has its supply chain already established, partnering a Brazilian importation organisation. We continue to monitor the situation of the Federal law and remain hopeful of progress in 2025.
- **Supply chain certainty –** With the USA publicly stating the support of Taiwanese independence, coupled with our dual location manufacturing strategy, we remain confident in the supply chain security. We are confident that USA tariffs will not impact Quixant product.
- **North American positivity –** With a new President and improving economic picture, there is positivity within our largest Gaming market.
- **Increasing requirement of improved graphics gives us an advantage –** Having a full range of AMD and Intel SKUs allows maximisation of addressable markets, and our close relationships with AMD and Intel allow the potential of new and exclusive graphics solutions.
- **UK Gaming White Paper –** We are expecting the Government white paper on expansion of Gaming cabinets in UK casinos to be published in Q3 2025, increasing the opportunity for turnkey solutions.
- **Software –** To compliment our market leading suite of embedded Gaming software on our hardware platforms, we will launch a new software product at G2E 2025 in Las Vegas.

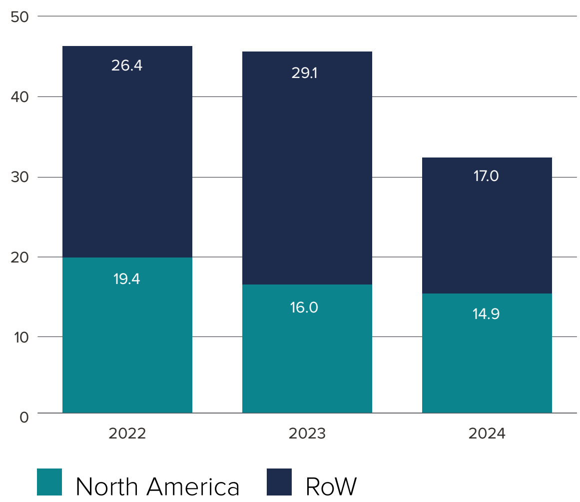
'One Nexteq' Monitor solutions – Partnering with our sister company, Densitron, we are investigating the potential of the significant Gaming monitor market. As a specialist display solutions provider, we have expertise in the Group to deliver exceptional products at competitive prices.

Business Review: Densitron

Through our Densitron brand we sell advanced display solutions and human machine interface (HMI) technology into several market segments, which we have been doing for 50+ years.

2024 was a tough year for Densitron, with revenues falling 29% versus 2023, driven largely by significant reductions in the RoW business. In this region we declined by $12.1m, driven by the known loss of one major customer, coupled with the impact of several last time buys (LTB) of displays in 2022 and 2023, which flattered the outcomes for those two years. In North America, which includes sales to customers in Asia, the business declined by 7%, translating into revenue decline of $1.1m, driven by LTBs and general destocking across the customer roster. As evidenced in the chart below, Densitron was impacted by the same destocking pressure as felt across many industries, including Quixant.

Densitron revenue by Region ($m)



The graph represents the core Densitron Industrial displays business in 2024, which involves applying advanced engineering solutions to 3rd party monitors. Whilst revenues have been disappointing, over recent years a huge amount of effort has gone into margin development, with 2024 seeing Densitron overtaking Gaming in terms of Gross Margin %, and in doing so achieving a Company record.

Through 2024, a concerted effort has been made with our key supplier partners to ensure certainty of supply from China, and other industrial display markets, and to ensure dual supply solutions, to prevent previous issues around LTBs.

The Densitron brand enjoys opportunities within several key market verticals, including Medical, Automotive, Agriculture and Broadcast. The Broadcast market continues to be a significant business for Densitron with $4.7m revenue from the sector in 2024. Over recent years, the business has focussed on delivering innovation in terms of Nexteq I.P. based solutions, where we own the product design and overall solution. We believe that we will make significant traction in this market over the coming years as we move to this more 'Quixant style' of doing business in display solutions.



Our Tactila product

This can be seen in the continued development of our patented 'Tactila' solution, which is truly unique in terms of engineering innovation, allowing for tactile rotaries to be bonded to single pieces of glass, revolutionising the user experience in the 'Production Control Rooms' (PCRs) of our Broadcast partners. Tactila shows off the engineering expertise of Nexteq and now includes software support delivery from our software centre of excellence, traditionally used exclusively by the Gaming business, Quixant.

ProDeck

Delivering value add, innovative solutions is how we are driving growth in the Densitron vertical markets. Another example being the 'ProDeck' solution – our stand-alone desktop control solution. ProDeck combines a PC from Quixant and the display solutions from our consumer grade Broadcast models, which can be linked to our IDS software solution. With the ProDeck solution, anywhere can become a Broadcast studio.

The Medical sector is another significant market vertical for Nexteq. In 2024 the Group enjoyed $7.9m of revenue from this sector and offers the opportunity to be the next focus market after Broadcast. We are developing Medical grade products now, utilising the technology advancement we have developed for the Broadcast sector.

Densitron is critical to our go forward strategy as the market verticals which we are developing in Broadcast and Medical, are incubated in the service excellence of the core Densitron business.

Densitron Outlook

Densitron operates in a highly competitive environment, and markets are still recovering from the over-stocking seen through 2023. We expect significant strategic progress to be made over the coming years in both the core business, where increased focus on targeted marketing and a new process on Last time buys (LTBs), and in the chosen markets of Broadcast and Medical to deliver high quality, I.P. based revenue from our innovative suite of new solutions.



Forward-looking growth strategy and pillars for future success

We have developed a three-year strategic plan, with the objective at the end of 2027 to have a diversified revenue base, hitting organic growth targets to deliver \$108m-\$120m of revenue, with a consistent growth trajectory to significantly higher than that in 2030. This will be achieved through a combination of organic, innovation and acquisitional growth. Importantly, significant new business has already been won – we have to integrate our technology into customers products exceptionally for revenue to really impact from 2026.

Structure – Create environment to deliver growth

✓ Right size the business to deliver 2025 profit expectation.

✓ Invest in the right technical skills to deliver organic growth and innovation revenue growth.

✓ Drive sales activity through 'One Nexteq' regional approach.

Retention – Build from a solid base

- Retain 100% of our current Gaming and Industrial displays core business.
- Deliver two new hardware platforms to our biggest Gaming customers, locking them in for the next 3-4 years.
- Maintain excellent customer service and close customer collaboration.

Organic growth – Build on what we do in our current markets

- Deliver our exciting hardware product roadmaps.
- On-board secured Broadcast vertical customer wins and Gaming customer wins in 2025.
- Win new Gaming customers in identified new route market opportunities.
- Deliver 10% market share win in Brazil market post legalisation of Gaming.
- Double the number of strategic customers with \$1m annual revenues from ten in 2024 to 20 in 2027.

Diversify – Innovation and acquisition

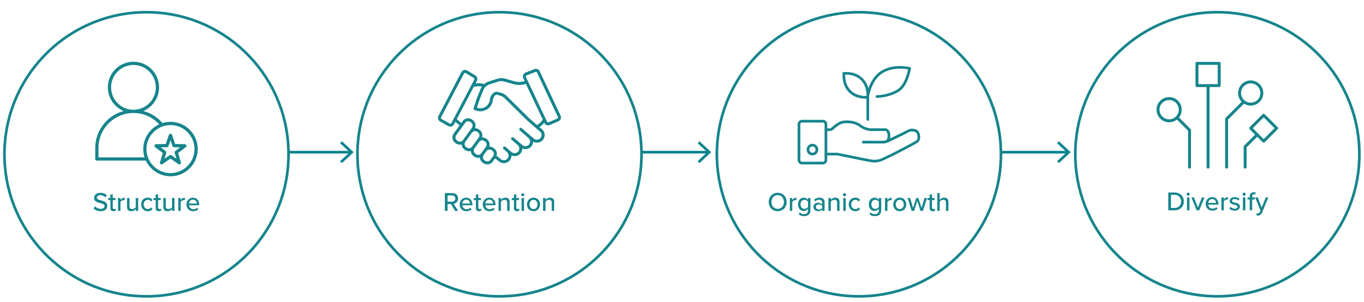
- Launch new Gaming software proposition in 2025.
- Enhance focus on strategic bolt-on acquisition opportunities to accelerate growth in new target verticals.

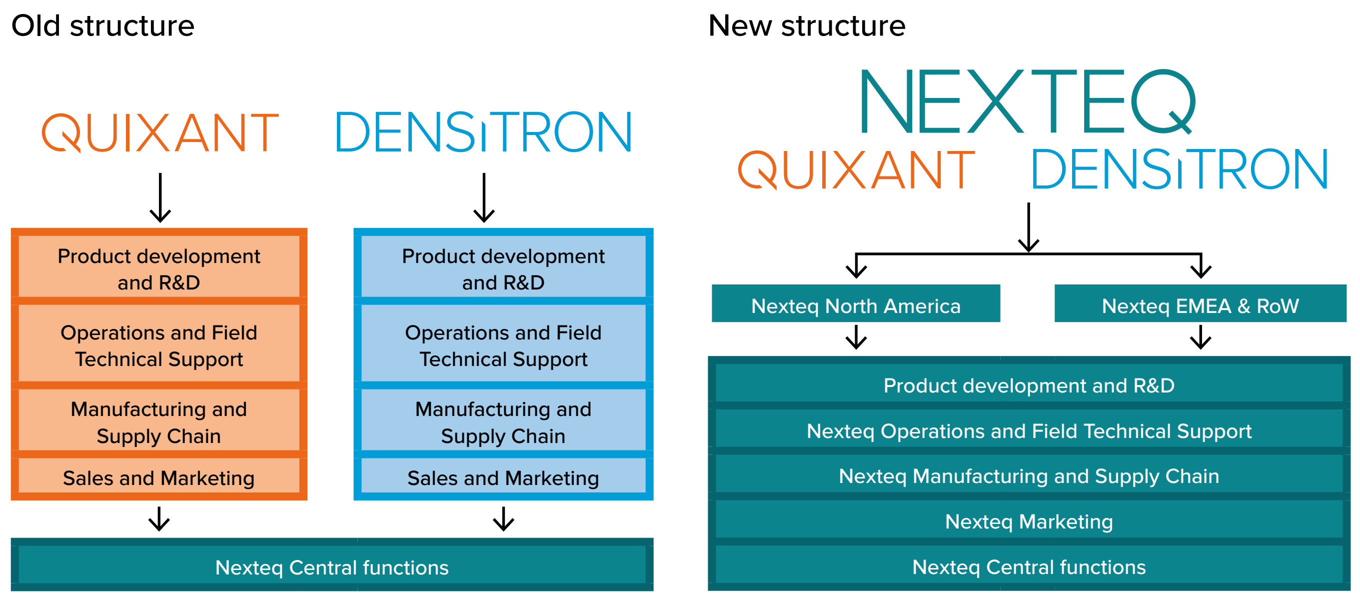
'One Nexteq'

Our brands and our products are what set us apart from our competition and we will protect and nurture both. In order to leverage the expertise across all of our product areas, we have instilled a 'One Nexteq' approach, tying the organisation closer together. We now have a new Senior Leadership Team (SLT), made up of key leaders from across the business, including those responsible for delivering innovation across our product range, as well as our General Manager from our Taiwan engineering and manufacturing centre, responsible for delivering on that innovation agenda.

Critically, we have moved to a regional based model, as opposed to a brand-based, global one. We now have a commercial leader based in the USA, our largest market, and another one responsible for the Rest of the World (RoW), based in the UK. These two highly experienced Commercial leaders have market vertical specific sales teams reporting to them, but are managed in a consistent way, relevant to their own customer bases. Importantly, our sales teams are now supported with a new incentive plan, which better aligns with our growth ambitions and visibility.

Nexteq's four areas of execution





An example of our 'One Nexteq' approach in action is with our exciting new Broadcast solutions product range, where we are using our traditionally Gaming -focused Software Engineers in Italy to work with our mechanical and electrical engineers in Taiwan to deliver our product roadmap. This maximises the use of our expertise and minimises the operational cost of delivery. These changes mark a distinct evolution in the business.

Retention of our customer base

Our high customer retention is underpinned by our excellent service and customer care, and exceptional product quality which is the envy of our competition. As a result, our customers remain loyal, confident in the knowledge that we are excellent at what we do, which enables them to deliver their product and commercial objectives.

Everything we do is about delivering on our customer expectations and the value our customers place on our partnership, and on our innovative approach to product design and problem solving. Retention and delighting our customers will unashamedly be the cornerstone of our growth strategy.

Regaining our technology innovation leadership

2023 and 2024 were both years where our innovation process and R&D initiatives stalled slightly as we focussed on retention and the conversion to Intel as a graphics provider in the Gaming sector. In our DNA, we are technology innovators, and to be successful we must be bold; invest in R&D and deliver creative solutions for our customers.

In Q4 2024, we restructured our cost base to allow for investment in software innovation across our target market verticals and refocussed our hardware teams to look at new Gaming hardware solutions designed to make our customers' graphics performance 'ahead of the game', and our new Broadcast market innovation to be deliverable at scale to service our exciting new customer wins.

Nexteq has invested in Senior Product Directors to deliver the ambitious product roadmaps that we have in Gaming and Broadcast and the Group continues to invest in supplier management to create a display innovation roadmap for our core Densitron operation.

Throughout 2025 and beyond we will deliver increasing amounts of thought leadership as we fuel our innovation pipeline. We are a product and solution innovation business at our core – this will become more evident as we grow via our innovations.

Diversify our revenue through product innovation and new verticals

Traditionally, Nexteq has been focussed on the industrial display market through its Densitron brand, and on the Gaming sector via Quixant. Other than our IDS software business we have been a hardware-based organisation, and as part of the diversification agenda we are delighted to be launching our new software innovation in the Gaming business in 2025. Having invested in our own software development team, and with focussed R&D effort, we will launch a subscription-based solution to market to assist our Gaming hardware platform customers with bringing their game content to life. This, coupled with the IDS software solution will create a meaningful Nexteq software business of 4-5% of Group revenue in 2027.

We believe that we have significant opportunity to grow our Quixant business in the key Gaming market vertical, especially with the software solution described above, but it has been our objective for some time to increase the share of revenue from other markets. In 2022 we made the strategic decision to invest in R&D in the Broadcast vertical, which we have experience of through the Densitron display business, with the objective to introduce our own innovative and tailored Broadcast solutions alongside the traditional displays we supply already. It has taken some time to gain traction here, but I am delighted to report that we have made significant progress in winning long-term contracts with some of the largest Broadcast operators in the world. The integration cycles are long, but some of our key milestones within our plan are around onboarding these wins, with revenue expected to flow from late 2025, and beyond.

Our third target vertical is the Medical sector, which currently accounts for 5% of our business. We see good opportunity to growth in this sector organically to 11-14%, with the growth potential enhanced through bolt-on acquisitions.

Our healthy cash position means that we can invest in acquisitions in target verticals, and we continue to assess opportunities to transform our offerings in our traditional Densitron areas of expertise.

Summary and focus areas

2024 was a difficult year, but we move into our three-year plan period (2025 to 2027) with renewed focus, energy, people and structure, and clarity of thought.

We start the new year with secured customer wins, an orderbook of five months' revenue and a healthy financial position. The business is energised around being brave and creating innovative products, manufactured to the highest standard, that will delight new and existing customers. Everything we do will be focused around our core strategy to expand our offering through continued innovation, establish the Group in new territories and markets, and continue to provide a first-class service to our existing customers. We are excited to move into delivering our plan and building on what we learned through 2024. As ever, it's what you do next that counts, so please join me in being excited about our future.

Duncan Faithfull | Chief Executive Officer

Q&A | with the Chief Executive

What excites you most about leading Nexteq at this stage in its evolution?

Several things. Firstly, the significant potential of our business and the plans that we have to execute in order to fulfil this potential. Secondly, having the opportunity to lead and work with our wonderful team at such an exciting time where we are bringing everyone together under our 'One Nexteq' agenda; and finally, after a difficult few years, having the opportunity to take this business into new but complimentary markets and showing real growth across our traditional and new verticals. It's an exciting time to be at Nexteq.

What is your overarching vision for Nexteq under your leadership?

To become truly globally renowned in our markets for product innovation, and to delight our customers in everything that we do.

What are your immediate priorities for the next 12 months?

We have so many!! Structurally we need to 'bed in' our new 'One Nexteq' business model and support our team through the transition to thinking differently about how we run our business. Retention of and delighting our current customers across our markets will always be central to what we do and we have some major customers transitioning to new solutions this year, so that must be executed perfectly. We have recently won significant new business across Gaming; Broadcast and Industrial; displays and we must on-board these quickly and accurately, so they contribute as soon as they are ready. We have a truly innovative software solution being launched into the Gaming sector in Q4 2025, which will add a significant and repeatable revenue opportunity to the business, and finally, as a result of the excellent cash position we enjoy as a business, we will be looking to augment our impressive organic growth in our non-Gaming verticals, with strategic M&A activity to drive long term growth and value. Lots to do!!

What key market opportunities exist and how will you capitalise them?

Nexteq operates in several markets. The Gaming market is our largest vertical, and we will deliver new hardware and software solutions into this market this year to continue to drive innovation for our customers, and to convert new addressable segments of this market which we have not had the appropriate products before. As mentioned above, the software solution is tremendously exciting and adds a new string to our bow, so watch this space! Our Industrial displays brand, Densitron, has given us access to a number of really interesting markets, with Broadcast and Medical being just two. I believe that we can create our own innovative solutions using our newly developed IP in these focus markets to deliver significant growth.

How do you plan to engage with key Stakeholders?

Regular communication will all key stakeholders is essential as we go through a significant period of change. We communicate with our wonderful team of colleagues through regular town halls, and a new chat form on our intranet, as well as regular visits across the Nexteq world to tell everyone about all the great things we are working on, and to coalesce the team around our 'One Nexteq' agenda. I have been lucky enough to meet with our supportive shareholders on several occasions since taking this amazing role, some based around regular trading updates, but excitingly at the markets day that we held in London on 26th February 2025, where we showcased our 3-year plan, and our new product innovation in person. Giving our shareholders the chance to see and touch our product innovation is key to understanding the exciting journey that we are on at Nexteq. With regards to our customers, I speak to as many as I can as often as I can, and with our new structure in place, our Sales and Account Management teams are fully focussed on delighting our customers every day.

As I have said this is an amazing time to be a part of Nexteq, and to have the honour of leading us through this exciting stage of its evolution is truly a thrill. I cannot wait to show you how this business develops over the next 12 months.


operation 129 227
operation 122 334

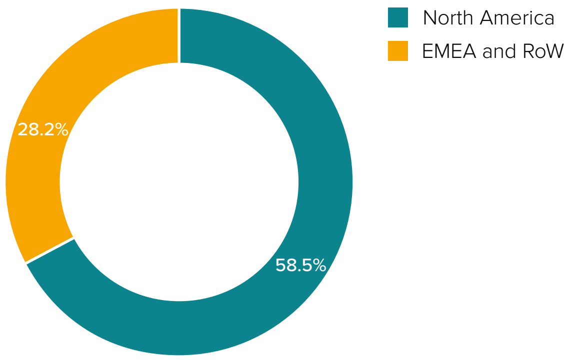
Business overview

Nexteq is a technology business that enables global industrial electronic equipment manufacturers in selected vertical markets to outsource design and development of their embedded computing and human machine interface.

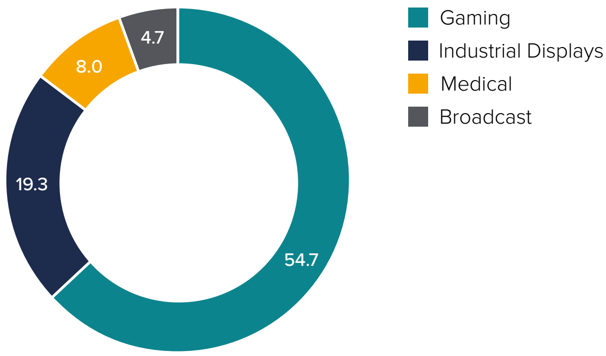
We provide the technology that is often invisible to the end-user but nonetheless forms a critical part of our customers' products and the user experience. By utilisation of our technology, customers can focus their development efforts on realising new products and accelerate market entry.

Customers across 47 countries trust Nexteq to be an integral design and supply partner.

Our revenue by geography

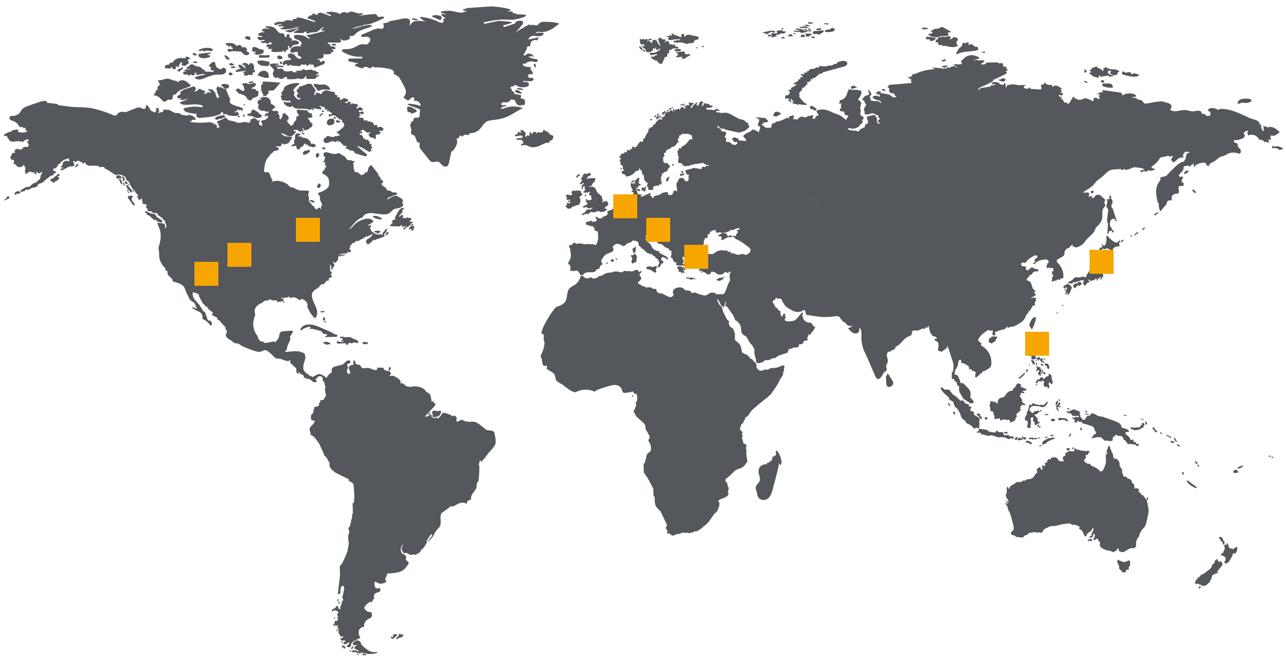


Our revenue by sector ($m)



Global locations

Our 223 employees are located across offices in six countries



Business overview

QUIXANT

Quixant is focused on the casino Gaming and slot machine markets, designing, developing and manufacturing Gaming platforms and display solutions for this thriving sector.

Through Quixant, major Gaming video slot manufacturers can outsource those aspects of their machines that offer limited commercial differentiation, including the computer platform and low-level software. Recently, Quixant has also launched a range of turnkey cabinets that enable customers to exclusively focus their research and development resources on game design, which is critical to enhancing the player experience – and in turn, our customers' commercial success.

For more information visit:
www.quixant.com

DENSiTRON

Densitron services the broad industrial marketplace as a specialist in Human Machine Interaction. It brings innovative displays, control surfaces, and control systems to a wide range of global industrial markets.

Through Densitron, we aim to execute our business strategy of diversifying into new sectors and migrating up the value chain within those sectors. The Broadcast sector has been identified as a particular market of focus, and Densitron technology is already revolutionising the control of devices in this sector bringing the advantages of touchscreens while overcoming the challenges encountered in using them.

For more information visit:
www.densitron.com

Marketplace

Historically, approximately 60% of Nexteq's revenue has originated from the Quixant brand and Gaming market and 40% from our Densitron brand. We believe there are significant untapped growth opportunities in the markets that Densitron is positioned to serve.

Through our Densitron brand we have access to a diverse range of industries, where we are already realising revenues from markets such as medical, Broadcast and automotive – but essentially any organization requiring smart display and control technology. In 2025, a key focus will be aligning with our Group strategy to identify, analyse, and deeply understand high-potential markets. By developing tailored solutions with proprietary product IP, we aim to unlock new revenue streams.

Following this approach, Nexteq's total current market size stands at $4.4 billion, comprising of a substantial $3.0bn Medical sector, a $0.9bn Broadcast market, and a $0.5bn Gaming market.

The Broadcast and Medical markets

Starting with Broadcast, we estimate that there are approximately 220,000 Broadcast Production Control Rooms (PCRs) worldwide, which are found in Broadcast studios, corporate media centres, outside Broadcast trucks, and houses of worship—and are critical hubs for directing operations and program composition. These are driving an annual equipment spend of $0.9bn. Of this, we believe our realistic total addressable market is $0.2bn.

Traditionally, Densitron has seen an average selling price (ASP) of $15–$25 per product via sales of our core displays. With our 20 years of experience in the Broadcast and AV sector and the success of our IDS control and display solution, we have gained a deep understanding of this market's needs. By addressing key challenges with integrated, proprietary solutions, we have significantly enhanced the value we are able to offer to customers. As a result, our solutions for the Broadcast market now command an ASP of around $1,000 per product. A highly targeted sales and marketing strategy will be instrumental in further penetrating this Broadcast addressable market in 2025, and beyond.

Another key growth area is the Medical display sector, currently valued at $3.0bn and projected to reach $4.1bn by 2032. With revenues in 2024 of over $8million from the Medical market, it is clear that we deliver solutions that this market requires, but with a significantly larger market size, that there is a wealth of further opportunity.

Similar to the Broadcast market, the Medical industry is experiencing a technology evolution toward larger, more interactive displays with specialized medical-grade features—an evolution that presents an opportunity to increase the value we offer customers in this space, and increase our average sales price by providing integrated solutions.

While the broader Medical sector holds immense potential, our strategic focus will be on the lower-risk device market. This includes diagnostic imaging, remote patient monitoring, in-vitro diagnostics, cardiology, and Medical command centres. By leveraging our extensive expertise in display and control systems, we are well-positioned to capitalize on this growing demand, and with a dedicated sales and marketing effort, we are positioned to increase the revenues we already realise in the Broadcast and Medical verticals.

Gaming market

Market data indicates a significant rise in overall U.S. Gaming revenue, which surged 21% year-over-year to $6.65 billion in 2024. However, this growth is primarily fuelled by the expansion of sports betting and online Gaming, now comprising of approximately 30% of the total US industry revenue, which is a mirrored global trend. In contrast, the land-based segment has seen limited growth, accompanied by a 2% decline in the average selling price of cabinets and a 6% decrease in total Gaming sales revenue from 2023, showing an increasing environment of price compression.

The Gaming hardware market remains highly specialized and complex, with an estimated total value of $500m. Our in-depth analysis suggests that the market segment specifically seeking the solutions we provide is around $200m, of which Quixant addressed $54.8m in 2024.

Historically, Quixant has been a leader in premium hardware solutions for land-based casinos. However, with market shifts emphasizing pricing and cost efficiency, we are strategically expanding our appeal to sub-sectors of Gaming. One key area of growth is the route and amusement markets, where highly specific requirements and competitive pricing are critical. To meet this demand, we have broadened our product range with cost-effective yet high-performance solutions, including the IQ 2 platform—now in mass production—and the newly launched IQ Connect. These innovations position us to capture a greater share of the addressable market.

The Latin American market presents another major opportunity. With the recent legalization of the video lottery and sports betting market, we are closely monitoring the potential legalization of land-based Gaming. When legalised, the market would represent in the region of 300,000–400,000 machines, representing a substantial growth avenue for Quixant. To capitalize on this, we have developed tailored products to the region's needs, expanded our presence, and established key partnerships, providing our customers with a first-to-market advantage.

Additionally, the demand for turnkey cabinet solutions is rising, particularly among online Gaming providers transitioning into the land-based sector. Many of these companies, along with route and amusement operators, lack in-house expertise and resources, making outsourcing essential. Quixant's ability to deliver complete, ready-to-deploy solutions enables our customers to focus on content development and enhancing player experiences while reducing technology debt. We are leveraging all of our hardware, software and Gaming expertise, along with industry partnerships to successfully deliver these solutions to the market.

Another area of strategic expansion is the Gaming display market, estimated at $350 million annually. Through our Densitron brand, we have strengthened our competitive edge in this sector and are actively exploring new opportunities to leverage our display expertise to better address this market.

As we refine our strategy under the restructured Nexteq business, cross-brand collaboration will be a key driver of growth. By integrating our expertise in computing and display technology, we are positioned to expand into multiple verticals, offering both hardware and software solutions. Notably, our IDS solution has significant potential across Nexteq's sectors, providing opportunities for broader adoption, repeatable software revenues, and continued innovation.

With a clear strategy, targeted product development, and a focus on new market opportunities, Nexteq is well-positioned to navigate industry shifts and drive sustainable growth.

Business model

1

Delight our customers by empowering our key resources

• • •

Key resources

Our People

- World class hardware and software engineers.
- Market led in everything we do – product development based upon need.
- Global scale – Local Management – vertical expertise.
- Close to our customers – market leading customer service.

Our Structure

- 'One Nexteq' allows brand specialism backed up by local management.
- All engineering resources available to all product and commercial teams.
- Local customer focus with regional engineering customer support.
- Shared central services to support growth and customer service locally.

Our Products

- Market leading and innovative PC and industrial display solutions through Quixant and Densitron brands.
- Focussed on Gaming; Broadcast; Medical and Industrial verticals.
- Outsourced solutions tailored to our customers' needs.
- Innovation with Quality – both equally critical.

Our technology and innovation

- IP based product solutions with 22 patents.
- 29 Trademarks.
- Game changing Gaming hardware platforms – products designed for reimaging game performance across a range of solutions with world class graphics partners.
- Revolutionising the HMI (Human Machine Interface) experience – taking touch to new levels.
- Reimagining the supply chain – getting our products in our customers hands in record time.

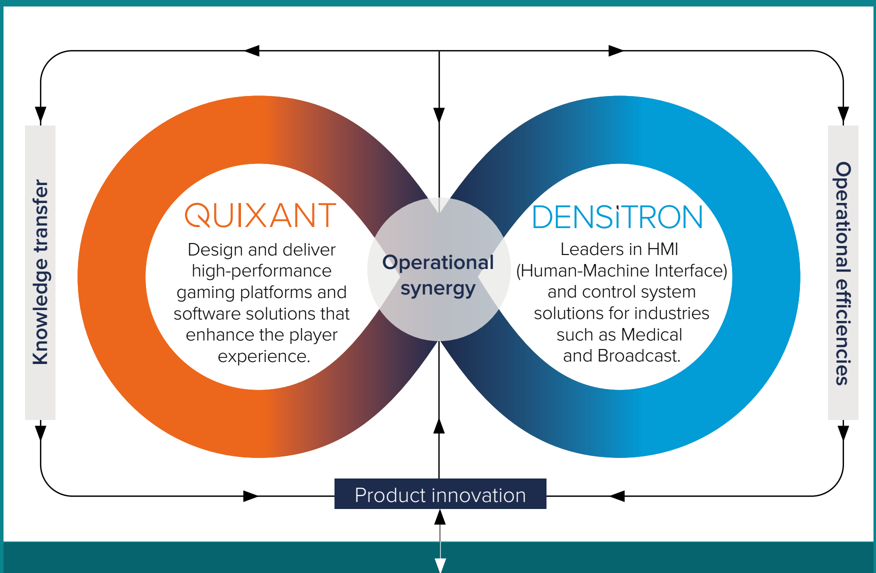
Solid Financial Foundation

- Efficient business model of internal engineering; outsourcing final production delivers consistent cash balance generation.
- Allows investment in R&D; fuelling innovation.
- Innovative stock management solutions – breaking traditional availability assumptions.
- Deliver targeted bolt on M&A to accelerate strategic vertical growth agenda.

2

. . . to deliver innovative solutions through our expertise as we adapt to change . . .

Our businesses



Our growth model

Identify Vertical
Identify and target verticals that don't currently benefit from the expertise of specialist solution outsource providers.

Product Innovation
Focused R&D to move up the value chain through a combination of hardware and software technology.

Customer Acquisition
Acquire new customers in our chosen target market segments, further diversifying Nexteq's revenue base.

Value expansion
Increase our share of customer spend by providing additional outsource solutions that enable us to become a fully integrated technology partner.

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

3

. . . and diversify our value proposition for a brighter future.

Value creation for our Stakeholders

Our People
- Enjoy the thrill of being part of a growing, multi vertical organisation.
- Opportunities to grow careers across brands and geographies.
- Celebrate sharing success and wealth creation.
- Continue to recruit the best people in our markets.
- A Great place to work.

Our Customers
- Market leading technology being constantly improved.
- Cross vertical application of engineering solutions.
- Software solutions to delight their customers.
- Trusted to deliver.

Our investors and shareholders
- Consistent growth and development.
- Proven reason to believe in the technology delivery.
- A consistent cash cycle growth.

Our Suppliers and partners
- Consistent growth fuelled by innovation.
- Open and honest joint product and solution development.

Wider society and community
- Consistent & committed focus on our environment.
- Investment in local charities...globally.

Strategy

1

Re-build

Deliver the ‘One Nexteq’ structure and invest in R&D specialists to deliver innovation agenda, and one the back of true innovation secure organic growth to deliver positive trajectory and confidence of the team.

2

Re-focus

We are experts in Gaming. We are experts in Industrial displays. Using our technical expertise will deliver IP based growth via our own solutions into Broadcast and Medical, while we explore new markets through our new regional approach, utilising the technological breakthroughs that we have made.

3

Re-energise

We win when we are confident. We are confident when we are brave; we are brave when we innovate; when we innovate, we win. We will focus on our core DNA – creating brilliant products which delight our customers.

Nexteq has a pathway to grow, delivering on four areas of execution.

Nexteq has a pathway to grow, delivering on four areas of execution:

Structure → **Retention** → **Organic growth** → **Diversify**

Structure

- One Nexteq.
- R&D investment.
- FAE expansion
- Great place to Work.

Retention

- Retain 100% of core customers.
- Focus on accounts which can help deliver new markets.
- Top 5 account strategies.

Organic growth

- Deliver agreed innovation.
- Deliver committed Broadcast NPD.
- Integrate new business wins.
- Cross sell across verticals.

Diversify

- Launch Gaming software solution at G2E 2025.
- Launch new transformational Gaming hardware platform.
- Targeted bolt on M&A in selected market verticals.

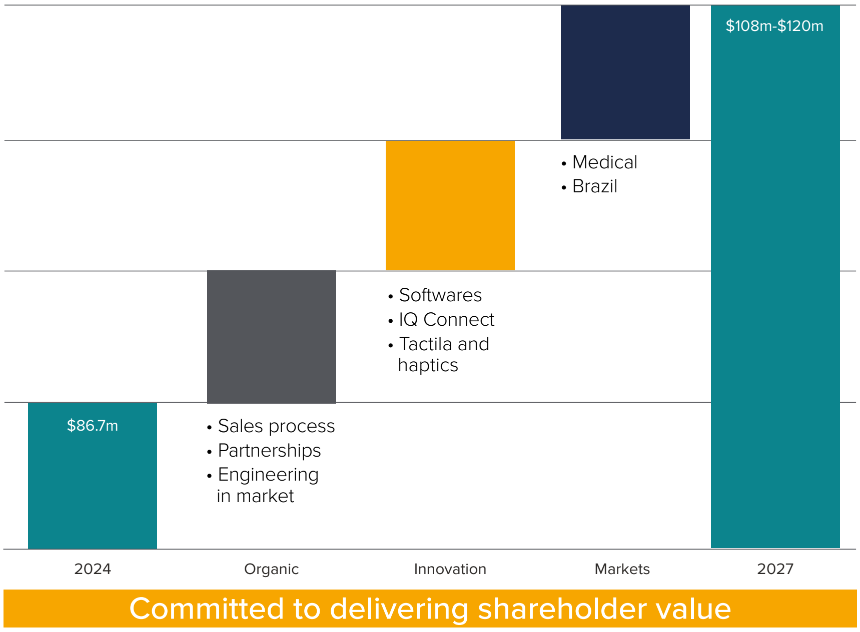
Committed to delivering shareholder value

Revenue
$108m – $120m

Gross margin
35% – 38%

EBITDA[1]
10% – 15%

[1] Adjusted EBITDA.

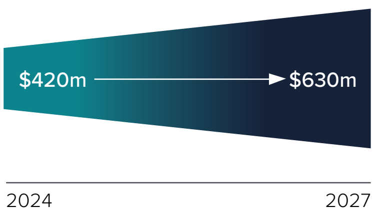


Organic growth – signposts to success

#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 - 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.

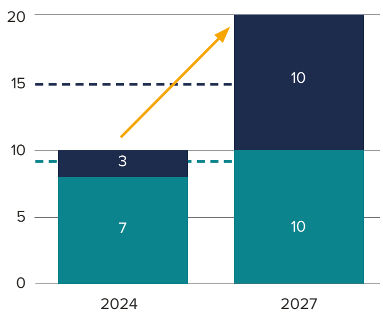
Definition – new Nexteq IP
- Products launched in last three years.
- New technology developed.
- Opens new addressable market.

2027 Target
$10m revenue from new Nexteq IP products.

#3 - $1m customers

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

Baseline

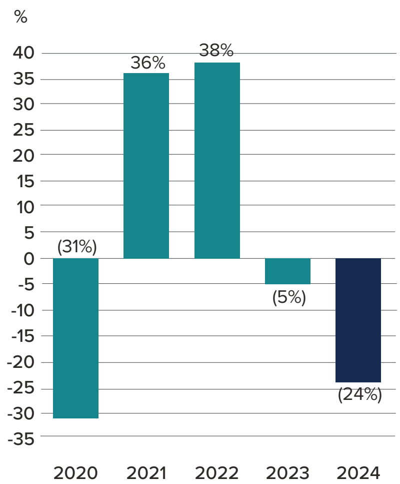


2027 Target
100% increase in customers delivering $1m+ revenue to 20.

Key performance indicators

The Board uses the key performance indicators (KPIs) to measure the performance of the business. KPIs were updated in 2022 to more closely align with the Group's strategy.

Revenue growth %



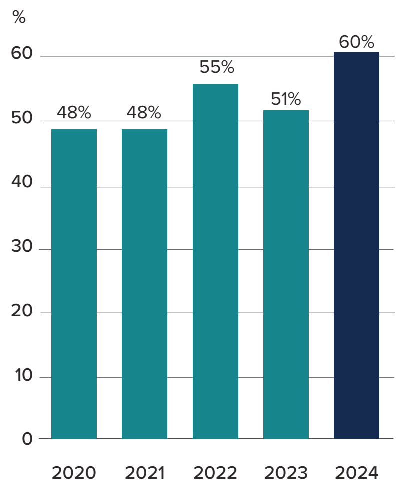
Purpose
Measures the Group's ability to continue to grow our business.

Definition
Group revenue in current year divided by Group revenue in the prior year.

Target
We target double digit growth over the medium term.

Performance in 2024
Revenue growth was impacted by customer de-stocking cycles which dampened global demand. This resulted in many of our customers not ordering at previous demand levels and pushing out orders into 2025.

Revenue from top 10 customers %



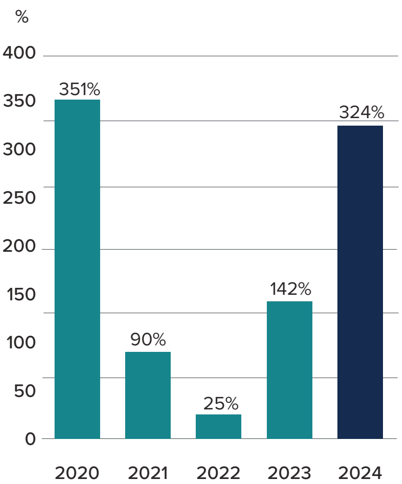
Purpose
Demonstrates the Group's ability to diversify our revenue streams, which forms part of the Group's strategy.

Definition
Revenue from ten largest customers as a % of total Group revenue.

Target
We expect % of revenue from our top ten customers to reduce as we pursue our strategy of revenue diversification.

Performance in 2024
Revenue from top ten customers increased to 60% in 2024 (2023: 51%) as the de-stocking impact was greatest outside of the top ten.

Adjusted operating cash conversion %



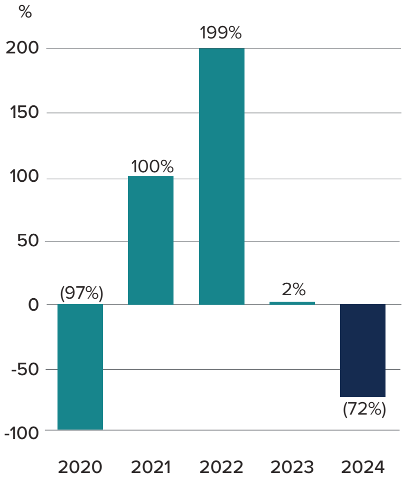
Purpose
Demonstrates the Group's ability to effectively manage its working capital.

Definition
Operating cash flow, adding back tax payments. divided by adjusted profit before tax.

Target
We target adjusted operating cash conversion approaching 100%.

Performance in 2024
The Group achieved cash conversion of 324% as stock levels and trade receivables reduced, delivering working capital improvements.

Adjusted diluted earnings per share growth %



Purpose

Measures the Group's ability to deliver profitable growth to Shareholders.

Definition

Adjusted profit after tax, divided by the weighted average number of shares in issue in the year.

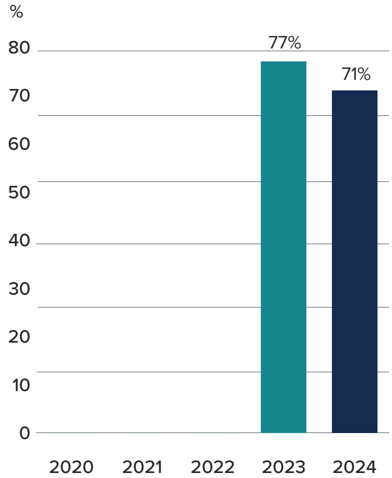
Target

We target double digit EPS growth each year.

Performance in 2024

Adjusted profit before tax reduced by 72% year-over-year, driven by the impact of lower revenues.

Employee score



Purpose

Measures employees' perception about working for the Group and the changes that they'd like to see.

Definition

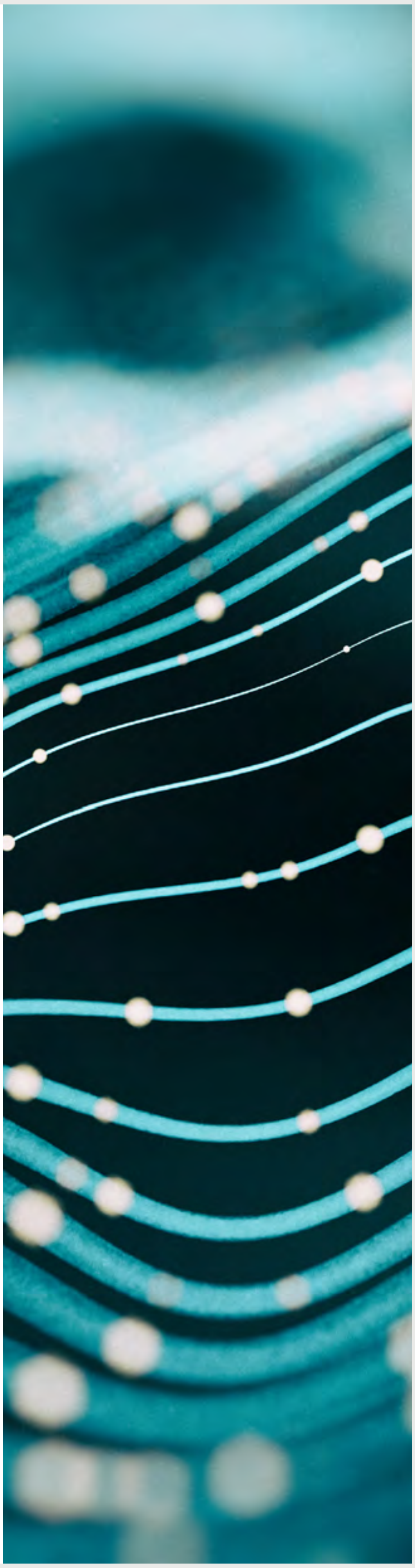
Employee score as expressed by the employee survey provider. Score assessed out of 100.

Target

We target to improve this score and be at least above the benchmark for similar-sized international companies.

Performance in 2024

The Great Place to Work was completed for the second time in 2024. The reduction in score for 2024 is attributed to the level of change experienced by the business, particularly with changes at the senior management level. Results from the survey are used to identify areas our people tell us can improve employee experience.



Matt Staight l Group Chief Financial Officer

Financial review

Group revenue was $86.7m, 24% lower than the $114.3m delivered in 2023.

Statutory results

Gross profit was $31.1m (2023: $41.5m), a reduction of 25% over the prior year, with gross margins at 35.9% (2023: 36.3%). Operating expenses were $30.8m (2023: $29.1m), resulting in operating profit of $0.3m (2023: $12.4m). Net finance income was $1.4 (2023: $0.5m), resulting in profit before tax of $1.7m (2023: $12.9m) and an income tax expense of $1.4m (2023: $2.0m), equivalent to an effective tax rate of 82.0% (2023: 15.6%). Basic earnings per share (EPS) were 0.48cents (2023: 16.39cents), a decrease of 97%. Diluted EPS were 0.48cents (2023: 16.02cents), a decrease of 97%.

Revenue

Quixant revenues were $54.8m, a decrease of 21% on the prior year (2023: $69.2m). Unit sales decreased to 43,569 platforms delivered in the year, down 20% on the prior year (2023: 54,513). Demand for our cost-effective range held flat, but mid-range and high-end products had lower demand in 2024. The decrease in overall Quixant revenues was largely due to the decline in unit sales.

Densitron delivered revenue of $31.9m, a decrease of 29% on the prior year (2023: $45.1m). Demand for Densitron products seen in 2022 and 2023 reduced as the impact of customers destocking reduced sales across all its subsectors.

Gross profit and gross profit margin

The Group generated gross profit during the year of $31.1m (2023: $41.5m) representing a gross margin of 35.9% (2023: 36.3%). Gross margins continued their recovery from the lower levels seen in 2021 and 2022 but were impacted in 2024 by a charge of $2.7m to reduce the carrying value of Aruze inventory.

Adjusted operating expenses

Adjusted operating expenses increased by 2% to $27.8m (2023: $27.3m). See Note 1 to the financial statements for a reconciliation of adjusted operating expenses to operating expenses. The Group continued to invest in sales activities with travel and marketing spend remaining flat at $2.6m (2023: $2.6m). The reductions in headcount implemented at the end of 2023 resulted in average employees reducing to 223 in 2024 from 238 in 2023. Alongside lower performance related bonus payouts, this resulted in payroll costs reducing by $1.4m to $20.3m (2023: $21.7m).

> Historically high gross margins maintained in the backdrop of de-stocking pressures.

During the year, Group expenditure on research and development remained at $4.6m (2023: $4.6m). These costs relate to investment activities principally undertaken in Taiwan, Italy, the UK and Slovenia. Of these costs, $1.8m were capitalised (2023: $1.8m) as the Group continues to focus on developing innovative new products, with amortisation for the year on total capitalised development costs of $1.2m (2023: $1.3m). During the year the Group abandoned in-progress development projects with a carrying value of $0.1m (2023: $1.0m). This was following internal review where it was determined that the projects no longer met the criteria to capitalise product development cost as set out in IAS38.

Impairment of trade receivables remained low, with an impairment loss recorded in the current year of $0.2m compared to $0.1m in 2023. The Group also recognised exchange rate gains of $0.4m, compared to $0.5m in 2023. The Group benefited from less volatile foreign exchange markets, particularly the US Dollar exchange rate to Pound Sterling and the Taiwan Dollar. In addition, management took measures to have natural hedges in place to limit the impact of foreign exchange fluctuations.

Adjusted operating expenses also benefited from a $0.1m R&D tax credit (2023: $0.4m). The Group has received R&D tax credits for many years due to its product development efforts as part of the SME R&D tax credit scheme, which is recognised as a credit in tax expense. Since 2023 the Group qualified for the large company Research and Development Expenditure Credit (RDEC) regime due to the size of the Company's balance sheet. Under the RDEC scheme the tax credits are recognised within operating expenses in-line with the R&D expense. Apart from the change in accounting treatment of the tax credits there are no changes in the timing or amount of tax credits the Group expects to receive.

Valuation of Aruze-related assets

As disclosed in the 2023 Annual Report, the Group, through its Quixant brand, had active contracts in place with Aruze Philippines Manufacturing Inc. ('APMI'), for the supply of display products and Gaming boards. On 1 February 2023 Aruze Gaming America, Inc ('AGA'), a US-based affiliate of APMI, filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the State of Nevada. As at the date of this Annual Report, the Chapter 11 proceedings are still ongoing. AGA's operations and assets have been sold as part of the proceedings and AGA also closed its Las Vegas operations. APMI filed for voluntary liquidation on 22 August 2023 and a liquidation order was issued by the Philippine courts. As at the date of this Annual Report the liquidation proceedings were still ongoing.

There remains uncertainty over the recoverability of balances related to APMI, and Nexteq management evaluated their carrying value as at the balance sheet date.

As at 31 December 2024, APMI owed $1.0m to the Group from the sale of goods (2023: $1.0m). The amounts were impaired in full as at 31 December 2022 and due to the uncertainty referenced above remain fully impaired at 31 December 2024. The Group continues to take steps to recover these balances.

Inventory, consisting of raw materials with a book value of $2.4m (2023: $1.7m) and finished goods with a book value of $0.2m (2023: $0.6m) originally earmarked for use by APMI, was included in the Nexteq Group's balance sheet as at 31 December 2024. As of 31 December 2023, management believed the raw materials could be used to manufacture products sold to the Group's existing or new customers, and the finished goods could be used in the Group's turnkey cabinet offering. However, in 2024 management has determined there is limited opportunity to use the raw materials to manufacture finished products for sale to the Group's existing or new customers and is exploring opportunities to sell these raw materials. Management does not expect to fully recover the net book value of $2.6m and considered a provision against the raw materials of $2.2m was required as at 31 December 2024.

Net finance income

The Group recognised net finance income of $1.4m (2023: $0.5m). Finance income increased to $1.4m (2023: $0.6m) as the Group took advantage of higher interest rates coupled with the higher cash balances the Group held during the year. Finance expense of $0.0m (2023: $0.1m) principally related to leases.

> Improved cash generation from trading increased net cash by $1.2m, after $9.7m cash was paid out to shareholders.

Adjusted profit before tax

Adjusted profit before tax reduced by 67% to $4.8m (2023: $14.7m). The adjustments to statutory profit before tax of $3.1m (2023: $1.9m) consisted of:

- Share-based payments credit of $0.8m (2023: charge $1.0m). During the year the Group granted further Long-Term Incentive Plan (LTIP) shares to employees. The LTIP awards vest in three years providing continuous employment during the period, and attainment of performance conditions relating to earnings per share (EPS), as outlined on page 99 of the Annual Report. The credit of $0.8m arises from the reversal of share-based payment expenses recognized in previous years due to the performance conditions relating to EPS no longer forecast to be met.
- Amortisation of acquired intangibles charge of $0.3m (2023: $0.6m). This charge relates to intangible assets recognised in the acquisition of Densitron and IDS.
- Impairment of goodwill of $2.9m (2023: nil). This impairment charge relates to the Densitron Europe CGU recognized in the acquisition of Densitron.
- Restructuring charges of $0.7m (2023: $0.3m). The restructuring charges relate to a restructuring programme completed in November 2024 to restructure the business for future success through the functional operating model and to better align resource levels with the Group's current revenues. We took the difficult but necessary decision to remove several roles from the business equivalent to less than 10% of headcount, reducing the Group's annual staff costs by $1.2m. The effect of this reduction will only be fully reflected in 2025 due to the timing of when the programme was completed.

Taxation

The Group recognised a corporation tax charge of $1.4m in the year, compared to $2.0m in 2023. The tax charge consists of a current tax charge of $0.9m (2023: $2.3m) and a deferred tax charge of $0.5m (2023: credit of $0.3m) relating to the movement in deferred tax assets and liabilities in the current year.

The effective tax rate on statutory profit before tax increased to 82.0% (2023: 15.6%). The increase in effective tax rate results from $3.2m of tax losses being derecognised as a deferred tax asset due to uncertainty over the recoverability. This off-set the impact of UK patent box claims which reduce the Group tax charge. Going forward, we expect the effective tax rate to be approximately 16%–19%, depending on the regional mix of profits and product mix sold.

Earnings per share

Basic EPS decreased by 97% to 0.48c per share (2023: 16.39c per share). Adjusted diluted earnings per share decreased by 72% to 5.08c per share (2023: 18.09c per share).

Balance sheet

Non-current assets decreased to $22.1m as at 31 December 2024 (31 December 2023: $24.3m) mainly due to the $2.9m impairment of goodwill related to the Densitron Europe CGU. Included in non-current assets are goodwill of $4.8m (31December 2023: $7.7m) and acquisition-related intangible assets of $0.2m (2023: $0.5m) allocated to cash generating units (CGUs). The annual impairment review determined a $2.9m impairment of Densitron Europe CGU goodwill. The impairment reviews did indicate that the estimated recoverable amount of the Densitron Japan CGU is sensitive to a reasonably possible change in key assumptions. Refer to Note 11 to the financial statements for further disclosure of the annual impairment review.

Current assets decreased to $63.4m at 31 December 2024 (31 December 2023: $78.6m) mainly due to a significant reductions in Trade and other receivables to $16.5m at 31 December 2024 from $25.8m at 31 December 2023, and inventories reducing to $17.4m at 31 December 2024 from 24.3m at 31 December 2023 reflecting the reduction in the Group's trading activity during the year. This was offset by an increase of Cash and cash equivalents by $1.1m from $28.4m at the start of the year to $29.5m at 31 December 2024.

Cash flow

The Group generated $13.0m cash from operating activities in the year (2023: $19.8m). Adjusted operating cash flow, which excludes tax payments, was $15.5m (2023: $21.0m) which represented 324% of adjusted profit before tax (2023: 142%). This was ahead of the Group's 2024 cash conversion KPI target of 100% (see Director's Remuneration Report on pages 50-56) due to reduced working capital, as the Group consumed strategic stock balances.

The Group capitalised $1.8m of development costs (2023: $1.8m), which reflects the continued development of new products as the Group expands its product portfolio.

The Group finished 2024 with net cash of $29.1m (2023: $27.9m), comprising cash and cash equivalents of $29.5m (2023: $28.4m) and gross debt of $0.4m (2023: $0.5m). The debt relates to a mortgage over the Group's offices in Taiwan.

Dividend

The Board proposes a dividend for the year ended 31 December 2024 of 3.7p per share (2023: 3.3p per share). This dividend will be payable on 30 May 2025 to all Shareholders on the register on 2 May 2025. The corresponding ex-dividend date is 1 May 2025.

Foreign exchange

The Group reports its results in US Dollars as this is the principal currency in which it trades with customers, with approximately 93% (2023: 91%) of our revenues denominated in US Dollars.

The Group's reported results are impacted by US Dollar movements against currencies in the territories in which it operates, principally Pounds Sterling, Euros and Taiwan Dollars. The following are the average and closing rates for the current and prior year:

	Average rate	
Income statement	**2024**	**2023**
USD/GBP	**1.28**	1.24
USD/Euro	**1.08**	1.08
USD/TWD	**0.031**	0.032

	Average rate	
Balance sheet	**2024**	**2023**
USD/GBP	**1.26**	1.27
USD/Euro	**1.04**	1.11
USD/TWD	**0.031**	0.033

As most of the Group's revenues are denominated in US Dollars, the impact of foreign exchange movements on reported revenues was minimal in 2024 and 2023. The impact on foreign exchange movement on profit before tax is mostly due to operating expenses incurred in Pound Sterling and Taiwan Dollars.

The average US Dollar exchange rate against currencies in the territories in which the Group operates for 2024 were very similar to 2023 levels, resulting in a negligible impact on adjusted operating expenses, when compared to 2023 average rates. The Group recognised translational foreign exchange rate gains of $0.4m in 2024, compared with gains of $0.5m in the prior year, a negative $0.1m impact year over year. Combining the impact of these foreign exchange elements resulted in a net negative foreign exchange rate impact of 0.4m on adjusted profit before tax for 2024 when compared to 2023.

Alternative performance measures (APMs)

Throughout this Annual Report, alternative performance measures (APMs) are used to describe the Group's performance. These are not recognised under UK-adopted international accounting standards or other generally accepted accounting principles (GAAP). When reviewing Nexteq's performance, the Board and management team focus on adjusted results in addition to statutory results.

APMs are non-GAAP measures and provide supplementary information to assist with the understanding of the Group's financial results and with evaluation of operating performance for the periods presented in the Annual Report. APMs, however, are not a measure of financial performance under IFRS and should not be considered a substitute for measures determined in accordance with IFRS. APMs have been provided for the following reasons:

1. To present users of the Annual Report with a clear view of what we consider to be the results of our underlying operations, enabling consistent comparisons over time and making it easier for users of the report to identify trends.
2. To provide additional information to users of the Annual Report about our financial performance or financial position.
3. To show the performance measures that are linked to remuneration for the Executive Directors.

The following APMs appear in this Annual Report.

	Reason for use	Reconciliation
Adjusted profit before tax	1,3	Note 1
Adjusted profit after tax	1,2	Note 1
Adjusted operating expenses	1,2	Note 1
Adjusted operating cash flow	1,2	Note 1
Adjusted diluted EPS	1,2	Note 9
Net cash	1,2	Note 1

Matt Staight I Group Chief Financial Officer

Risk management and principal risks

Risk management process

The Board is ultimately responsible for the Group's risk management framework. It has established a formal risk management process, under which it identifies, evaluates and monitors the principal risks facing the Group and the effectiveness of the controls and procedures in place to mitigate against them. This includes:

- The Board's approval of a detailed corporate risk register, which identifies the principal risks and is prepared and kept under review by the Audit and Risk Committee.
- An assessment of the Group's risk appetite for categories of risk, as a basis against which to assess whether the principal risks are being mitigated against to an acceptable level.

The Audit and Risk Committee reviews the risk register at least annually. The review includes:

- Any substantial changes to the principal risks, including new or emerging risks.
- Changes in risk impact and risk likelihood.
- Financial impact assessment for each risk.
- Progress with mitigating actions that have been agreed.

Principal risks

Nexteq shares the same generic macro-economic risk profile as would other companies in our geographies and sectors. We take particular care to identify and mitigate internally controllable risks and have plans for externally controlled and originating risks. The table below shows the principal risks and uncertainties that could have a material adverse impact on the Group. This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or that are believed to be immaterial, which could have an adverse effect on the Group. For the 2024 risk review cycle the Group included climate-related risks as the Group continues to expand on its sustainable business strategy.

Risk	Description	Mitigation	Comment	Change in the year
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.	**Increased.** Given the changes in Key persons during 2024 there is increased risk going forwards as several internal people stepped up into key roles.
Geopolitical	Threatened conflict or outbreaks of war between countries in which Nexteq or its customer and suppliers operate causes disruption and financial impact to the business. We have globally diverse operations but concentration of manufacturing and product development teams in Taiwan and a large proportion of customer revenue from the USA.	To mitigate the possible disruption from this risk the Group has established a second manufacturing facility in Malaysia, with the first production from the site delivered in the fourth quarter of 2023.	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.	**Unchanged** Tensions between Taiwan and China have remained at high levels in 2024. The second manufacturing facility in Malaysia does mitigate the risk to the Group and as a result the risk was reduced in 2023.

Risk	Description	Mitigation	Comment	Change in the year
Trade tariffs	The Group has a globally diverse customer base in jurisdictions where trade tariffs impact the price paid by customers.	Management monitor changes in legislation across the markets where key customers operate. The Groups supply chain actively sources products from multiple markets.	The Group will continue to source products from multiple end markets to provide flexibility in sourcing components and products.	**Unchanged.** Whilst there was no change in 2024, there has been an increasing pattern of trade tariffs added at short notice at the start of 2025.
Key customer dependency	The Group generates a significant portion of its revenue from key Gaming customers.	Diversification of Group revenues is a strategic focus of the Board. This is achieved through diversification of the Gaming revenue base through new customers and new products such as Gaming cabinets; and the growth in the Densitron business.	In 2024, revenue generated by the ten largest customers increased to 60% of total Group revenues, compared to 51% in 2023.	**Unchanged.** Whilst the customer concentration increased in 2024, the budget for 2025 shows this reducing over the following 12 months.
Product quality	Product sold to customers needs to be of a high quality.	Continual assessment of quality processes; Board regularly reviews quality control reports. Ensure new product introductions are adequately tested before delivery to customers.	The Group will continue to focus on ensuring products are of the highest quality.	**Unchanged.** The Group commenced mass production of Intel-designed products for the first time in Quixant. Inherent with any new product introduction, this carries additional risk of design quality issues but the Group has successfully introduced many other new products over the years and has a well evolved DQA team to mitigate this.
Component supply and price inflation	The Group relies on a steady supply of components used in the manufacture of its products.	Supply chain constraints continued to ease in 2024, following the severe shortages in 2021 and 2022. The Group continues to closely monitor stock availability with its suppliers and where needed proactively source stocks to act as a safety net.	The Board expects this issue to continue to be relevant in 2025 and is regularly briefed.	**Unchanged.** Component market shortages and reliance on certain key vendors have eased in the last two years and are expected to remain this way in 2025.
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.	**Unchanged.**
	Quixant customers may decide to design their computer platforms 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.	**Unchanged.**

Risk	Description	Mitigation	Comment	Change in the year
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 that 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.	**Unchanged.**
Technological	The Group's business is dependent upon technology that 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 that 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.	**Unchanged.**
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.	**Unchanged.**
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 2024 but we maintain on-going vigilance.	**Unchanged.**

Risk	Description	Mitigation	Comment	Change in the year
Business interruption	An event that results in the temporary or permanent loss of a manufacturing facility would be a serious issue. This could include climate-related events such as severe weather or government-imposed restrictions.	The Group now has a second manufacturing facility in Malaysia, meaning it could transfer some production from Taiwan if needed. In addition, insurance coverage for business interruption is in place.	No issues reported in 2024.	**Unchanged.**
Emerging and changing environmental regulations	New and evolving regulations being introduced with non-compliance leading to fines and reputational damage.	The Group has a regular review of regulations applicable to the size of organisation and engages advisors specializing in this area.	Sustainable Development Goals identified and processes established to capture additional emissions data.	**New.**
Flood risk	The greatest risk relates to typhoons in Taiwan where employees may be injured and the Group properties become unsafe for operations due to damage, impacting the Group's ability to manufacture and distribute its products.	Review of Taiwan weather alerts and opportunity for employees to work from home during events. Second source manufacturing provides a certain level of mitigation.	Work from home procedures enacted during Taiwan typhoons in 2024.	**New.**
Increased temperatures	Increased carbon output due to additional air conditioning consumption mains electricity. Highest risk identified for Las Vegas and Italy offices.	Annual review of latest forecast temperatures and opportunity to install solar panels on owned buildings.	No issues reported in 2024.	**New.**

Section 172(1) statement – how we engage 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.
- 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 its stakeholders.

For further details of how the Board operates and the way in which it makes decisions, including key activities during 2024 and Board governance, see pages 48 to 49 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 considers 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. In December 2024 the Company carried out a targeted restructuring programme across the business that unfortunately resulted in job losses across some of our offices. While the restructuring was felt necessary, it was regretful and, in such circumstances, we believe it is only right to ensure our dedicated employees were all well treated. To this effect, for all those who were impacted by the job losses, the meetings were carried out with empathy and respect. Our severance packages were in excess of legal requirements and this also included support for finding new roles. An aftercare programme was also implemented for those employees who remain within the organisation, since losing a colleague also impacts those who remain.

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, 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.

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.

Sustainability report

Introduction to sustainability

In today's evolving corporate landscape, climate change, sustainability, and ESG (Environmental, Social, and Governance) considerations are integral to long-term business success. As we work to align financial performance with responsible practices, sustainability reporting plays a crucial role in fostering transparency and accountability.

I am pleased to present this report, which provides a comprehensive overview of our organisation's sustainability initiatives, impact, and commitment to long-term value creation. To access the full sustainability report, please visit our corporate website at www.nexteqplc.com.

Over the past year, we have made significant strides in enhancing our data collection processes and expanding our benchmarking efforts year over year. These improvements will strengthen our ability to assess progress and refine our sustainable business strategy. By establishing measurable goals and aligning our efforts with five key UN Sustainable Development Goals (SDGs), we have made encouraging progress while recognising that sustainability is a continuous journey. The Board remains committed to further advancing our sustainability agenda by setting clear long-term ambitions, tracking performance through key indicators, and defining measurable targets to drive accountability.

We remain dedicated to embedding sustainability into our operations and decision-making processes, creating lasting value for our stakeholders and contributing to a more sustainable future.

Duncan Faithfull I Chief Executive Officer

Sustainable business goals

The 17 Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 and are in place to help achieve a more sustainable future. We have aligned to five SDGs that have been identified as material to our business.

Quality education

Goal 4 focuses on the acquisition of foundational and higher-order skills, greater and more equitable access to technical and vocational education and training.

Decent work and economic growth

Goal 8 aims to provide opportunities for full and productive employment and decent work for all while eradicating forced labour, human trafficking, and child labour.

Responsible consumption and production

Goal 12 aims to ensure good use of resources, improving energy efficiency and sustainable infrastructure, providing access to basic services, creating green and decent jobs, and ensuring a better quality of life for all.

Climate action

Goal 13 focuses on the urgent action that is needed not only to combat climate change and its impacts but also to build resilience in responding to climate-related risks and natural disasters.

Peace, justice and strong institutions

Goal 16 envisages peaceful and inclusive societies based on respect for human rights, the rule of law, good governance at all levels, and transparent, effective and accountable institutions.

Aiming for positive impact to our aligned SDGs allows us to input to these globally recognised initiatives and while we cannot input to all the SDG targets, we have identified key aspects aligned to our business operations which are within our ability to influence positively.

Environmental matters

Nexteq is committed to a programme to assess and reduce its environmental impact more accurately. This aligns to UNSDG 13 'Climate Action'.

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. We 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 have continued to drive several initiatives from last year which have helped towards improving our environmental footprint, in addition to adding more, these include:

- Enhanced benchmarking efforts this year to improve data accuracy and track progress more effectively.
- Exploring strategies to reduce reliance on oil.
- Expanding cost-effective energy efficiency measures, including implementing timers for air conditioning and heating systems in all global offices to align with working hours.
- Continuing to drive workplace behavioural change initiatives, promoting energy-conscious habits to further reduce emissions.

Energy Consumption and Emissions Data

	2024			2023			Change		
	UK	Rest of World	Group Total	UK	Rest of World	Group Total	UK	Rest of World	Group Total
Energy use (kwh)									
Electricity	91,164	480,394	571,558	107,733	500,952	608,685	18%	4%	6%
Fuel oil for heating	31,927	0	31,927	33,492	0	33,492	5%	0%	5%
Fuel for transport	65,685	18,667	84,352	69,702	15,355	85,057	6%	-18%	1%
Total energy use	**188,776**	**499,061**	**687,837**	**210,927**	**516,307**	**727,234**	**12%**	**3%**	**6%**
GHG emissions (kg CO_2e)									
Electricity	18,875	99,466	118,341	22,309	103,734	126,043	18%	4%	7%
Fuel oil for heating	9,842	0	9,842	8,220	0	8,220	-16%	0%	-16%
Fuel for transport	16,526	4,339	20,865	16,998	3,590	20,588	3%	-17%	-1%
Total gross CO_2e emissions	**45,243**	**103,805**	**149,048**	**47,527**	**107,324**	**154,851**	**5%**	**3%**	**4%**
Intensity ratio									
Average number of employees	70	152	222	71	167	238	1%	10%	7%
Total GHG emission per employee (kg CO_2e / employee)	**646**	**683**	**671**	**669**	**643**	**651**	**4%**	**-6%**	**-3%**

The reduction in electricity consumption in the UK during 2024 can be attributed to changes made to the air conditioning system control which reduced the time during which the system operated. In 2023 there had been an additional catch-up charge from the landlord for common space electricity usage in the building that did not repeat in 2024. These reductions were slightly off-set by a further rise in electric vehicle (EV) adoption among employees, facilitated by our electric car policy, has contributed to higher energy usage, with more staff utilising EV charging at our Balsham and Crawley locations. Both the Balsham and Crawley sites continue to operate under green energy contracts with their electricity suppliers, reinforcing our commitment to sustainability.

As part of our support of the Climate Action UN Sustainable Development Goal, we have committed to achieving Net Zero emissions by 2050. Net Zero emissions are defined as the activities within the business's value chain resulting in no net accumulation of carbon dioxide (CO_2) and other GHG emissions in the atmosphere. Currently we are not measuring full Scope 3 across the value chain, so Net Zero only applies to sections measured. The organisation was also Carbon Neutral in 2024, taking measures to reduce inherent emissions through a combination of in-house measures and investing in carbon offsetting projects.

Our people

We believe the Company has a role to play, both as an employer and as a good corporate citizen, to help our stakeholders through the period.

Understanding our people

We want to create an environment where our people can be at their best. This aligns with the UNSDG 8 'Decent Work and Economic Growth'.

In 2023 we initiated our first ever externally led Employee Survey. We asked a total of 60 questions about the organisation, focusing on Respect, Fairness, Pride and Camaraderie. These metrics awarded us Great Place to Work accreditation. We repeated this survey again in 2024 after a year of significant transition and it is fantastic to see that the staff response has gone up to 74% over the past year indicating that more employees feel confident in sharing their views.

Whilst we acknowledge the decrease in other areas, we are entering a fresh and exciting phase for the Group. The new leadership is highly committed to listening, learning, and making meaningful improvements to build on these already strong figures.

	2024	2023	Difference
Staff response rate	**74%**	70%	+4%
Staff who voted positively in our favour	**71%**	77%	-6%
Management is honest and ethical in their working practices	**78%**	90%	-12%
People are treated regardless of age, race, sex, sexual orientation	**91%**	93% (average)	-2%
Physically safe place to work	**91%**	95%	-4%

Employee volunteering

The employee volunteering that was introduced last year has been built on strongly in 2024 with over 15 days taken globally supporting a variety of great causes that the employees have picked themselves.

Charitable activities

This year, our teams across the globe took part in various charitable initiatives. Our Japanese colleagues participated in a walking challenge, raising ¥8,000 for the Japan Red Cross, while the UK team completed the Macmillan Mighty Hike, raising over £3,500 for cancer support. In Italy, an Easter raffle raised €460 for La Chiave di Volta, and in Taiwan, colleagues contributed over 3 litres of blood to support local donation efforts. Our U.S. team joined the Breakthrough T1D Walk for a second year, and in the UK, we raised funds for Rett Syndrome research through a 5K run. Additionally, we supported Balsham Nursery and Primary School and contributed to food banks across all offices, helping those in need.

Diversity and inclusion

As a global organisation, we are committed to fostering an inclusive and diverse workplace by actively recruiting employees from a broad range of ages, ethnicities, racial backgrounds, religious beliefs, genders, and personal experiences. We believe that a diverse workforce strengthens our business and drives innovation.

Achieving balanced representation across all roles can be challenging, particularly in areas where certain demographics have historically been underrepresented. However, we remain dedicated to actively addressing these disparities and creating opportunities for a more equitable workforce.

We closely monitor gender diversity and inclusion across all levels of our organisation and are committed to increasing female representation in traditionally male-dominated roles where possible. Currently, 36% of our workforce is female, marking an increase from the previous year. While management roles continue to be predominantly held by males, we recognise the need for continued progress. Our goal is to enhance diversity within leadership and across the business, ensuring we attract and retain the best talent.

To achieve this, we will conduct a thorough analysis to determine realistic and impactful strategies for building a more diverse workforce. While we are ambitious in our diversity goals, we also acknowledge the competitive landscape for skilled talent and the commercial considerations of a growing organisation. By balancing strategic workforce planning with our commitment to inclusion, we aim to create meaningful, long-term change.

Operating responsibly

We are committed to ensuring our business operates ethically, lawfully and with integrity and believe doing so is critical to our long-term success. This aligns with UNSDG 8 'Decent Work and Economic Growth', 12 'Responsible Consumption and Production' and 16 'Peace, Justice and Strong Institutions'.

Supply chain integrity

We work with several hundred direct suppliers that assist us in meeting our business and customer needs. We rely on complex and multilayer supply chains with our direct suppliers often having multiple suppliers of their own, who in turn rely on multiple suppliers. We manage the integrity of our supply chain by analysing and acting upon various legal, social, ethical, and environmental risks and encourage our direct suppliers to adopt sustainable business practices and work to our Supplier Code of Conduct, which is developed around the principles in the Responsible Business Alliance Code of Conduct.

Safety in our supply chain is critically important, comprehensive measures are in place and designed to make sure that everyone who works for us does so in a safe and lawful way. We reinforce this culture across our supply chains through close working relationships and contractual arrangements to meet the standards that Nexteq requires.

We believe that engaging directly with suppliers through regular review and monitoring is one of the most effective ways of improving performance in our supply chain and work, where evidence of non-conformance is identified, with improvement plans to strengthen our interaction and working practices together.

Supply chain risks

Some of the highest-level risks along the supply chain in the electronics industry include injury to people working operationally in the field, forced labour, disposal of harmful substances, corruption and human rights abuse in the mining of metals and minerals.

Our Supplier Code of Conduct and period supplier reviews seek to challenge our direct suppliers to demonstrate their adherence to our mandatory ethical, workforce and environmental standards. We expect all suppliers to adhere to our Supplier Code of Conduct and uphold lawful business practices.

Our suppliers are responsible for managing risks within their organisations and understand that we expect them to hold their suppliers accountable to the same, high standards. They are also responsible for maintaining their upstream suppliers to the same standards.

When selecting suppliers or continuing to work with existing suppliers we assess their compliance to our Supplier Code of Conduct, achievement of environmental and social activities and successful management of health and safety in the same way that we assess commercial factors such as cost, quality, and achievement of service level agreements. Each supplier is analysed, and risk assessed.

Levels of influence

We manage the provision of new suppliers to support the needs of our business and complete regular supplier reviews.

A supplier cannot be engaged without appropriate due diligence being completed prior to entering contractual arrangements. For all component suppliers these audits are completed by expert supplier management and procurement personnel in our Taiwan office.

We have relationships with international, national, and local suppliers. Our support for local businesses has a positive impact on communities local to our offices through providing employment near to our operating locations.

Monitoring our supplier's compliance against our code of conduct is a complex activity and can be challenging because of the multiple suppliers and their suppliers within our supply chain. The level of influence we have over businesses in our supply chain can vary significantly and we concentrate on the management of our direct suppliers where impact would be felt most by our customers and our business.

Minerals in the supply chain

Nexteq does not purchase raw materials such as minerals or ores.

All electronic products contain numerous components that may contain one or more of the 3TG metals (tin, tantalum, tungsten, and gold):

- Tin is used for soldering metal and electronic components.
- Gold and tantalum are used in components such as connectors or capacitors.
- Cobalt is used within lithium-ion batteries.

For example, smelters and refiners mine and process cobalt. It is then supplied to component manufacturers, assemblers and onward sold as part of a unit.

The minerals come from many locations across the globe, some with an opaque supply chain. The smelters, refiners and miners are many supply chain tiers away from the Group and we have little, if no, influence on the provision of these minerals.

We work with suppliers to identify components and products likely to contain these minerals and ask them to understand and influence the provision through reviewing standards and onward ethical process adherence.

Monitoring compliance

We expect our suppliers to monitor their compliance to our code of conduct and address any failures immediately. Our approach to monitoring is determined by the nature of the risks and the supplier activities involved. In general, our suppliers are expected to confirm compliance to our code of conduct and be open to regular audit by the Group.

Modern slavery

As a responsible and ethical business, the Group has a zero-tolerance approach to all types of activities that pertain to slavery and human trafficking within our business and supply chain.

We are committed to ensuring that there is not modern slavery or human trafficking in our supply change and if we become aware of any such practice, we act immediately and decisively to highlight and remedy the issue.

Our anti-slavery position reflects our commitment to acting ethically and with integrity in all our business relationships and this is supported by our policies on bribery and corruption, and whistleblowing.

Our payment practices

Our payment terms consider the size of the supplier, the contractual arrangements and the nature of the service or product provided. We have suppliers ranging from small- and medium-sized enterprises to global organisations.

Health and safety

The Group has an excellent record in our approach to health and safety (H&S) and takes appropriate steps to keep our employees safe. We are committed to managing H&S effectively to protect our employees and other persons with whom we interact because we recognise that we have not only a moral and legal duty but also that our employees are our greatest asset. Our commitment to H&S does not differentiate between our employees, contractors, or suppliers and their onwards contractors. We want everyone to work in a safe and healthy way, every day.

A fully inclusive and consultative approach to H&S is embedded across our organisation. All employees can input to and discuss safety concerns and decisions.

H&S performance

Continual monitoring of our safety performance is essential to ensure the safety of everyone working with us and for us, it also helps us focus on and address any risks that are identified.

Accident and near-miss data is collected centrally, and all accidents and near-misses must be investigated, mitigated, and reported.

We continued to maintain our low accident rate throughout 2024.

Anti-bribery and corruption

Bribery and corruption are, unfortunately, a feature of corporate and public life in many countries across the world. It is widely accepted that corruption inhibits economic growth, damages businesses both financially and reputationally and may result in criminal or civil liabilities and penalties for organisations and individuals.

We do not tolerate any form of bribery and corruption and are committed to operating responsibly and engaging with stakeholders to manage the social, environmental, and ethical impact of our activities in the various markets in which we operate.

We have a clear gifts and entertainment policy that all employees are bound by.

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 Nexteq Plc and its subsidiary undertakings when viewed as a whole.

This report was approved by the Board of Directors on 18 March 2025 and signed on its behalf by:

Duncan Faithfull | Chief Executive Officer

Nick Jarmany I Interim Chair of the Board

Chair's Introduction to Governance

Dear Shareholder,

I am pleased to present the Group's Corporate Governance Report for the year ended 31 December 2024. This statement provides details of our current governance framework and practices and how we discharge our governance duties.

The Board 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. As the Chair of Nexteq Plc, I am ultimately responsible for the corporate governance of the Group, but 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.

The corporate governance statement and committee reports on the following pages outline the Company's approach to corporate governance. The Board follows the principles set out in the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

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. The Board considers that it does not depart from any of the principles of the QCA code. A complete index of the disclosures required by the QCA Code, including those on the Company's website, can be found at nexteqplc.com/sustainability/#governance.

Nick Jarmany I Interim Chair of the Board

Board of Directors

Nick Jarmany
Non-Executive Interim Chair

Appointed: 16 March 2005

Skills and experience:

Nick is a founding Director of Nexteq and was the Group's Chief Executive Officer until 2018 when he became Deputy Chair. An engineer himself, Nick has a background in the technology industry, and prior to founding Nexteq was employed by Densitron Technologies Plc for 22 years during which time he held numerous roles in design, engineering, sales and, finally, as Group Technical Director.

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

Duncan Faithfull
Group Chief Executive Officer

Appointed: 29 August 2024

Skills and experience:

Duncan has 30 years' experience in commercial roles, with over 10 years at board level, and has worked across various industries, including finance, logistics and pharmaceuticals. Duncan joined Quixant in early 2020, and as Chief Commercial Officer is responsible for the business' corporate strategy development and enhancing the customer journey.

Duncan brings with him a thorough understanding of modelling and delivering outsourced solutions that allow our customers the room to focus on effectively delivering their own customer strategies.

Duncan has a Degree in Biology and Sports Science from Newcastle University.

Matt Staight
Group Chief Financial Officer

Appointed: 31 October 2024

Skills and experience:

Matt is a Chartered Accountant with extensive experience working within international technology businesses, having also worked in Medical devices and financial services. Matt joined Nexteq in August 2022, and as Group Financial Controller was responsible for Group reporting, treasury and compliance, having also played a key role in developing the Group's growth initiatives.

Prior to joining Nexteq, Matt held a senior finance role at City Storage Systems expanding multiple business streams into European and Middle East markets.

Matt qualified as a Certified Chartered Accountant with PwC and has an honours degree in business management from Nottingham Trent University.

Carol Thompson
Independent Non-Executive Director

Appointed: 12 September 2022

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

Skills and experience:
Carol brings significant finance expertise to Nexteq following a 20-year career in senior finance roles in both private and public companies, as well as strong technology industry experience. Between 2011 and 2015 she held the position of chief financial officer at SSP Plc, a global software company. Prior to SSP Plc, she was chief financial officer at Electricity North West, and also served as Group Finance Director at The Tote and IT and finance director at Stanley Leisure Plc.

Carol is chair of the audit and risk committee and member of the remuneration committee at Foresight Solar and Technology VCT Plc. Carol also acts as a strategic and transaction adviser to private equity firms.

Carol has an honours degree in Economics from Manchester University and a Masters in Business Strategy from Manchester University.

Carol is a fellow of the Chartered Institute of Management Accountants.

Duncan Penny
Independent Non-Executive Director

Appointed: 12 September 2022

Committees: Member of the Remuneration Committee and Audit and Risk Committee

Skills and experience:

Duncan has an exceptional track record of scaling businesses and delivering shareholder value. Duncan served as chief executive officer at XP Power Plc from February 2003 to December 2020 and was previously finance director from April 2000 to 2003. He led the business through transformational growth to being a constituent of the FTSE 250 with a market cap in excess of £1bn.

Duncan has also served as non-executive director on the board of Videndum Plc (formerly The Vitec Group Plc) until May 2022. Earlier in his career, Duncan held senior roles with Dell Computer Corporation and LSI Logic Corporation.

Duncan has an MA in Chemistry from Oxford University.

Gary Mullins
Non-Executive Director

Appointed: 11 January 2006

Skills and experience:

Gary is a founding Director of Nexteq and was Sales Director until 2020 before becoming a Non-Executive Director. Gary has a proven track record in global technology sales and marketing, establishing the Quixant brand in the Gaming industry and securing business from the Group's first major customers.

Prior to founding Nexteq, Gary was sales director at Ntera, a nanotech electronic displays business and before that was employed by Densitron Technologies Plc in sales and marketing for over ten years.

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

Corporate Governance report

Board structure

The Board is made up of four Non-Executive (two independent) and two Executive Directors 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 can be found on pages 46 to 47.

The Chair and Chief Executive Officer have separate, clearly defined roles. The Chair is responsible for leading the Board, setting the agenda for Board meetings (with the Company Secretary) and for ensuring the Board operates effectively and with integrity.

The Chief Executive Officer is responsible for setting and implementing the Group's strategy, for leading and developing the Executive team and for managing the Group's day-to-day operations, ensuring that Board decisions are implemented effectively.

Company culture

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

- **Innovation:** We believe that success comes through innovation. We champion creative thinking within our Group and actively seek new viewpoints.
- **Collaboration –** We work together with our customers to truly understand their needs and support them. With our colleagues and partners, we're always friendly, honest and supportive.
- **Expertise –** 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 –** We don't cut corners even while we strive for efficiencies. We enjoy hard work and have an absolute commitment and determination to see a task to completion.
- **Responsibility –** We believe in being accountable for our actions. We're open and honest about how we do business and are always accessible to 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.

Board meetings

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 2024 and December 2024 and the attendance of Directors are summarised below:

	Board	Audit and Risk Committee	Remuneration Committee
F Small (stepped down in August 2024)	6/6	2/2	2/2
N C L Jarmany	10/10	3/3	1/1
G P Mullins	10/10		
D J Penny	10/10	5/5	3/3
C Thompson	9/10	4/5	3/3
D Faithfull (appointed in August 2024)	4/4	2/2	1/1
M Staight (appointed in October 2024)	2/2	1/1	1/1
J F Jayal (stepped down in August 2024)	10/10		
J J Olivier (stepped down in October 2024)	10/10		

> “The Board is fully aligned with the company's goals, culture, and values, providing the strategic oversight needed to drive sustainable and profitable revenue growth.”

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.

Advice for Directors

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board's procedures are followed, and that applicable rules and regulations are complied with.

Re-election of Directors

To comply with the revised QCA Corporate Governance Code, it has been agreed that, with immediate effect, all Directors will stand for re-election annually at the AGM.

Directors' time commitments

Non-Executive Directors are expected to devote sufficient time to the Company to meet their responsibilities. This includes preparation for and attendance at scheduled Board and committee meetings, as well as ad hoc meetings or calls as required. The Board confirms that each of the Non-Executive Directors can commit the necessary time to fulfil their roles.

Directors' training

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 advisers. 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.

Board effectiveness

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 2024 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.
- 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 2025 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.

Board committees

The Board has established Audit and Risk and Remuneration Committees, which operate under written terms of reference. The terms of reference for both committees are reviewed and updated regularly. The current approved versions can be found on the Company's website. The reports of these committees can be found on pages 50 to 63.

Directors' Remuneration report

Dear Shareholder

On behalf of the Remuneration Committee ("the Committee"), I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024, my first as Remuneration Committee Chair. This report is divided into three sections, being:

- This **Annual Statement**, which summarises the work of the Committee, remuneration outcomes for 2024 and how the Remuneration Policy will be operated in 2025.
- The **Remuneration Policy Repo**rt, which summarises the Company's Remuneration Policy.
- The **Annual Report on Remuneration**, which discloses how the Remuneration Policy was implemented in the year ended 31 December 2024 and how the Committee intends to operate the Policy for the year ending 31 December 2025.

Consistent with best practice and noting Principle 9 of the new QCA Code, the Directors' Remuneration Report - i.e. the Annual Statement, the Remuneration Policy Report and Annual Report on Remuneration - will be taken to the 2025 Annual General Meeting on 29 April 2025 and will be the subject of an advisory vote.

Committee Members

The Committee is comprised of not less than two Independent Non-Executive Directors, 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 currently comprises Duncan Penny (Chair) and Carol Thompson and it invites Executive Directors to attend as it considers necessary.

FIT Remuneration Consultants LLP ("FIT") provided independent advice to the Committee during 2024 having been appointed by the Committee during 2021. Advice was provided on AIM market and best practice, share plan operations and support provided to management with undertakings such as producing this Directors' Remuneration Report. FIT did not provide any other services to the Group during the year and the Committee is satisfied that the advice received was objective and independent. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com.

Activities during the year

- Agreed Executive Director leaver and joiner remuneration packages.
- Reviewed the 2023 Directors' Remuneration report prior to its approval by the Board and subsequent approval by shareholders at the 2024 AGM.
- Reviewed performance against the 2023 annual bonus plan targets and resulting awards and agreed the metrics and targets for the 2024 bonus plan.
- Reviewed LTIP award levels and performance metrics/ targets for the 2024 LTIP and below Board Restricted Share Awards.

Key remuneration decisions for 2024

Annual Bonus

The annual bonus for 2024 was based on achieving an adjusted profit before tax (PBT), adjusted operating cash conversion and the attainment of strategic objectives. The table below summarises performance against the Group performance targets set by the Remuneration Committee for the year.

	Weighting	Threshold	On-Target	Max	Actual	% achieved
Adjusted PBT	65%	$14.6m	$16.9m	$19.8	$4.8m	0%
Adjusted Operating cash conversion	15%	80%	100%	120%	324%	15%
Strategic objectives	20%		See below		0%	0%
% of salary	100%	0%	50%	100%	0%	0%

Notwithstanding that the adjusted Operating cash conversion targets were exceeded and some progress was made against the strategic targets (see below), no bonus is payable for the year ended 31 December 2024 given that for any components of the bonus plan to pay out, the adjusted PBT for 2024 must have at least been $14.3m.

The table below summarises the strategic team objectives for the former CEO and CFO in the year.

Risk	Jon Jayal	Johan Olivier	2024 Performance assessment
Close strategic acquisition of an Industrial PC company operating in sectors outside Gaming	Did not meet objective	Did not meet objective	While the Group continues to develop and evaluate a pipeline of appropriate acquisitions none were completed in 2024.
Order intake of $134m in FY23	Did not meet objective	Did not meet objective	The Group achieved an order intake of $71.4m in 2024 due to de-stocking.
Achieve overall Great Place to Work score of 80 or more (2023 score was 77)	Did not meet objective	Did not meet objective	A Great Place to Work score of 72 was achieved for 2024.

Vesting of 2021 share option award

100,000 market value share options with an exercise price of 190 pence and 25,000 share options with an exercise price of 0.1 pence granted to Johan Olivier in October 2021 vested in full in March 2024. The performance condition for these grants was EPS growth exceeding 10% p.a. growth which was met in full. Further details of the bonus awards and the options are set out in the Annual Report on Remuneration overleaf.

100,000 market value share options with an exercise price of 158.5 pence granted to Duncan Faithfull in March 2021 vested in full in March 2024 The performance condition for these grants was EPS growth exceeding 10% p.a. growth which was met in full. Further details of the bonus awards and the options are set out in the Annual Report on Remuneration overleaf.

Deferred Bonus

In April 2024, prior to his appointment as CEO, Duncan Faithful was awarded a deferred cash bonus of £50,000, the payment of which was subject to being employed by the Company on the anniversary of this award. With the agreement of Duncan Faithful, the Company intend to convert the award into a deferred share bonus to an equivalent value which will be granted in the normal annual cycle of equity awards and be subject to the normal three-year vesting period.

Implementing the Policy for 2025

In respect of the implementation of the Remuneration Policy for 2025:

- Base salaries for Duncan Faithfull and Matt Staight will be increased to £280,000 and £190,000 respectively with effect from 1 April 2025.
- Pension provision will remain at 10% of salary.
- Bonus potential will remain capped at 100% of salary. 65% will be based on sliding scale adjusted profit targets, 5% will be based on sliding scale cash targets and 30% will be based on strategic targets. While the targets are currently considered to be commercially sensitive, they will be disclosed retrospectively in next year's Directors' Remuneration Report.
- The Committee intends to make LTIP awards in 2025 to Executive Directors over shares equal to up to 100% of salary. Awards will normally vest after three years from grant subject to continued employment and performance targets based on three-year, sliding scale, EPS and Total Shareholder Return performance targets which will be set in advance of grant. In addition, a two year post vesting holding period will apply. Details of the performance targets will be set out in the RNS published immediately following the grant date.

Remuneration Policy Report

Executive Director 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.
- Encouraging executives to deliver long-term sustainable growth using share-based incentives.

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base Salary	To ensure 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 normally applying from 1 April. 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.	Not applicable.	Not applicable.
Benefits	To provide a market-competitive package.	Offered in line with market practice, and may include a car allowance, private medical, auxiliary medical benefits and death in service insurance.	Not applicable.	Not applicable.
Pension	To provide an appropriate level of benefits that allow for retirement planning.	Pension contributions are made by the Company to a defined contribution scheme.	10% of salary.	Not applicable.
Annual Bonus	To reward performance against annual targets which support the strategic direction of Group.	The Committee sets annual performance targets.	100% of salary.	Sliding scale financial (majority) and strategic targets (minority).

Component	Purpose and link to strategy	Operation	Maximum	Performance
LTIP	To drive and reward the achievement of longer-term objectives to deliver sustainable earnings growth. To support the retention and promote share ownership for Executive Directors.	Nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. Dividend equivalents may be awarded to the extent awards vest. Awards are subject to malus/ claw back provisions at the discretion of the Committee, up to two-years after the date of vesting.	200% of salary (although normal grant policy is to make annual awards up to 100% of salary).	Performance metrics may be linked to financial and/ or share price and/or strategic performance.

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

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base Salary	To attract Non-Executive Directors with relevant experience and skills to oversee the development and implementation of the Group's strategy.	Fees are normally reviewed annually considering the level of responsibility, relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are normally paid in cash. Travel and other reasonable expenses incurred while performing their duties may be reimbursed. Non-Executive Directors may also receive pension contributions.	There is no prescribed maximum. The Board is guided by general increase in the market for Non-Executive Director roles and the broader employee population.	Not applicable. Non-Executive Directors do not participate in variable pay arrangements.

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.

Annual Report on Remuneration

Total Directors' Remuneration (audited)

	Year	Salary $000	Pension[8] $000	Benefits[9] $000	Bonus[10] $000	Shares[11] $000	Total $000
EXECUTIVE DIRECTORS							
Duncan Faithful[1]	**2024**	**121**	**12**	**–**	**–**	**–**	**133**
	2023	–	–	–	–	–	–
Matt Staight[2]	**2024**	**18**	**2**	**–**	**–**	**–**	**20**
	2023	–	–	–	–	–	–
Jon Jayal[3]	**2024**	**406**	**13**	**1**	**–**	**–**	**420**
	2023	396	12	14	143	–	565
Johan Olivier[4]	**2024**	**307**	**5**	**1**	**–**	**48**	**361**
	2023	299	5	–	106	–	410
Total Executive Directors	**2024**	**852**	**32**	**2**	**–**	**48**	**934**
	2023	695	17	14	249	–	975
NON-EXECUTIVE DIRECTORS							
Nick Jarmany[5]	**2024**	**84**	**8**	**1**	**–**	**–**	**93**
	2023	62	6	1	–	–	69
Gary Mullins	**2024**	**64**	**6**	**1**	**–**	**–**	**71**
	2023	62	6	1	–	–	69
Carol Thompson	**2024**	**64**	**–**	**–**	**–**	**–**	**64**
	2023	60	–	–	–	–	60
Duncan Penny	**2024**	**62**	**–**	**1**	**–**	**–**	**63**
	2023	54	–	1	–	–	55
Francis Small[6]	**2024**	**74**	**–**	**2**	**–**	**–**	**76**
	2023	116	–	2	–	–	118
Guy van Zwanenberg[7]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	19	1	–	–	–	20
Total Non-Executive Directors	**2024**	**348**	**14**	**5**	**–**	**–**	**367**
	2023	373	13	5	–	–	391
Total Board	**2024**	**1,200**	**46**	**7**	**–**	**48**	**1,301**
	2023	1,068	30	19	249	–	1,366

1 Appointed Group Chief Executive Officer on 29 August 2024
2 Appointed Group Chief Financial Officer 31 October 2024
3 Stepped down from the Board as Group Chief Executive Officer on 29 August 2024
4 Stepped down from the Board as Group Chief Financial Officer on 31 October 2024
5 Appointed Interim Chair on 14 August 2024
6 Stepped down from the Board as Chairman on 14 August 2024
7 Retired 27 April 2023
8 Pension contributions were paid as a combination of pension contribution paid and salary supplements (with the latter reduced by the employers' national insurance payable by the Company).
9 The Directors received private medical insurance in line with other UK employees.
10 Annual bonus awards for the year ended 31 December 2024 were based on achievement of targets as set out on page 50.
11 Share options fully vested under the Company LTIP scheme and exercised during the year.

Board changes

In respect of:

- Jon Jayal's leaving arrangements, he received his salary, benefits and pension up until his departure from the Company on 28 February 2025. He was not entitled to an annual bonus for the year ended 31 December 2024 and his unvested LTIP awards will continue to vest on the normal vesting dates, subject to performance and time pro-rating.
- Johan Olivier's leaving arrangements, he will receive/received his salary, benefits and pension up until his departure from the Company on 31 March 2025. He was not entitled to an annual bonus for the year ended 31 December 2024 and his unvested LTIP awards will continue to vest on the normal vesting dates, subject to performance and time pro-rating.
- Francis Small's leaving arrangements, he received his fee up until his departure from the Company on 14 August 2024.

Directors Share Options (audited)

The interests of Directors at the year-end in options to subscribe for ordinary shares of the Company, together with details of any options granted during the year, are as follows:

	Award Type	Date of Grant	1 January 2024	Granted	Lapsed	Exercised[5]	31 December 2024	Exercise Price (p)	First date normally exercisable	Last date normally exercisable
Duncan Faithful	EIP[1]	20.05.21	100,000	–	–	–	100,000	158.5	31.03.24	31.03.31
	LTIP[2]	06.05.22	132,275	–	–	–	132,275	0.1	09.05.25	09.05.32
	LTIP[3]	22.03.23	117,798	–	–	–	117,798	0.1	22.03.26	22.03.33
	LTIP[4]	30.04.24	–	69,767	–	–	69,767	0.1	22.05.27	22.05.34
	Below Board RSA[6]	02.05.24	–	34,884	–	–	34,884	0.1	22.05.27	22.05.34
Matt Staight	LTIP[2]	06.05.22	19,169	–	–	–	19,169	0.1	09.05.25	09.05.32
	LTIP[3]	22.03.23	20,128	–	–	–	20,128	0.1	22.03.26	22.03.33
	LTIP[4]	30.04.24	–	21,558	–	–	21,558	0.1	22.05.27	22.05.34
Jon Jayal	LTIP[2]	06.05.22	199,934	–	–	–	199,934	0.1	09.05.25	09.05.32
	LTIP[3]	22.03.23	169,831	–	–	–	169,831	0.1	22.03.26	22.03.33
	LTIP[4]	30.04.24	–	200,864	–	–	200,864	0.1	22.05.27	22.05.34
Johan Olivier	Recruitment[5]	06.10.21	100,000	–	–	–	100,000	190	2023 results	25.10.31
	Recruitment[5]	06.10.21	25,000	–	–	(25,000)	–	0.1	2023 results	25.10.31
	LTIP[2]	06.05.22	148,810	–	–	–	148,810	0.1	09.05.25	09.05.32
	LTIP[3]	22.03.23	126,404	–	–	–	126,404	0.1	22.03.26	22.03.33
	LTIP[4]	30.04.24	–	149,502	–	–	149,502	0.1	22.05.27	22.05.34

1 The Options are exercisable subject to terms of the 2013 Equity Incentive Plan (EIP) and are fully vested as at 31 December 2024.

2 The Options are exercisable subject to vesting of 70% of awards (the EPS Part) are dependent on the Company's adjusted earnings per share (EPS) performance for the financial year ending 31 December 2024. 25% of the EPS Part vests for EPS of $0.068 increasing pro-rata to full vesting of the EPS Part for EPS of $0.102 pence or higher. The vesting of 30% of awards (the TSR Part) are dependent on the Company's total shareholder return (TSR) over a three-year period commencing on the grant of the awards. 25% of the TSR Part vests for TSR over the measurement period equal to 10% p.a. increasing pro-rata to full vesting for TSR of 20% p.a. Once vested, a two year post vesting holding period applies in respect of awards granted to Executive Directors.

3 The Options are exercisable subject to vesting of 70% of awards (the EPS Part) are dependent on the Company's adjusted earnings per share (EPS) performance for the financial year ending 31 December 2025. 25% of the EPS Part vests for EPS of $0.206 increasing pro-rata to full vesting of the EPS Part for EPS of $0.307 pence or higher. The vesting of 30% of awards (the TSR Part) are dependent on the Company's total shareholder return (TSR) over a three-year period commencing on the grant of the awards. 25% of the TSR Part vests for TSR over the measurement period equal to 10% p.a. increasing pro-rata to full vesting for TSR of 20% p.a. Once vested, a two year post vesting holding period applies in respect of awards granted to Executive Directors.

4 See "Long term incentives granted during the year" section below.

5 100,000 market value share options with an exercise price of 190 pence and 25,000 share options with an exercise price of 0.1 pence granted to Johan Olivier in October 2021 vested in full on 13 March 2024. The performance condition for these grants was EPS growth exceeding 10% p.a. growth which was met in full.

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.

Long term incentives granted during the year (audited)

The following share awards were granted as nominal cost options on 2 May 2024 under the Nexteq plc 2022 Long Term Incentive Plan:

<table>
<tr><th>Executive</th><th>Type of awards</th><th>Basis of award</th><th>Share Price</th><th>Number of shares over which award was granted</th><th>Face value of award</th><th>Performance Period</th></tr>
<tr><td>Jon Jayal</td><td rowspan="4">LTIP</td><td>100% salary</td><td rowspan="5">£1.505</td><td>200,864</td><td>£302,300</td><td rowspan="3">EPS – Three financial years to 31 December 2026</td></tr>
<tr><td>Johan Olivier</td><td>100% salary</td><td>149,502</td><td>£225,000</td></tr>
<tr><td>Matt Staight[1]</td><td>25% salary</td><td>21,558</td><td>£32,445</td></tr>
<tr><td rowspan="2">Duncan Faithfull[2]</td><td>50% salary</td><td>69,767</td><td>£104,999</td><td>TSR – Three years from grant</td></tr>
<tr><td>Below Board RSA</td><td>25% salary</td><td>34,884</td><td>£52,500</td><td>Continued Service only</td></tr>
</table>

[1] The LTIPs were granted to Matt Staight in his role as Group Financial Controller, prior to his promotion to the Board as Group Chief Financial Officer.

[2] The LTIP and RSAs (Restricted Share Awards) were granted to Duncan Faithful in his role as EVP, Gaming Business Leader and CCO, prior to his promotion to the Board as Group Chief Executive Officer. The RSAs vest over a three-year period subject to continued service (there are no performance conditions attached). No further RSAs will be granted to Duncan Faithfull.

LTIP Performance Targets

The vesting of 70% of awards (the EPS Part) are dependent on the Company's adjusted earnings per share (EPS) performance for the financial year ending 31 December 2026. 25% of the EPS Part vests for EPS of $0.209 increasing pro-rata to full vesting of the EPS Part for EPS of $0.275 pence or higher. The vesting of 30% of awards (the TSR Part) are dependent on the Company's total shareholder return (TSR) over a three-year period commencing on the grant of the awards. 25% of the TSR Part vests for TSR over the measurement period equal to 5% p.a. increasing pro-rata to full vesting for TSR of 15% p.a. Once vested, a two year post vesting holding period applies in respect of awards granted to Executive Directors.

Duncan Penny I Chair of the Remuneration Committee
18 March 2025

Carol Thompson I Chair of the Committee

Audit and Risk Committee report

Dear Shareholder,

I am pleased to report on the activities of the Audit and Risk Committee ('the Committee') during the year under review.

Role of the Committee:

The Committee is responsible for monitoring the Group's risk management framework, the integrity of financial reporting and audit process and overseeing the maintenance of internal control.

The Committee comprises two independent non-executive directors: Carol Thompson (Chair) and Duncan Penny. The current 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 Carol Thompson has recent and relevant financial experience in accordance with the Quoted Companies Alliance (QCA) code.

Key responsibilities of the Committee:

1. Risk assessment and management

- On behalf of the Board, review and monitor the Company's risk register and risk management framework.
- Consider the appropriate risk appetite for the Company across all major activities, taking into account the overall strategy of the Company, its future plans and other internal information, as well as the external environment, including economic, political and industry information.
- Oversee and advise the Board and Remuneration Committee on how the remuneration of Executives shapes their view of risk.
- On an annual basis, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation), that procedures are in place to identify emerging risks and provide advice on the management and mitigation of those risks.
- Oversee the current and prospective risks faced by the Company and its strategy in relation to future risks.
- Ensure that risk management is properly considered in Board decisions.
- Review the methodology for reporting risk to the Board.
- Set triggers for reporting and escalation of significant emerging risks that may be critical to the Company and assess the Company's ability to manage new risks.
- Consider whether risks have been properly considered in relation to all major transactions, as defined by the Board, by the Company, including but not limited to mergers and acquisitions, disposals, joint ventures, significant expenditure on property, plant and equipment and material multi-year service contracts. This should involve consideration of whether all due diligence and/or procurement processes have been carried out, including obtaining external advice, as well as an assessment of whether the transaction meets the Company's risk appetite criteria and the implications for future risk tolerance.

- Review all material adverse crystallisation of risks, including those involving breaches of the Company's procedures, carrying out root cause analysis and introducing lessons learned into the risk management framework.

2. Internal control

- On behalf of the Board, review the Company's internal financial controls and internal control systems and, at least annually, carry out a review of their effectiveness.

3. 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 announcements 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.
  - 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).

4. 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.
- Review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

5. External audit

- Consider and make recommendations to the Board 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 External Auditors and if an External 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.
  - 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.
– 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.
– Levels of errors identified during the audit.

6. 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.

7. 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.
- 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.
- Consider such other matters as may be requested by the Board.

The terms of reference of the Committee are available in the Governance section of the Company's website www.nexteqplc.com.

Meetings of the Committee

The Committee met five times during the year with attendance as set out in the table on page 48. Although not members of the Committee, the Chief Executive Officer and Chief Financial Officer attended all meetings. The External Auditors, KPMG and BDO, attended all meetings, apart from the December meeting as the focus of this meeting was the review of the Company risk register. The Committee also discussed matters with the External Auditor without the Group's management present.

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

The following specific business was dealt with at each meeting held in 2024:

March	Annual results for 31 December 2023, including: • Accounting issues report from the CFO. • Full-year Report from the External Auditor including Auditor's Report to be included in the 2023 Annual Report. • Consolidated financial statements for the year ended 31 December 2023. • Principal risks and uncertainties. • Consideration of the going concern basis for preparation of the financial statements. Reviewed the going concern statement. Assessed and agreed the independence of the External Auditor. Recommendations to the Board on: • Consolidated financial statements. • Going concern statement.
May	Review and conclude audit tender process.
September	Interim results for the six months ended 30 June 2024, including: • Accounting issues reporting from the CFO. • Interim financial statements for the six months ended 30 June 2024. Taiwan supplier review.
October	Reviewed scope for the external audit for the 2024 audit. Review of key accounting matters for 2024 Annual Report. Review of internal controls.
December	Review of Group risk register, including environmental risk register.

Significant risks and judgements in financial reporting

In relation to the 31 December 2024 annual financial statements included in this report on pages 78 to 131 the Committee considered the following topics listed below. It considered these areas to be significant, considering the level of materiality and the degree of judgement exercised by management. The 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.

Significant matter	Committee actions taken
Revenue cut-off	In 2024, there were a lower number of revenue transactions occurring closer to Year end than in the prior year and a larger amount of revenue was recognised in the month of December. Revenue is recognised based on the contractual terms agreed with the customer, typically either on a Delivered At Place (DAP) or Ex-works (EXW) basis. Management performed additional procedures to ensure that revenue was recognised in the correct financial period, with particular focus on ex-works shipments. These procedures included reviewing customers' collection of ex-works shipments around the year end date and ensuring that the customer had taken control of the goods at the balance sheet date. The Committee reviewed management's procedures and was satisfied that there were no material misstatements of revenue recognition.
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 Densitron Europe and Densitron Japan, the impairment calculations indicated that there remains significant headroom between the value in use and the carrying value. As such, the Committee was satisfied that no reasonable possible change in key assumptions would result in an impairment for any CGU other than Densitron Europe and Densitron Japan. The impairment calculation for the Densitron Europe CGU estimated that the recoverable amount of the CGU was lower than the carrying amount. The Committee reviewed the appropriateness of the estimates applied and was satisfied that an impairment of the Goodwill of Densitron Europe CGU of $2.9m was required for the year ended 31 December 2024. The impairment calculation for the Densitron Japan CGU estimated that the recoverable amount of the CGU exceeded its carrying amount by approximately $1.1m (2023: exceeded it by $0.4m). Management's sensitivity analysis identified that a reasonably possible change in the 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 management's sensitivity analysis that a reasonably possible change in the revenue and gross margin assumptions could cause a reduction in the recoverable amount. The Committee was satisfied that no impairment of the Densitron Japan CGU was required for the year ended 31 December 2024. The Committee will consider the impact of the change in Group structure being implemented to deliver the three-year plan from 2025 onwards, which may lead to a change in CGUs.
Valuation of inventory	In 2024, raw material inventory levels decreased further from the historically high levels seen in 2021 and 2022 as customer de-stocking impacted orders. The Committee considered the provision policy, provision levels and the nature and condition of inventory at the balance sheet date and 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 attended by the External Auditor and the results reported to the Committee. The Committee was satisfied that the counts were conducted appropriately.

Significant matter	Committee actions taken
Valuation of APMI debtors and inventory	As disclosed in the 2022 and 2023 Annual Reports, the Group, through its Quixant brand, had active contracts in place with Aruze Philippines Manufacturing Inc. ('APMI'), for the supply of display products and Gaming boards. On 1 February 2023 Aruze Gaming America, Inc ('AGA'), a US-based affiliate of APMI, filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the State of Nevada. As at the date of this Annual Report, the Chapter 11 proceedings are still ongoing. AGA's operations and assets have been sold as part of the proceedings and AGA also closed its Las Vegas operations. APMI filed for voluntary liquidation on 22 August 2023 and a liquidation order was issued by the Philippine courts. As at the date of this Annual Report the liquidation proceedings were still ongoing. There remains uncertainty over the recoverability of balances related to APMI and Nexteq management evaluated their carrying value as at the balance sheet date. As at 31 December 2024, APMI owed $1.0m to the Group from the sale of goods (2023: $1.0m). The amounts were impaired in full as at 31 December 2023 and due to the uncertainty referenced above remain fully impaired at 31 December 2024. The Group continues to take steps to recover these balances. Inventory, consisting of raw materials with a book value of $2.4m (2023: $1.7m) and finished goods with a book value of $0.2m (2023: $0.6m) originally earmarked for use by APMI, was included in the Group's balance sheet as at 31 December 2024. As of 31 December 2023, management believed the raw materials could be used to manufacture products sold to the Group's existing or new customers, and the finished goods could be used in the Group's turnkey cabinet offering. However, in 2024 management determined there is limited opportunity to fully recover the net book value of $2.6m and considers a provision against the raw materials of $2.2m was required as at 31 December 2024. The Group balance sheet previously included capitalised development costs with a book value of $0.4m related to the development of products for APMI's future use. Management assessed the commercial opportunities for these products in 2023 and determined that it was not probable that these would generate future economic benefits for other customers resulting in an impairment charge of $0.4m in 2023. With regards to the recoverability of trade receivables, the Committee reviewed management's assessment, which included the latest status of the Chapter 11 filing and liquidation proceedings that led to the review. Due to the inherent uncertainty in the outcome of bankruptcy proceedings the Committee agreed with management's view that the trade receivables should remain fully impaired as at 31 December 2024. The Committee reviewed management's assessment of alternative uses for the inventory originally allocated for APMI. This review included understanding the engineering efforts required to have the inventory ready for sale to other customers or use it in the Group's turnkey cabinet solution. The Committee also reviewed the commercial opportunities management identified, which included details of existing and prospective customers. The Committee agreed with management's view that the Group would no longer be able to recover the book value of the inventory through alternative sale opportunities resulting in the inventory provision of $2.7m being recorded in 2024, which after utilization of $0.5m of this provision for loss on sale of some of the inventory, leaves a closing provision balance of $2.2m at 31 December 2024. The Committee also reviewed the timing of the recording of the provision for Azure inventory given the presence of the purchase commitment for additional AMD parts as of 31 December 2023. The Committee is satisfied that the provision was only required in 2024 due to several changes in recoverability related to specific events that took place in 2024.
Recognition of deferred tax asset for UK tax losses	The value of deferred tax assets is a significant item within the Group's balance sheet. Management prepares an assessment annually regarding the utilisation of the UK tax losses, which are the major component of the deferred tax asset, to determine the amount expected to be utilised in future years. The Committee challenged the appropriateness of judgements and forecasts used in management's assessment. In addition, the Committee reviews the calculation to ensure the probability analysis performed by management, reflects historic performance and forecasts. It also assessed the deferred tax asset value in the context of tax returns. The Committee agreed with management's view to not recognize all UK tax losses as a deferred tax asset, with $3.2m losses not recognised at 31 December 2024, with a tax value of $0.8m (2023: nil). The reduction in the recoverability of the asset recorded in 2024 is predominately due to reducing the probability of forecast results in year four and five of the forecast period after factoring in the results achieved in 2024.
Going concern	The Committee reviewed management's assessment of the Group's ability to continue as a going concern for a period of 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 and 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. This includes monitoring and reviewing their objectivity and independence on an ongoing basis, recommending their appointment, re-appointment and removal, and approving the scope of the statutory audit and fees. During the year the Committee performed a tender process for the external audit which invited the incumbent auditor and other firms to tender for the audit work covering the year ended 31 December 2024. The Committee oversaw a robust proposal, interview and selection process using predefined criteria and scoring system. The tender process resulted in the appointment of BDO LLP as the External Auditor. BDO LLP presented to the Committee its detailed audit plan for the 2024 financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The Committee also received reports from BDO LLP on its assessment of the accounting and disclosures in the financial statements and financial controls.

In 2024, the most significant risks identified were the valuation of goodwill and acquired intangibles in the Densitron Europe and Japan CGUs, revenue recognition fraud risk over cut-off, valuation of inventory in the Quixant Gaming CGU and Nexteq Plc standalone Company accounts, and management override of controls. The Committee reviewed and challenged BDO LLP on these matters and reviewed their reporting and feedback from management on the effectiveness of the audit process. No major concerns over the effectiveness of the audit process were raised by management.

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 BDO's independence is not compromised. BDO provided tax advice to the Group in Taiwan. The total fees for non-audit services paid to BDO during the year was $3,000 (2023: $27,000 KPMG), which is considered immaterial when compared with the audit fees of $444,300 (2023: $492,000 KPMG).

Risk management

The Board is responsible for the Group's risk management framework and the Committee has been delegated responsibility for reviewing the overall process of assessing business risks and managing the impact on the Group. The Board retains overall responsibility for the level of risk the Group is willing to take and for allocating sufficient resource to the management of business risk.

The Executive Directors review the Company risk register regularly and report any proposed changes to the Committee and the Board. As part of the ongoing assessment of the business's principal risks and uncertainties, the Committee has considered several factors including the macroeconomic landscape, supply chain disruption and cyber and technology risks.

The review of risks facing the Group is shown on pages 32 to 35.

Internal controls

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. During the year the Group implemented a controls self-assessment programme covering all sites. Management provided the Committee with a summary of the key findings from the first self-assessment questionnaire, which was issued to the business in Q4 2023. Control observations and management's response to matters raised were reviewed by the Committee during their meeting in February 2024.

The reporting and review processes provide regular assurance to the Board as to the adequacy and effectiveness of 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 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.

Carol Thompson I Chair of the Committee

Duncan Faithfull | Group Chief Executive Officer

Directors' report

The Directors present their Annual Report and Accounts for the year ended 31 December 2024.

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.
- The design, development and delivery of electronic displays and control solutions into the industrial marketplace.

The profit for the year after taxation amounted to $0.3m (2023: $10.9m). Further comments on the development of the business are included in the Chair's Statement, Chief Executive's Report and Financial Review on pages 02 to 31.

The Group has adopted the corporate governance code of the QCA. Further comments are included in the Chair's Introduction to Governance on page 45.

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

The Group has made disclosures in the Sustainability Report on pages 38 to 44 regarding greenhouse gas emissions, energy consumption and energy efficiency of the business.

Statutory information

Nexteq 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 (AGM) of the Company are contained within the notice of this meeting. The Board proposes a dividend for the year ended 31 December 2024 of 3.7p per share (2023: 3.3p per share).

Substantial shareholdings

Based on the share register analysis as at 31 December 2024, unless otherwise notified, the Company was aware of the following interests of 3% or more of the 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	11,131,163	18.35%
Liontrust Asset Management	8,024,973	13.23%
Lombard Odier Investment Managers	4,618,020	7.61%
Mr J & Mrs S Mullins	3,887,095	6.41%
Chelverton Asset Management	3,534,217	5.83%
Mr JJ Lin	3,446,559	5.68%
Crucible Clarity Fund	2,764,156	4.56%
G P Mullins and his wife	2,215,653	3.65%
Alexander Taylor	2,058,958	3.39%
Octopus Investments	1,835,975	3.03%

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	
	2024	2023
N C L Jarmany	**11,131,163**	11,201,163
G P Mullins	**2,215,653**	2,215,653
C Thompson	**–**	–
D J Penny	**30,000**	30,000
D Faithfull (appointed 29 August 2024)	**–**	–
M Staight (appointed 31 October 2024)	**7,989**	–
J F Jayal (stepped down 29 August 2024)	**394,720**	394,720
J J Olivier (stepped down 31 October 2024)	**–**	–
F Small (stepped down 14 August 2024)	**30,000**	30,000
G C v Zwanenberg (stepped down 27 April 2023)	**27,837**	27,837

There has been no other change in the interests set out above between 31 December 2024 and 18 March 2025.

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.

Share buyback authority

The Board took the steps required to enable the Company to commence a share buyback programme. The buyback authority was exercised where the Directors regarded such purchases as being in the best interests of all shareholders to provide liquidity in the market, while helping to moderate volatility in the Company's shares and minimising dilution as a result of the exercise of employee options.

The share buyback programme received the requisite shareholder and regulatory approvals at the Company's AGM in April 2024 and was used in 2024 giving rise to $7.0m of share buy backs.

Research and development

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 (2023: Nil).

Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the twelve months ending 31 March 2026. Following careful consideration of the base case forecasts and the application of severe but plausible downside scenarios to these forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate within the level of its current facilities for a period of at least 12 months from the date of this report. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Group and Company financial statements.

Further details on going concern are provided in Note 1 of the Group financial statements, which is incorporated by reference and forms part of this Directors' Report.

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 BDO LLP as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board on 18 March 2025.

Duncan Faithfull | 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 financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. 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 Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's report

To the members of Nexteq PLC

Opinion on the financial statements

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 2024 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.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Nexteq plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated statement of profit and loss and other comprehensive income, the Consolidated and company balance sheets, the Consolidated and company statement of changes in equity, the Consolidated and company cash flow statements and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the director's process for producing the cash forecasting model used for going concern, including the inputs and assumptions used in those models.
- Testing the arithmetical accuracy of the model prepared by management to support the Directors' assessment and the underlying calculations within.
- Understanding and challenging the forecasts including the underlying assumptions. This included comparing forecast revenue and costs with historical trends. We also compared historical forecasts with actual results to evaluate the accuracy of the directors forecasting. Additionally, we assessed the forecast revenue against the Group's revenue pipeline.
- Analysing changes in key assumptions including a reasonably possible (but not unrealistic) reduction in forecast revenue, to understand the sensitivity in the cash flow forecasts.
- Review of the post year-end cash position to assess any potential unexpected deterioration in balances held.
- Making inquiries of the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.
- Considering the adequacy of the disclosures relating to going concern included within Note 1 of the financial statements against the requirements of the accounting standards. We also checked the consistency of the disclosures against the forecasts and the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as going concerns for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2024
	Revenue recognition relating to Ex-works sales	✔
	Impairment of goodwill and other intangible assets for the Densitron Europe and Densitron Japan Cash Generating Units (CGUs)	✔
Materiality	*Group financial statements as a whole* $433,000 based on 0.5% of Consolidated Revenue	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group consists of 12 components (11 legal entities). The components are organised per legal entity, apart from Nexteq Taiwan branch which is a branch of Nexteq plc.

In performing our Group audit, we have determined the components in scope as being Nexteq Taiwan Branch, Nexteq UK Limited, Quixant USA, Inc. Densitron Corporation of America, Nexteq Deutschland GmbH and Densitron France SAS. These components have been identified as in-scope due to the Group risks allocated to these components as well as their contribution to Group results and performance.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- Procedures on the entire financial information of the component, including performing substantive procedures.
- Specified audit procedures.

Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following.

For the purpose of our Group audit, the Group consisted of 12 components in total. These were comprised of 11 legal entities.

Procedures were performed on the entire financial information of 4 components. Specified procedures were performed at 2 components to test the risk in relation to revenue recognition (see KAM section below).

The financial information of the remaining components was subject to risk assessment procedures performed by the Group audit team.

Procedures performed centrally

The Group operates a centralised IT function that supports IT processes for all components. This IT function is subject to specified risk-focused audit procedures, predominantly the assessment of the design and implementation of relevant IT general controls and IT application controls. We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the Group's activities and business lines in relation to going concern, share based payment expense, impairment of goodwill, right-of-use assets and corresponding lease liability, inventory obsolescence provision, and disclosure of adjusted performance measures (APMs).

We therefore designed and performed procedures centrally in these areas.

Locations

Nexteq plc's operations are spread over a number of different geographical locations. We visited 3 out of a total of 7 locations. Our teams conducted procedures in Nexteq plc's locations in Taiwan, UK and the USA.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditor, who formed part of the Group engagement team. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with the component auditor, we held discussions with the component audit team on the significant areas of the Group audit relevant to the component based on our assessment of the Group risks of material misstatement. We issued our Group audit instructions to the component auditor on the nature and extent of their participation and role in the Group audit, and on the Group risks of material misstatement.

We directed, supervised and reviewed the component auditor's work. This included holding meetings and calls during various phases of the audit and reviewing the component auditor's documentation in person and remotely. We evaluated the appropriateness of the audit procedures performed and the results thereof.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition for Ex-works sales *Revenue: $86.7m* Refer to page 85 and 86 (Accounting policy) and Note 3 of the financial statements	As stated in the accounting policy on Page 83, the Group derives its revenue from the sale of goods namely, Gaming boards or platforms, Gaming monitors, and display products. Revenue from the sale of goods has one single performance obligation which is satisfied once control of the goods is transferred to the customer, in accordance with the agreed contractual terms for each customer. These contractual terms are based on Incoterms (International Commercial Terms), a set of standardised international trade terms published by the International Chamber of Commerce. These contractual terms can vary from customer to customer. Revenue recognition relating to Ex-works ("EXW") terms requires judgement as to when control has transferred, being when the goods have been made available for a customer to collect from an agreed place. Revenue is a key metric when evaluating financial performance of the Group and is subject to internal and external scrutiny. Given the judgement required, we considered there to be a significant risk in relation to revenue recognised for EXW sales being in the incorrect financial period for amounts recognised in the last three weeks of the financial year. For this reason, revenue recognition for EXW sales was determined to be a key audit matter.	Our audit procedures included the following: • We evaluated the design and implementation of the control activities relevant to Revenue recognition for EXW sales. • We obtained an understanding of the key revenue processes for EXW sales from inception to disclosure in the financial statements. • Assessed whether the Group's policy for EXW sales is in accordance with applicable accounting standards. • For a sample of EXW revenue recognised in the last three weeks of the financial year, we obtained the contractual terms of sale, delivery documentation, and where available, either the customers' confirmation of collection for EXW shipments or the customers' acknowledgment that the goods were made available to them pre-year end for EXW contracts to evidence revenue was recognised in the correct period. **Key observations:** Through performing these procedures, we consider that Group's revenue recognition policy for EXW sales is appropriate, and that EXW sales has been recognised in accordance with the Group's revenue policy.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of goodwill and other intangible assets for the Densitron Europe and Densitron Japan Cash Generating Units (CGUs) *Goodwill: Densitron Europe and Densitron Japan: $0 and $142k respectively* Refer to page 83 (Use of judgements and estimates); page 86 (Accounting Policy) and Note 11 of the financial statements	The recent financial performance of the Densitron Europe and Densitron Japan CGUs makes this an area of specific audit focus. Management has used an impairment model to perform the impairment assessment. The estimated recoverable amount of goodwill and other intangible assets is subjective due to the inherent estimation uncertainty involved in forecasting and discounting future cash flows. The complexity and judgement used in determining future cash flows, growth rates and discount rates are the reasons why this was deemed to be a Key Audit Matter.	Our audit procedures included the following: • We reviewed management's assessment of cash-generating units (CGUs) to ensure that CGUs were appropriately identified in line with the requirements of IAS 36: Impairment of assets. • We checked if the carrying amount of each CGU had been determined on a consistent basis with the calculation of the value in use (VIU). In calculating the VIU, we checked that there was consistency between the assets and liabilities of the CGU and the cash flows taken into account. • We challenged management's assumptions and assessed the achievability of the forecasts included in the impairment model, using industry trends and our knowledge of the business. • We compared historical forecasts with actual results to evaluate the accuracy of the directors forecasting. • We also challenged management on significant changes in assumptions compared to prior year and any differences with forecasts used for deferred tax asset recognition and going concern purposes. • With the assistance of BDO valuation experts, we assessed the mechanics and mathematical accuracy of the modelling, assessing the adequacy of the discount rates applied. • With the assistance of BDO valuation experts we evaluated the long-term growth rates (LTGR) and the discount rates. We checked if these are consistent with external studies, particularly inflation. We assessed if the discount rate reflects market assessment of time value of money and risks specific to the assets. • We assessed management's sensitivity analysis and performed our own sensitivity analysis to evaluate whether a reasonable change in the key assumptions for the CGUs would cause the carrying amounts to exceed the recoverable amounts. • We compared the total VIU for all CGUs to market capitalisation at 31 December 2024. • We assessed the appropriateness of the related disclosures against the applicable accounting standards. **Key observations:** Based on the performance of these procedures, we consider the assumptions made in undertaking the impairment reviews and the impairment recorded CGU to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2024 $000s	2024 $000s
Materiality	$433	$411
Basis for determining materiality	0.5% of revenue.	1% of total assets capped at 95% of Group materiality.
Rationale for the benchmark applied	Revenue was considered the most appropriate benchmark as it's the most relevant indicator of the performance of the Group for the users of the financial statements and given the Directors' current focus on revenue growth.	Total assets was considered the most appropriate benchmark as it's the most relevant indicator of the performance of the Company for the users of the financial statements.
Performance materiality	$260	$247
Basis for determining performance materiality	60%	60%
Rationale for the percentage applied for performance materiality	Based on the expected total value of known and likely misstatements, aggregation effect of planned nature of testing, the number of accounts where amounts are subject to estimation and are not able to be determined with precision, and the overall size and complexity of the entity including diversity of operations.	Based on the expected total value of known and likely misstatements and the number of accounts where amounts are subject to estimation and are not able to be determined with precision.

Component materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 20% and 55% of Group performance materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component performance materiality ranged from $52,000 to $143,000

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $21,650. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. • The Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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. • The Parent Company financial statements are not in agreement with the accounting records and returns. • Certain disclosures of Directors' remuneration specified by law are not made. • We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the annual report and the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Parent and the industry in which they operate.
- Discussion with management, and those charged with governance.
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK adopted International Accounting Standards, Companies Act 2006, UK tax legislation and AIM Listing Rules.

The Group and Parent company are subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be including but not limited to Health and Safety Legislation, the Equality Act 2010, Bribery Act 201, Proceeds of Crime Act 2002, Foreign Corrupt Practices Act, Export Control Act 2002, Environmental Protection Act 1990, Consumer Rights Act 2015 and the Data Protection Act 2018.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations.
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations.
- Review of financial statement disclosures and agreeing to supporting documentation.
- Involvement of tax specialists in the audit.
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and members of the Audit and Risk Committee regarding any known or suspected instances of fraud.
- Obtaining an understanding of the Group and Parent's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and risk of fraud in revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation.
- Challenging management's assessments, assumptions and evaluating data used as the basis for making estimates to assess whether judgment made are indicative of potential bias by management
- With regards to the risk of fraud in revenue recognition, see details included in the KAM section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditor who is deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditor, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

18 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit and loss and other comprehensive income

For the years ended 31 December 2024 and 2023

	Note	2024 $'000	2023 $'000
Revenue	3	**86,678**	114,349
Cost of sales		**(55,568)**	(72,828)
Gross profit		**31,110**	41,521
Operating expenses	4, 6	**(30,809)**	(29,091)
Operating profit		**301**	12,430
Finance income	7	**1,448**	585
Finance expense	7	**(28)**	(106)
Profit before tax		**1,721**	12,909
Taxation	8	**(1,410)**	(2,012)
Profit for the year		**311**	10,897
Other comprehensive income for the year, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(1,449)**	723
Total comprehensive (expense) / income for the year		**(1,138)**	11,620
Basic earnings per share	9	**$0.0048**	$ 0.1639
Diluted earnings per share	9	**$0.0048**	$ 0.1602

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 83 to 130 form part of the financial statements.

Consolidated and company balance sheets

As at 31 December 2024 and 2023

		Group		Company	
	Note	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Non-current assets					
Property, plant and equipment	10	**5,688**	5,478	**3,502**	3,649
Intangible assets	11	**11,494**	14,243	**312**	408
Right-of-use assets	24	**2,403**	1,558	**709**	667
Investment property	12	**–**	–	**–**	–
Investments in Group companies and associated undertakings	13	**–**	–	**6,474**	9,586
Deferred tax assets	14	**2,476**	2,951	**1,875**	2,637
Trade and other receivables	16	**61**	54	**–**	–
		22,122	24,284	**12,872**	16,947
Current assets					
Inventories	15	**17,435**	24,338	**12,012**	16,180
Trade and other receivables	16	**16,461**	25,828	**7,517**	9,889
Cash and cash equivalents	17	**29,469**	28,406	**25,212**	24,857
		63,365	78,572	**44,741**	50,926
Total assets		**85,487**	102,856	**57,613**	67,873
Current liabilities					
Loans and borrowings	18	**(87)**	(91)	**(87)**	(91)
Trade and other payables	19	**(11,775)**	(16,763)	**(31,148)**	(26,583)
Tax payable		**–**	(1,247)	**(55)**	(421)
Lease liabilities	18	**(501)**	(569)	**(347)**	(296)
		(12,363)	(18,670)	**(31,637)**	(27,391)
Non-current liabilities					
Loans and borrowings	18	**(271)**	(382)	**(271)**	(382)
Provisions	21	**(355)**	(351)	**–**	–
Lease liabilities	18	**(1,878)**	(1,107)	**(341)**	(364)
		(2,504)	(1,840)	**(612)**	(746)
Total liabilities		**(14,867)**	(20,510)	**(32,249)**	(28,137)
Net assets		**70,620**	82,346	**25,364**	39,736
Equity attributable to equity holders of the parent					
Share capital	22	**106**	106	**106**	106
Treasury shares	22	**(6,996)**	–	**(6,996)**	–
Share premium	22	**6,747**	6,747	**6,747**	6,747
Share-based payments reserve		**888**	1,905	**888**	1,905
Retained earnings		**72,134**	74,398	**25,236**	30,464
Translation reserve		**(2,259)**	(810)	**(617)**	514
Total equity		**70,620**	82,346	**25,364**	39,736

The Company's profit for the year was $2.6m (2023: loss of $2.1m).

These financial statements were approved and authorised for issue by the Board of Directors on 19 March 2025 and were signed on behalf of the Board by:

Duncan Faithfull I Chief Executive Officer
Company registered number: 04316977

Notes on pages 83 to 130 form part of the financial statements.

Consolidated and company statement of changes in equity

For the years ended 31 December 2024 and 2023

GROUP

	Share Capital $'000	Treasury Shares $'000	Share Premium $'000	Translation Reserve $'000	Share-Based Payments $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2023	106	–	6,708	(1,533)	895	66,038	72,214
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	10,897	10,897
Other comprehensive income	–	–	–	723	–	–	723
Total comprehensive income for the year	–	–	–	723	–	10,897	11,620
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	–	–	–	962	–	962
Deferred tax on share-based payment expense	–	–	–	–	48	–	48
Reserve transfer	–	–	–	–	–	–	–
Share based payment awards	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	(2,537)	(2,537)
Exercise of share options	–	–	39	–	–	–	39
Total contributions by and distributions to owners	–	–	39	–	1,010	(2,537)	(1,488)
Balance at 31 December 2023	**106**	**–**	**6,747**	**(810)**	**1,905**	**74,398**	**82,346**

	Share Capital $'000	Treasury Shares $'000	Share Premium $'000	Translation Reserve $'000	Share-Based Payments $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2024	**106**	**–**	**6,747**	**(810)**	**1,905**	**74,398**	**82,346**
Total comprehensive expense for the year							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**311**	**311**
Other comprehensive loss	**–**	**–**	**–**	**(1,449)**	**–**	**–**	**(1,449)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(1,449)**	**–**	**311**	**(1,138)**
Transactions with owners, recorded directly in equity							
Treasury shares purchased	**–**	**(6,996)**	**–**	**–**	**–**	**–**	**(6,996)**
Share-based payment credit	**–**	**–**	**–**	**–**	**(751)**	**–**	**(751)**
Deferred tax on share-based payment expense	**–**	**–**	**–**	**–**	**21**	**–**	**21**
Reserve transfer	**–**	**–**	**–**	**–**	**(261)**	**261**	**–**
Share based payment awards	**–**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(2,836)**	**(2,836)**
Exercise of share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total contributions by and distributions to owners	**–**	**(6,996)**	**–**	**–**	**(1,017)**	**(2,575)**	**(10,588)**
Balance at 31 December 2024	**106**	**(6,996)**	**6,747**	**(2,259)**	**888**	**72,134**	**70,620**

COMPANY

	Share Capital $'000	Treasury Shares $'000	Share Premium $'000	Translation Reserve $'000	Share-Based Payments $'000	Retained Earnings $'000	Total Parent Equity $'000
Balance at 1 January 2023	106	–	6,708	(121)	895	35,085	42,673
Total comprehensive expense for the year							
Loss for the year	–	–	–	–	–	(2,084)	(2,084)
Other comprehensive income	–	–	–	635	–	–	635
Total comprehensive expense for the year	–	–	–	635	–	(2,084)	(1,449)
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	–	–	–	962	–	962
Deferred tax on share-based payment expense	–	–	–	–	48	–	48
Reserve transfer	–	–	–	–	–	–	–
Share based payment awards	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	(2,537)	(2,537)
Exercise of share options	–	–	39	–	–	–	39
Total contributions by and distributions to owners	–	–	39	–	1,010	(2,537)	(1,488)
Balance at 31 December 2023	**106**	**–**	**6,747**	**514**	**1,905**	**30,464**	**39,736**

	Share Capital $'000	Treasury Shares $'000	Share Premium $'000	Translation Reserve $'000	Share-Based Payments $'000	Retained Earnings $'000	Total Parent Equity $'000
Balance at 1 January 2024	**106**	**–**	**6,747**	**514**	**1,905**	**30,464**	**39,736**
Total comprehensive expense for the year							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,576)**	**(2,576)**
Other comprehensive loss	**–**	**–**	**–**	**(1,131)**	**–**	**–**	**(1,131)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(1,131)**	**–**	**(2,576)**	**(3,707)**
Transactions with owners, recorded directly in equity							
Treasury shares purchased	**–**	**(6,996)**	**–**	**–**	**–**	**–**	**(6,996)**
Share-based payment credit	**–**	**–**	**–**	**–**	**(817)**	**–**	**(817)**
Deferred tax on share-based payment expense	**–**	**–**	**–**	**–**	**10**	**–**	**10**
Reserve transfer	**–**	**–**	**–**	**–**	**(184)**	**184**	**–**
Share based payment awards	**–**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(2,836)**	**(2,836)**
Exercise of share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total contributions by and distributions to owners	**–**	**(6,996)**	**–**	**–**	**(1,017)**	**(2,652)**	**(10,665)**
Balance at 31 December 2024	**106**	**(6,996)**	**6,747**	**(617)**	**888**	**25,236**	**25,364**

Notes on pages 83 to 130 form part of the financial statements.

Consolidated and company cash flow statements

For the years ended 31 December 2024 and 2023

	Note	Group		Company	
		2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash flows from operating activities					
Profit/(Loss) for the year		**311**	10,897	**(2,576)**	(2,084)
Adjustments for:					
Depreciation and amortisation	4	**2,151**	2,764	**518**	701
Loss on disposal of property, plant and equipment	10	**118**	14	**116**	–
Impairment losses on intangible assets	4	**2,922**	967	**2,873**	–
Depreciation of leased assets	4	**642**	638	**350**	360
Increase in provision for doubtful debts	23	**245**	136	**–**	–
Movement in provisions		**44**	7	**–**	–
R&D tax credit	4	**142**	(382)	**–**	–
Taxation charge		**1,410**	2,012	**1,129**	413
Finance income	7	**(1,448)**	(585)	**(1,435)**	(563)
Finance expense	7	**28**	106	**55**	47
Exchange rate losses		**234**	120	**318**	124
Share-based payment (credit)/expense		**(751)**	962	**(578)**	676
Operating cash flows before movement in working capital		**6,048**	17,656	**770**	(326)
Decrease/(Increase) in trade and other receivables		**9,741**	(1,283)	**2,455**	1,016
Decrease in inventories		**5,745**	8,573	**3,199**	7,176
(Decrease)/Increase in trade and other payables		**(6,020)**	(3,888)	**3,992**	(3,448)
		15,514	21,058	**10,416**	4,418
Interest paid		**(13)**	(3)	**(9)**	–
Lease liability interest paid	18	**(5)**	(92)	**(46)**	(35)
Tax paid		**(2,524)**	(1,208)	**(732)**	(522)
Net cash from operating activities		**12,972**	19,755	**9,629**	3,861
Cash flows from investing activities					
Addition of development costs	11	**(1,228)**	(1,839)	**–**	–
Purchase of property, plant and equipment	10	**(980)**	(262)	**(435)**	(219)
Addition of externally purchased intangible assets	11	**(650)**	(135)	**(113)**	(135)
Interest received		**1,345**	461	**1,331**	440
Net cash used in investing activities		**(1,513)**	(1,775)	**783**	86
Cash flows from financing activities					
Repayment of borrowings	18	**(87)**	(926)	**(87)**	(926)
Proceeds from loans	18	**–**	842	**–**	842
Proceeds from intercompany loans		**–**	–	**–**	14,711
Mortgage interest paid	18	**(9)**	(11)	**(9)**	(11)
Payment of lease liabilities principal	18	**(709)**	(624)	**(345)**	(358)
Purchase of Treasury shares		**(6,996)**	–	**(6,996)**	–
Exercise of share options		**–**	39	**–**	39
Dividends paid		**(2,836)**	(2,537)	**(2,836)**	(2,537)
Net cash used in financing activities		**(10,637)**	(3,217)	**(10,273)**	11,760
Net increase in cash and cash equivalents		**822**	14,763	**139**	15,707
Cash and cash equivalents at 1 January		**28,406**	13,508	**24,857**	9,042
Foreign exchange rate movements		**241**	135	**216**	108
Cash and cash equivalents at 31 December	17	**29,469**	28,406	**25,212**	24,857

Notes on pages 83 to 130 form part of the financial statements.

Notes to the financial statements

1. Material accounting policies

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

Nexteq 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 ('UK Adopted IFRS'). 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 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 Dollars, which is the Company's functional currency. The Company's Taiwan branch has a functional currency of New Taiwan Dollars. 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 Densitron Europe and Densitron Japan CGUs, valuation of Quixant CGU inventory, capitalisation of development costs, deferred tax asset recognition and valuation of Aruze debtors and inventory. Estimates and underlying assumptions are reviewed on an annual basis. Revisions to estimates are recognised prospectively.

Significant estimates

Recoverability of goodwill and acquisition-related intangibles in the Densitron Europe and Densitron Japan CGUs

The estimated recoverable amounts of the Densitron Europe and Densitron Japan CGUs have 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 are 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 CGUs. See Note 11 for further details.

Quixant inventory valuation in the Quixant CGU for the Group and in the 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 for the Group financial statements and in the Parent Company financial statements 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 2024, the Group balance sheet and Parent company balance sheet included Quixant inventory of \$13.9m (2023: \$19.1m) and \$10.6m (2023: \$14.7m) respectively. The provision against slow-moving and obsolete inventory for the Group as at 31 December 2024 is \$4.9m (2023: \$2.6m) and in the Parent company is \$4.4m (2023: \$2.3m). A difference of 12% in the provision as a percentage of gross inventory would give rise to a difference of +/- \$2.7m in gross margin. The choice of a 12.0% change for the determination of sensitivity represents the change to the level of provisioning for the prior year.

1. Material accounting policies

Deferred tax asset recognition

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profits will be available to utilise the temporary difference. The Group has made estimates on the likelihood that future taxable profit will utilise the tax losses, meaning the deferred tax assets being realised by the Group is contingent upon the estimates regarding future tax profits of the Group in the jurisdiction where the loss exists. At the reporting date, the Group had unused tax loss of $16.8m (2023: $15.7m) available for offset against future profits.

In order to support the recognition of $3.4m (2023: $3.6m) deferred tax asset on losses, modelling was undertaken to review the recovery period of the deferred tax asset. The modelling was based on management forecasts for the subsequent five years and showed that the deferred tax asset on losses is not expected to be fully recovered by 2029. A probability weighted model was used to determine the loss recoverability. The reduction in the recoverability of the asset recorded in 2024 is predominately due to reducing the probability of forecast results in year four and five of the forecast period after factoring in the results achieved in 2024.

This modelling is judgemental given the forward-looking nature of performance, taking into account inherent uncertainties constraining the expected level of profit as appropriate. Changes in the estimates will affect future taxable profits and therefore the recoverability of the deferred tax assets. The value of unrecognised deferred tax asset in the UK as at 31 December 2024 is $3.2m (2023: $Nil). The losses may be carried forward indefinitely.

Other important judgements

Valuation of Aruze debtors and inventory

As disclosed in the 2022 Annual Report, the Group, through its Quixant brand, had active contracts in place with Aruze Philippines Manufacturing Inc. ('APMI'), for the supply of display products and Gaming boards. On 1 February 2023 Aruze Gaming America, Inc ('AGA'), a US-based affiliate of APMI, filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the State of Nevada. As at the date of this Annual Report, the Chapter 11 proceedings are still ongoing. AGA's operations and assets have been sold as part of the proceedings and AGA also closed its Las Vegas operations. APMI filed for voluntary liquidation on 22 August 2023 and a liquidation order was issued by the Philippine courts. As at the date of this Annual Report the liquidation proceedings were still ongoing.

There remains uncertainty over the recoverability of balances related to APMI and Nexteq management evaluated their carrying value as at the balance sheet date.

As at 31 December 2024, APMI owed $1.0m to the Group from the sale of goods (2023: $1.0m). The amounts were impaired in full in 2022 and due to the uncertainty referenced above remain fully impaired at 31 December 2023. The Group continues to take steps to recover these balances.

Inventory, consisting of raw materials with a book value of $2.4m (2023: $1.7m) and finished goods with a book value of $0.2m (2023: $0.6m) originally earmarked for use by APMI, was included in the Nexteq Group's balance sheet as at 31 December 2024. As of 31 December 2023, management believed the raw materials could be used to manufacture products sold to the Group's existing or new customers, and the finished goods could be used in the Group's turnkey cabinet offering. However, in 2024 management determined there is limited opportunity to fully recover the net book value of $2.6m. Consequently, in 2024 an inventory provision of $2.7m was recorded, which after utilisation of $0.5m of this provision for loss on sale of some of the inventory, leaves a closing provision balance of $2.2m as at 31 December 2024.

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. These costs may include the financial effect of adjusting items such as, inter alia, restructuring costs, impairment charges, amortisation of acquired intangibles, costs relating to business combinations and share based payment expenses. The Group believes that it provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. The adjusted measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies.

They are not intended to be a substitute for, or superior to, IFRS measures.

The classification of items as adjusting requires significant management judgement. The definition of adjusting items has been applied consistently year on year. Further details of adjusting items are provided in Note 1.

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.

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 New 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 02 to 44.

The Group's operational and financially robust position is supported by:

- Improved cash generation, leading to a net cash balance of $29.1m at 31 December 2024 (31 December 2023: $27.9m).
- The Group's track record of returning funds to Shareholders whilst increasing the cash balance.
- Good order book at 31 December 2024, covering five months of forecasted 2025 revenues (31 December 2023: five months of forecasted 2024 revenues).

In undertaking a going concern assessment, the Directors have reviewed financial projections for a period of at least twelve months from the date of this report (the assessment period). Management prepared a base case scenario based on the approved budget for 2025 and forecasts for the first three months of 2026. Management also prepared a severe but plausible downside scenario, using the following key assumptions:

- A 25% reduction in 2025 and 2026 Quixant revenues to replicate the impact that a downturn similar to that experienced in 2019 would have on the Group's revenues.
- Supply chain disruptions similar to that experienced in 2021 and 2022 leading to increased levels of working capital.

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.

1. Material accounting policies

Revenue from the sale of goods, namely Gaming boards or platforms, Gaming monitors and display products, which represents 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 contractual terms of sale have been met.
- The Group no longer retains effective control over the goods.

The Group operate under different contractual terms for each customer with these terms being based on Incoterms (International Commercial Terms), a set of standardised international trade terms published by the International Chamber of Commerce. The Group recognise revenue once control of the goods has been passed to the customer in accordance with these contractual terms, which could be at different points in time (for example, on delivery to the customer premises, or when the goods have been made available for a customer to collect from an agreed place ("Ex-works")).

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 financing component, and consideration is payable over 36 months, however, it has not identified any contracts that 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, which forms part of the Densitron operating segment, 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.

Adjusting items

When items of income or expense are considered significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings and are relevant to an understanding of the Group's financial performance, they are disclosed separately within the financial statements. Such adjusting items may include but are not limited to share-based payment expense, restructuring charges, acquisition-related costs and amortisation of intangible assets arising from business combinations.

The adjusted measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

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 not amortised but is tested for impairment 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 equipment	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 that 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.

Intangible assets – customer relationships, order backlog, technology

In accordance with IFRS3, 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.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

1. Material accounting policies

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 foreign operations are translated using the average exchange rate for the period. The Balance Sheets of foreign operations 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.

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.
- 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. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

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 that are not taxed or disallowed. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. 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 qualify for Patent Box relief, the amount receivable reduces the tax payable and is credited to the tax charge in profit and loss.

The Group receives significant government tax incentives including, in the United Kingdom, the Research and Development Expenditure Credit ("RDEC"). RDEC is a research and development ("R&D") tax credit incentive offered by the UK government to promote private sector investment in innovation. The expenditure credit is calculated as a percentage of qualifying R&D expenditure. The percentage increased to 20% from 1 April 2023 (13% previously). This benefit is recorded as income included in profit before tax as a component of operating expenses. The credit is taxable at the normal corporation tax rate and is offset against tax liability or, in some circumstances, is payable in cash. The recoverability of the RDEC as it relates to future deferred tax asset recognition is recorded in current tax expense. To the extent that the RDEC relates to capitalised development expenses, a corresponding deferred income credit is recognised in contract liabilities and released over the useful life of the capitalised asset through operating expenses.

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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. 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.

1. Material accounting policies

Financial assets

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss (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.

- Trade receivables: Trade receivables are initially and subsequently 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.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 120 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.

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.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends to either settle them on net basis or to realise the asset and settle the liability simultaneously.

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 and unwinding of the discount on provisions. 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 comprises interest receivable on funds invested, interest income on lease receivables.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value at the date the contract is entered into and is subsequently carried at its fair value. Changes in fair value are recognised in profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group periodically uses foreign exchange forward contracts to manage the foreign currency exposures.

Pension

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to the Consolidated Statement of Profit and Loss and Other Comprehensive 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. Ordinary shares outstanding excludes shares held by the Company in treasury shares. 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

Equity-Settled Transactions:

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.

Cash-Settled Transactions:

During the year, the Group modified certain equity-settled share-based payment arrangements to cash-settled. As a result, the liability is now remeasured at fair value at each reporting date, with changes recognized in profit or loss until settlement.

Adoption of new and revised IFRS standards

The Nexteq Group considers the applicability of the following IFRSs, including permission for early adoption of new and amended IFRSs, in the current reporting period.

1. Material accounting policies

The following amendments required to be adopted in annual periods beginning from 1 January 2024 onwards do not have a material impact on the financial statements of the Group:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
- Non-current Liabilities with Covenants (Amendments to IAS 1).

At the date of authorisation of these financial statements, the following revised IFRSs that have been issued but are not yet effective have not been applied by the Group:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (Effective Date: January 1, 2026)
- Amendments to IAS 21: Lack of Exchangeability (Effective Date: January 1, 2025)
- IFRS 18: Presentation and Disclosure in Financial Statements (Effective Date: January 1, 2027)

Management does not expect these amendments to have a material impact on the financial statements of the Group in future periods.

Reconciliation of adjusted performance measures

The Group uses certain alternative performance measures to evaluate performance and as a method to provide Shareholders with clear and consistent reporting. The Directors consider that these represent a more consistent measure of performance by removing items of income or expense that are considered significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings and are relevant to an understanding of the Group's financial performance. These measures include Adjusted Profit before tax, Adjusted Profit after tax, Adjusted Operating expenses, Adjusted Operating cash flow and Net cash. The adjusted measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures. See below for analysis of the adjusting items in reaching adjusted performance measures.

Adjusted Profit before tax

	2024 $'000	2023 $'000
Profit before tax	**1,721**	12,909
Adjustments:		
Amortisation of customer relationships, technology and order backlog[1]	**271**	582
Share-based payment (credit)/expense[2]	**(751)**	962
Restructuring charges[3]	**665**	293
Impairment of goodwill[4]	**2,873**	–
Adjusted Profit before tax	**4,779**	14,746
Adjusted Profit before tax % (Adjusted Profit before tax/Revenue)	**5.5%**	12.9%

1 The amortisation of customer relationships, technology and order backlog has been excluded as it is not a cash expense to the Group.
2 Share-based payment (credit)/expense has been excluded as it is not a cash-based (credit)/expense.
3 Restructuring charges relates to leaver costs incurred in headcount reduction actions taken in December 2024 and 2023.
4 The impairment of goodwill has been excluded as it is not a cash expense to the Group.

Adjusted Profit after tax

	2024 $'000	2023 $'000
Profit after tax	**311**	10,897
Adjustments:		
Amortisation of customer relationships, technology and order backlog	**271**	582
Share-based payment (credit)/expense	**(751)**	962
Restructuring charges	**665**	293
Impairment of goodwill	**2,873**	–
Non-recurring tax benefits[5]	**(46)**	(432)
Adjusted Profit after tax	**3,323**	12,302

5 Tax on adjusted items relating to amortisation of customer relationships, technology and order backlog of $Nil (2023: $0.6m), share-based payment credit of $0.8m (2023: expense of $1.0m) and restructuring charges of $0.7m (2023: $0.3m).

1. Material accounting policies

Adjusted Operating expenses

	2024 $'000	2023 $'000
Operating expenses	**(30,809)**	(29,091)
Adjustments:		
Amortisation of customer relationships, technology and order backlog[1]	**271**	582
Share-based payment (credit)/expense[2]	**(751)**	962
Restructuring charges[3]	**665**	293
Impairment of goodwill[4]	**2,873**	–
Adjusted Operating expenses	**(27,751)**	(27,254)

Adjusted Operating cash flow

	2024 $'000	2023 $'000
Net cash from operating activities	**12,972**	19,755
Add back:		
Tax paid	**2,524**	1,208
Adjusted Operating cash flow	**15,496**	20,963
Adjusted Operating cash conversion % (Adjusted Operating cash flow/Adjusted Profit before tax)	**324%**	142%

Net cash

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Analysis of net cash				
Cash and bank balances	**29,469**	28,406	**25,212**	24,857
Bank loans falling due within one year	**(87)**	(91)	**(87)**	(91)
Bank loans falling due after more than one year	**(271)**	(382)	**(271)**	(382)
Net cash	**29,111**	27,933	**24,854**	24,384

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 format consistent with management information. The Group assesses the performance of the segments based on a measure of revenue and operating profit. 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:

- Quixant – 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, since 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:

	2024 $'000	2023 $'000
Quixant	**12,100**	17,165
Densitron	**3,152**	7,538
Segment results	**15,252**	24,703
Corporate costs	**(14,952)**	(12,273)
Operating profit	**301**	12,430
Net finance income	**1,420**	479
Profit before tax	**1,721**	12,909
Taxation	**(1,410)**	(2,012)
Profit after tax	**311**	10,897

	Year to 31 December 2024			Year to 31 December 2023		
	$'000 Quixant	$'000 Densitron	$'000 Total[1]	$'000 Quixant	$'000 Densitron	$'000 Total[1]
Other information						
Depreciation of owned assets	**110**	**11**	**121**	93	8	101
Amortisation of intangible assets	**847**	**387**	**1,234**	1,020	337	1,357
Impairment of intangible assets[2]	**–**	**2,922**	**2,922**	489	478	967
	957	**3,320**	**4,277**	1,602	823	2,425

[1] Depreciation and amortisation of $796k (2023: $977k) were not allocated to segments as these are considered corporate costs.
[2] Includes impairment of Densitron Europe CGU Goodwill of $2,873k (2023:$Nil).

3. Analysis of revenue

	2024 $'000 Quixant	2024 $'000 Densitron[1]	2024 $'000 Total	2023 $'000 Quixant	2023 $'000 Densitron	2023 $'000 Total
By primary geographical market						
Asia	**1,727**	**8,286**	**10,013**	2,911	9,311	12,222
Australia	**1,870**	**30**	**1,900**	6,067	79	6,146
UK	**2,805**	**2,062**	**4,867**	4,733	4,370	9,103
Europe excl. UK	**6,656**	**8,711**	**15,367**	10,777	15,668	26,445
North America	**41,301**	**11,619**	**52,920**	44,380	14,404	58,784
Rest of World	**407**	**1,204**	**1,611**	405	1,244	1,649
	54,766	**31,912**	**86,678**	69,273	45,076	114,349

[1] 2024 Densitron revenue from products splits into Densitron $31.0m (2023: $43.5m) and IDS $0.9m (2023: $1.6m). IDS revenue included revenue of $0.4m (2023: $0.4m) recognised throughout the performance period.

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

	2024 $'000	2023 $'000
USA	**51,840**	56,069

Two customers (2023: two customers) individually accounted for more than 10% of Group revenues in 2024, with revenues of $16.8m (2023: $19.4m) and $9.0m (2023: $14.8m), respectively. These revenues are attributable to the Quixant segment.

4. Expenses

Included in profit before tax are the following:

	2024 $'000	2023 $'000
Restructuring charge	**665**	293
Gain on foreign exchange transactions	**(379)**	(514)
Research and development expenditure	**4,582**	4,575
Of which capitalised	**(1,765)**	(1,839)
Impairment of capitalised development cost	**49**	967
Impairment of Goodwill (see note 1)	**2,873**	–
R&D tax credit	**142**	(382)
Inventory provision for Aruze stock (see note 1)	**2,734**	–
Depreciation of owned assets	**454**	467
Depreciation of leased assets	**642**	638
Amortisation of intangible assets	**1,697**	2,297

Auditor's remuneration:

	2024 $'000	2023 $'000
Amounts receivable by the Company's Auditor and its associates in respect of:		
Audit of the consolidated and Parent Company financial statements	**426**	492
Audit of the subsidiary company financial statements	**27**	27
Non-audit services[1]	**3**	27

[1] The policy for the approval of non-audit fees is set out in the Audit and Risk Committee Report on pages 57 to 63. Non-audit services related to tax-related services provided in Taiwan.

5. Directors' remuneration

The remuneration of the Directors is set out on pages 50 to 56 within the Directors' Remuneration Report described as being audited and forms part of these financial statements.

Directors' remuneration comprises:

	2024 $'000	2023 $'000
Wages and salaries	**1,207**	1,336
Contributions to defined contribution plans	**46**	30
Share options exercised	**48**	–
	1,301	1,366

6. Staff costs

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

	2024 Number	2023 Number
Production and manufacturing	**40**	45
Research and development	**80**	86
Sales and marketing	**53**	55
Central functions	**43**	45
Directors	**7**	7
	223	238

The aggregate payroll costs of these persons were as follows:

	2024 $'000	2023 $'000
Wages and salaries	**17,435**	18,215
Share-based payment (credit)/expense (See Note 20)	**(751)**	962
Social security costs	**1,463**	1,443
Contributions to defined contribution plans	**789**	779
Restructuring charges (See Note 1)	**665**	293
	19,601	21,692

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

	2024 $'000	2023 $'000
Wages and salaries	**1,811**	2,139
Contributions to defined contribution plans	**113**	83
Share-based payments expense	**48**	602
	1,972	2,824

The charge for share-based payments of $Nil (2023: $0.6m) relates to the Group's LTIP as detailed in Note 20.
The aggregate remuneration of the highest paid Director was $407,000 (2023: $553,000) and Company pension contributions of $13,000 (2023: $12,000) were made to a defined contribution scheme on his behalf. Further detail is included within the Directors' Remuneration Report on pages 50 to 56.

7. Net finance income

	2024 $'000	2023 $'000
Total interest expense on financial liabilities measured at amortised cost	**(28)**	(106)
Bank interest income	**1,448**	585
Net finance income	**1,420**	479

8. Taxation

Recognised in the profit and loss account

	2024 $'000	2023 $'000
Current tax expense		
UK corporation tax	**3**	382
Foreign tax	**1,063**	1,801
Adjustments for prior years	**(152)**	136
Current tax expense	**914**	2,319
Deferred tax (Note 14)		
Origination and reversal of temporary differences	**350**	120
Adjustments for prior years	**136**	(427)
Change in deferred tax rate	**10**	–
Deferred tax	**496**	(307)
Total tax expense in the income statement	**1,410**	2,012

Reconciliation of effective tax rate

	2024 $'000	2023 $'000
Profit for the year	**311**	10,897
Total taxation expense	**1,410**	2,012
Profit excluding taxation	**1,721**	12,909
Tax using the UK corporation tax rate of 25% (2023: 23.52%)	**430**	3,036
Non-deductible expenses	**96**	239
Fixed asset differences	**81**	47
Patent box tax relief[1]	**(1,187)**	(1,531)
Foreign tax expensed	**296**	513
Change in deferred tax rate to 25%	**10**	14
Effect of tax rates in foreign jurisdictions	**(14)**	124
Unrecognised tax losses	**811**	10
Deferred tax credited directly to equity	**21**	48
Change to estimates related to prior years	**(16)**	(291)
Impairment of goodwill	**718**	–
Other	**164**	(197)
Total taxation expense in statement of profit and loss	**1,410**	2,012

[1] The Group has elected into the UK patent box regime under which patent box profits from certain patents are taxed at a reduced rate of corporation tax.

Deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly credited to equity:

	2024 $'000	2023 $'000
Deferred tax asset – share-based payments	**(21)**	(48)
Total	**(21)**	(48)

9. Earnings per ordinary share (EPS)

	2024 $'000	2023 $'000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity Shareholders	**311**	10,897

Number of shares	Number	Number
Weighted average number of ordinary shares for the purpose of basic EPS	**65,002,312**	66,501,570
Effect of dilutive potential ordinary shares:		
Share options	**369,742**	1,519,943
Weighted number of ordinary shares for the purpose of diluted EPS	**65,372,054**	68,021,513
Basic earnings per share	**$0.0048**	$0.1639
Diluted earnings per share	**$0.0048**	$0.1602

Calculation of adjusted diluted earnings per share:	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity Shareholders	**311**	10,897
Adjustments		
Amortisation of customer relationships, technology and order backlog	**271**	582
Share-based payment (credit)/expense	**(751)**	962
Restructuring charges	**665**	293
Impairment of goodwill	**2,873**	–
	3,369	12,734
Tax effect of adjustments	**(46)**	(432)
Adjusted earnings	**3,323**	12,302
Adjusted basic earnings per share	**$0.0511**	$0.18500
Adjusted diluted earnings per share	**$0.0508**	$0.18090

10. Property, plant and equipment – Group

	Land and buildings $'000	Plant and equipment $'000	Total $000
Cost			
Balance at 1 January 2023	5,867	3,608	9,475
Additions	21	241	262
Disposals	(9)	(41)	(50)
Effect of movements in foreign exchange	33	11	44
Balance at 31 December 2023	**5,912**	**3,819**	**9,731**
Balance at 1 January 2024	5,912	3,819	9,731
Additions	21	959	980
Disposals	(177)	(2,136)	(2,313)
Effect of movements in foreign exchange	(198)	(129)	(327)
Balance at 31 December 2024	**5,558**	**2,513**	**8,071**
Depreciation			
Balance at 1 January 2023	856	2,951	3,807
Depreciation charge for the year	173	294	467
Disposals	(1)	(35)	(36)
Effect of movements in foreign exchange	8	7	15
Balance at 31 December 2023	**1,036**	**3,217**	**4,253**
Balance at 1 January 2024	1,036	3,217	4,253
Depreciation charge for the year	152	302	454
Disposals	(67)	(2,128)	(2,195)
Effect of movements in foreign exchange	(33)	(96)	(129)
Balance at 31 December 2024	**1,088**	**1,295**	**2,383**
Net book value			
At 1 January 2023	5,011	657	5,668
At 31 December 2023 and 1 January 2024	4,876	602	5,478
At 31 December 2024	**4,470**	**1,218**	**5,688**

10. Property, plant and equipment – Company

	Land and buildings $'000	Plant and equipment $'000	Total $'000
Cost			
Balance at 1 January 2023	3,828	2,489	6,317
Additions	16	203	219
Disposals	–	(31)	(31)
Effect of movements in foreign exchange	(1)	5	4
Balance at 31 December 2023	**3,843**	**2,666**	**6,509**
Balance at 1 January 2024	3,843	2,666	6,509
Additions	13	422	435
Disposals	(177)	(1,238)	(1,415)
Effect of movements in foreign exchange	(145)	(85)	(230)
Balance at 31 December 2024	**3,534**	**1,765**	**5,299**
Depreciation			
Balance at 1 January 2023	507	2,060	2,567
Depreciation charge for the year	125	197	322
Disposals	–	(31)	(31)
Effect of movements in foreign exchange	1	1	2
Balance at 31 December 2023	**633**	**2,227**	**2,860**
Balance at 1 January 2024	633	2,227	2,860
Depreciation charge for the year	103	214	317
Disposals	(67)	(1,232)	(1,299)
Effect of movements in foreign exchange	(21)	(60)	(81)
Balance at 31 December 2024	**648**	**1,149**	**1,797**
Net book value			
At 1 January 2023	3,321	429	3,750
At 31 December 2023 and 1 January 2024	3,210	439	3,649
At 31 December 2024	**2,886**	**616**	**3,502**

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 2023	7,683	7,096	2,583	15,917	33,279
Additions – internally developed	–	–	–	1,839	1,839
Additions – externally purchased	–	–	135	–	135
Disposals	–	–	–	(967)	(967)
Effect of movements in foreign exchange	–	–	2	–	2
Balance at 31 December 2023	**7,683**	**7,096**	**2,720**	**16,789**	**34,288**
Balance at 1 January 2024	7,683	7,096	2,720	16,789	34,288
Additions – internally developed	–	–	–	1,228	1,228
Additions – externally purchased	–	–	113	537	650
Disposals	–	–	(33)	(49)	(82)
Effect of movements in foreign exchange	–	–	(72)	–	(72)
Balance at 31 December 2024	**7,683**	**7,096**	**2,728**	**18,505**	**36,012**
Amortisation and impairment					
Balance at 1 January 2023	–	6,061	1,924	9,761	17,746
Amortisation for the year	–	582	380	1,335	2,297
Impairment loss	–	–	–	967	967
Disposals	–	–	–	(967)	(967)
Effect of movements in foreign exchange	–	–	2	–	2
Balance at 31 December 2023	**–**	**6,643**	**2,306**	**11,096**	**20,045**
Balance at 1 January 2024	–	6,643	2,306	11,096	20,045
Amortisation for the year	–	271	203	1,223	1,697
Impairment loss	2,873	–	–	49[1]	2,922
Disposals	–	–	(33)	(49)	(82)
Effect of movements in foreign exchange	–	–	(64)	–	(64)
Balance at 31 December 2024	**2,873**	**6,914**	**2,412**	**12,319**	**24,518**
Net book value					
At 1 January 2023	7,683	1,035	659	6,156	15,533
At 31 December 2023 and 1 January 2024	7,683	453	414	5,693	14,243
At 31 December 2024	**4,810**	**182**	**316**	**6,186**	**11,494**

[1] During the year the Group abandoned in-progress development projects with a carrying value of $Nil (2023: $0.5m) related to the Quixant segment and $0.05m (2023: $0.5m) related to the Densitron segment. This was following internal review where it was determined that the projects no longer met the criteria to capitalise product development cost as set out in IAS38.

Impairment testing

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

	Goodwill		Acquisition related intangibles	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Quixant	**1,363**	1,363	**–**	–
IDS	**744**	744	**–**	88
Densitron Europe	**–**	2,873	**–**	–
Densitron US	**2,076**	2,076	**182**	365
Densitron France	**485**	485	**–**	–
Densitron Japan	**142**	142	**–**	–
	4,810	7,683	**182**	453

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 2025, together with a four-year forecast to 2029. 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 on a reasonable and consistent basis based on CGU revenues. 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 determined that an impairment of goodwill of $2.9m (31 December 2023: nil) was required in respect of the Densitron Europe CGU.

Key assumptions

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

	31 December 2024			31 December 2023		
CGU	Revenue growth rate*	Pre-tax discount rate	Terminal growth rate	Revenue growth rate*	Pre-tax discount rate	Terminal growth rate
Quixant	**8.2%**	**19.3%**	**1.0%**	5.2%	16.8%	1.0%
IDS	**5.5%**	**18.3%**	**1.0%**	5.0%	18.7%	1.0%
Densitron Europe	**6.7%**	**18.3%**	**1.0%**	5.1%	18.5%	1.0%
Densitron US	**12.8%**	**19.4%**	**1.0%**	8.8%	18.6%	1.0%
Densitron France	**3.7%**	**17.8%**	**1.0%**	3.0%	18.6%	1.0%
Densitron Japan	**5.5%**	**17.4%**	**1.0%**	7.0%	18.0%	1.0%

*Compound annual growth rate for 2025 to 2029.

11. Intangible assets – Group

Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, outlook for 2026 and 2027 included in the Group's three-year plan thereon.

Pre-tax discount rates have been calculated in a consistent manner to previous years and are based on current market assessment of the risk specific to each CGU. The increase from 2023 to 2024 reflects the impact of reduction in equity risk premium globally.

Gross margins used in the estimation process are consistent with recent historic trends and approved budget levels.

Sensitivity to changes in assumptions

The Directors believe only the Densitron Japan CGU is sensitive to a reasonably possible change in key assumptions that could cause impairment.

Densitron Japan CGU

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $1.1m (2023: $0.4m). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

The Directors believe there were no reasonably possible changes in other assumptions that could cause impairment.

	Change required for carrying amount to equal recoverable amount	
	2024	2023
Revenue growth rate for the period 2025 to 2029	**(330bps)**	(170bps)
Gross profit margin	**(270bps)**	(150bps)

11. Intangible assets – Company

	Computer software $'000	Internally generated capitalised development costs $'000	Total $'000
Cost			
Balance at 1 January 2023	2,557	3,763	6,320
Additions – externally purchased	135	–	135
Disposals	–	–	–
Effect of movements in foreign exchange	1	–	1
Balance at 31 December 2023	**2,693**	**3,763**	**6,456**
Balance at 1 January 2024	2,693	3,763	6,456
Additions – externally purchased	113	–	113
Disposals	(32)	–	(32)
Effect of movements in foreign exchange	(70)	–	(70)
Balance at 31 December 2024	**2,704**	**3,763**	**6,467**
Amortisation			
Balance at 1 January 2023	1,905	3,763	5,668
Amortisation for the year	379	–	379
Disposals	–	–	–
Effect of movements in foreign exchange	1	–	1
Balance at 31 December 2023	**2,285**	**3,763**	**6,048**
Balance at 1 January 2024	2,285	3,763	6,048
Amortisation for the year	201	–	201
Disposals	(32)	–	(32)
Effect of movements in foreign exchange	(62)	–	(62)
Balance at 31 December 2024	**2,392**	**3,763**	**6,155**
Net book value			
At 1 January 2023	652	–	652
At 31 December 2023 and 1 January 2024	408	–	408
At 31 December 2024	**312**	**–**	**312**

12. Investment property

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Balance at 1 January and 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 that 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 was 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 2024), 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 2024 and 2023
Quixant USA, Inc.	1	Sales of specialist computer systems	Ordinary	100%
Nexteq UK Limited	2	Sales of specialist computer systems and electronic display products	Ordinary	100%
Quixant Gaming Limited	2	In liquidation	Ordinary	100%
Densitron Limited	2	Dormant	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%
Nexteq 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	Liquidated	Ordinary	100%

* Subsidiary of Nexteq 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. Seitzstraße 8d, 80538 München, Germany
8. Kotnikova ulica 5, 1000 Ljubljana, Slovenia
9. 1209 Orange Street, Wilmington, DE 9801, USA

Investments in subsidiaries

	Company	
	2024 $'000	2023 $'000
Balance at 1 January	**9,586**	9,244
Group-settled share-based payment (credit)/charge	**(239)**	342
Impairment	**(2,873)**	–
Balance at 31 December	**6,474**	9,586

The impairment in investments in subsidiaries relates to the Company's investment in Nexteq (UK) Limited.

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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Property, plant and equipment	–	–	400	277
Intangible assets – capitalised development costs	–	–	1,128	1,247
Intangible assets – acquired in business combinations	–	–	46	113
Share-based payments	(29)	(185)	–	–
Trade and other receivables	(2)	(10)	–	–
Inventories	(534)	(546)	–	–
Tax losses carried forward	(3,391)	(3,614)	–	–
Other	(94)	(233)	–	–
Deferred tax (assets)/liabilities before set-off	(4,050)	(4,588)	1,574	1,637
Set-off of tax	1,574	1,637	(1,574)	(1,637)
Net deferred tax assets	(2,476)	(2,951)	–	–

Movement in deferred tax during the year

	1 January 2024 $'000	Recognised in profit & loss $'000	Recognised in equity $'000	31 December 2024 $'000
Property, plant and equipment	18	123	–	141
Intangible assets – capitalised development costs	22	(119)	–	(97)
Intangible assets – acquired in business combinations	(48)	(67)	–	(115)
Share-based payments	(185)	177	(21)	(29)
Trade and other receivables	(10)	8	–	(2)
Inventories	(361)	12	–	(349)
Tax losses carried forward[1]	(2,150)	223	–	(1,927)
Other	(237)	139	–	(98)
	(2,951)	496	(21)	(2,476)

Movement in deferred tax during the prior year

	1 January 2023 $'000	Recognised in profit & loss $'000	Recognised in equity $'000	31 December 2023 $'000
Property, plant and equipment	–	18	–	18
Intangible assets – capitalised development costs	–	22	–	22
Intangible assets – acquired in business combinations	98	(146)	–	(48)
Share-based payments	(112)	(25)	(48)	(185)
Trade and other receivables	(34)	24	–	(10)
Inventories	(362)	1	–	(361)
Tax losses carried forward[1]	(2,100)	(50)	–	(2,150)
Other	(86)	(151)	–	(237)
	(2,596)	(307)	(48)	(2,951)

[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 2024, the Group had unutilised tax losses of $3.2m (31 December 2023: $Nil) for which it has not recognised deferred tax assets.

14. Deferred tax assets and liabilities – Group

Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Property, plant and equipment	**–**	–	**346**	275
Intangible assets – capitalised development costs	**–**	–	**–**	–
Share-based payments	**(13)**	(115)	**–**	–
Inventories	**(418)**	(396)	**–**	–
Tax losses carried forward	**(1,795)**	(2,417)	**–**	–
Other	**–**	–	**5**	16
Deferred tax (assets)/liabilities before set-off	**(2,226)**	(2,928)	**351**	291
Set-off of tax	**351**	291	**(351)**	(291)
Net deferred tax assets	**(1,875)**	(2,637)	**–**	–

Movement in deferred tax during the year

	1 January 2024 $'000	**Recognised in profit & loss $'000**	**Recognised in equity $'000**	**31 December 2024 $'000**
Share-based payments	**(115)**	**112**	**(10)**	**(13)**
Inventories	**(380)**	**(33)**	**–**	**(413)**
Tax losses carried forward	**(2,142)**	**693**	**–**	**(1,449)**
	(2,637)	**772**	**(10)**	**(1,875)**

Movement in deferred tax during the prior year

	1 January 2023 $'000	**Recognised in profit & loss $'000**	**Recognised in equity $'000**	**31 December 2023 $'000**
Share-based payments	(68)	(56)	9	(115)
Inventories	(302)	(78)	–	(380)
Tax losses carried forward	(2,019)	(123)	–	(2,142)
	(2,389)	(257)	9	(2,637)

15. Inventories

	Group		Company	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Raw materials and consumables	**9,257**	12,380	**9,222**	12,379
Work in progress	**1,046**	2,386	**1,005**	2,347
Finished goods	**7,132**	9,572	**1,785**	1,454
	17,435	24,338	**12,012**	16,180

Raw materials, consumables and movement in finished goods and work in progress recognised as cost of sales in the year amounted to $49,700k (2023: $67,841k).

The cost of inventories recognised as an expense includes $2,864k (2023: $538k) in respect of write downs of inventory to net realisable value.

As at 31 December 2024 inventories of $678k were held at net realisable value (31 December 2023: $416k).

16. Trade and other receivables

	Group		Company	
Non-current	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Trade receivables	**–**	54	**–**	–
Other receivables	**61**	–	**–**	–
	61	54	**–**	–
Current				
Trade receivables	**13,417**	23,504	**14**	–
Amounts receivable from subsidiary undertakings[1]	**–**	–	**6,270**	8,332
Other receivables	**3,044**	2,324	**1,233**	1,557
	16,461	25,828	**7,517**	9,889
	16,522	25,882	**7,517**	9,889

[1] The amounts receivable from subsidiary undertakings are interest free and repayable on demand. At 31 December 2024 the receivable principally related to the Company's operating activities, being the sale of product from the Taiwan branch to other subsidiary undertakings in the Group.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

In respect of expected credit losses $1,289,000 has been provided as at 31 December 2024 (31 December 2023: $1,044,000). 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, the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the GDP, inflation rate, technological advancements and globalisation as the key macroeconomic factors in the countries where the Group operates. See Note 23 for further disclosure regarding the credit quality of the Group's trade receivables. Management has also considered the expected credit losses in relation to amounts owed from subsidiary undertakings and has considered it to be immaterial.

16. Trade and other receivables

As at 31 December 2024, 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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
30 – 60 days	**352**	320	**–**	–
61 – 90 days	**58**	90	**–**	–
Over 90 days	**138**	366	**–**	–
	548	776	**–**	–

The trade receivables over 90 days are mainly comprised of long-standing customers who are on fixed payment plans to clear the balances owed.

17. Notes to the consolidated cash flow statement

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Analysis of cash and cash equivalents				
Cash and cash equivalents per balance sheet	**29,469**	28,406	**25,212**	24,857
Cash and cash equivalents per cash flow statement	**29,469**	28,406	**25,212**	24,857

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less from inception. The carrying amount of these assets approximates their fair value.

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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Non-current liabilities				
Secured bank loans	**271**	382	**271**	382
	271	382	**271**	382
Current liabilities				
Secured bank loans	**87**	91	**87**	91
	87	91	**87**	91

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2024 $'000	Carrying amount 2024 $'000	Face value 2023 $'000	Carrying amount 2023 $'000
Loan secured on the Group's freehold property in Taiwan	NTD	1.45%	2028	**358**	**358**	473	473
				358	**358**	473	473

Reconciliation of liabilities arising from financing activities

Group

Current liabilities	2023 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2024 $'000
Other interest-bearing loans and borrowings	91	**–**	**(87)**	**–**	**(4)**	**–**	**87**	**87**
Lease liabilities (Refer to Notes 23 and 24)	569	**–**	**(569)**	**–**	**–**	**–**	**501**	**501**
	660	**–**	**(656)**	**–**	**(4)**	**–**	**588**	**588**

18. Loans and borrowings

Non-current liabilities	2023 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2024 $'000
Other interest-bearing loans and borrowings	382	**–**	**–**	**9**	**(33)**	**–**	**(87)**	**271**
Lease liabilities (Refer to Notes 23 and 24)	1,107	**1,517**	**(145)**	**7**	**(107)**	**–**	**(501)**	**1,878**
	1,489	**1,517**	**(145)**	**16**	**(140)**	**–**	**(588)**	**2,149**

Current liabilities	2022 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2023 $'000
Other interest-bearing loans and borrowings	90	842	(839)	1	(3)	–	–	91
Lease liabilities (Refer to Notes 23 and 24)	562	427	(716)	92	40	–	164	569
	652	1,269	(1,555)	93	37	–	164	660

Non-current liabilities	2022 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2023 $'000
Other interest-bearing loans and borrowings	473	–	(98)	10	(3)	–	–	382
Lease liabilities (Refer to Notes 23 and 24)	1,271	–	–	–	–	–	(164)	1,107
	1,744	–	(98)	10	(3)	–	(164)	1,489

Reconciliation of liabilities arising from financing activities

Company

Current liabilities	2023 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2024 $'000
Other interest-bearing loans and borrowings	91	**–**	**(87)**	**–**	**(4)**	**–**	**87**	**87**
Lease liabilities (Refer to Notes 23 and 24)	296	**–**	**(296)**	**–**	**–**	**–**	**347**	**347**
	387	**–**	**(383)**	**–**	**(4)**	**–**	**434**	**434**

Non-current liabilities	2023 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2024 $'000
Other interest-bearing loans and borrowings	382	**–**	**–**	**9**	**(33)**	**–**	**(87)**	**271**
Lease liabilities (Refer to Notes 23 and 24)	364	**420**	**(94)**	**46**	**(48)**	**–**	**(347)**	**341**
	746	**420**	**(94)**	**55**	**(81)**	**–**	**(434)**	**612**

Current liabilities	2022 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2023 $'000
Other interest-bearing loans and borrowings	90	842	(839)	1	(3)	–	–	91
Lease liabilities (Refer to Notes 23 and 24)	329	248	(393)	35	–	–	77	296
	419	1,090	(1,232)	36	(3)	–	77	387

Non-current liabilities	2022 $'000	Additions $'000	Repay-ments $'000	Interest $'000	Foreign exchange $'000	Release $'000	Reclass-ification $'000	2023 $'000
Other interest-bearing loans and borrowings	473	–	(98)	10	(3)	–	–	382
Lease liabilities (Refer to Notes 23 and 24)	441	–	–	–	–	–	(77)	364
	914	–	(98)	10	(3)	–	(77)	746

19. Trade and other payables

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current				
Trade payables	**7,648**	12,325	**7,032**	11,366
Other tax and social security payables	**281**	296	**8**	8
Other payables and accrued expenses	**3,846**	4,142	**2,008**	1,678
Amounts payable to subsidiary undertakings[1]	**–**	–	**22,100**	13,531
	11,775	16,763	**31,148**	26,583

[1] The amounts payable to subsidiary undertakings are interest free and repayable on demand. At 31 December 2024 the payable arises from the centralisation of treasury activities in the Company where cash reserves are held in term deposits in the name of the Company and the Company's operating activities.

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 $788,951 (2023: $778,759).

Share-based payments – Group and Company

The Group operates two equity-settled share-based payment plans. The total credit relating to these plans in the current year was $750,933 (2023: $962,065 expense). This was primarily due to the non-achievement of earnings per share (EPS) performance targets linked to the Company's long-term incentive plan (LTIP). As a result, recognized expenses totalling $2,173,000 were reversed, comprising:

- $1,182,000 related to the current financial year, and
- $991,000 related to prior years.

The reversal was recognized in accordance with IFRS 2 – Share-based Payment, which requires the reversal of expenses when non-market performance conditions, such as EPS targets, are not met. No further charges will be recognized for the forfeited awards.

a. 2013 Equity Incentive Plan

Options have been granted under the Company's Equity Incentive 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. The options may only be exercised within ten years from grant date.

Set out below are summaries of options granted under the plan:

	Weighted average exercise price 2024	Number of options 2024	Weighted average exercise price 2023	Number of options 2023
Outstanding at the beginning of the period	**£1.48**	**783,790**	£1.47	1,183,290
Granted during the period	**–**	**–**	–	–
Lapsed during the period	**(£1.73)**	**(114,550)**	(£0.88)	(335,500)
Exercised during the period	**(£0.01)**	**(25,000)**	(£0.49)	(64,000)
Outstanding at the end of the period	**£1.67**	**644,240**	£1.48	783,790

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
16 April 2015[1]	16/04/2025	£1.59	**41,740**	43,790
23 March 2016[1]	23/03/2026	£2.09	**40,500**	40,500
20 May 2021[1]	20/05/2031	£1.59	**462,000**	574,500
06 October 2021[1]	06/10/2031	£1.90	**100,000**	100,000
06 October 2021[1]	06/10/2031	£0.01	**–**	25,000
Total			**644,240**	783,790
Weighted average remaining contractual life of options outstanding at end of period			**5.7 years**	6.8 years

[1] These awards are fully vested.

b. Nexteq Plc 2022 Long-Term Incentive Plan Awards (the 'LTIP')

Options have been granted under the LTIP since 2022, after it was approved by Shareholders on 5 May 2022. A total of 1,069,898 options were granted under the LTIP in 2024 (2023: 1,077,912 options).

There are three different types of awards granted under the LTIP:

1. Restricted Share Awards
2. Executive Committee Performance Share Awards
3. General Performance Share Awards

Restricted Share Awards vest over the service period of three years. There is no performance condition attached.

Performance Share Awards '(Executive Committee and General)' vest only if certain performance conditions are met. The vesting of Executive Committee Performance Share Awards is based on adjusted earnings per share growth and Total Shareholder Return (TSR) growth. The vesting of General Performance Share Awards is based on adjusted earnings per share growth. Performance Share Awards vest over a three-year service period.

Restricted Share Awards

Set out below are summaries of options granted under the plan:

	Weighted average exercise price 2024	Number of options 2024	Weighted average exercise price 2023	Number of options 2023
Outstanding at the beginning of the period	**£0.01**	**145,092**	£0.01	70,488
Granted during the period	**£0.01**	**157,228**	£0.01	80,341
Lapsed during the period	**£0.01**	**(37,453)**	£0.01	(5,737)
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**£0.01**	**264,867**	£0.01	145,092

20. Employee benefits

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
06 May 2022	06/05/2032	£0.01	**70,488**	70,488
22 March 2023	21/03/2033	£0.01	**65,945**	74,604
30 April 2024	30/04/2034	£0.01	**128,434**	–
Total			**264,867**	145,092
Weighted average remaining contractual life of options outstanding at end of period			**8.5 years**	8.8 years

Executive Committee Performance Share Awards

Set out below are summaries of options granted under the plan:

	Weighted average exercise price 2024	Number of options 2024	Weighted average exercise price 2023	Number of options 2023
Outstanding at the beginning of the period	**£0.01**	**1,474,677**	£0.01	727,732
Granted during the period	**£0.01**	**650,665**	£0.01	746,945
Lapsed during the period	**(£0.01)**	**(997,926)**	–	–
Modified from equity-settled to cash-settled	**(£0.01)**	**(578,717)**	–	–
Forfeited during the period	**(£0.01)**	**(399,952)**	–	–
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**£0.01**	**148,748**	£0.01	1,474,677

Share-Based Payment Modification (Equity to Cash-Settled)

On 28 October 2024, the Company modified its executive committee share-based payment scheme for three members who departed from the business. Following their departure, the Company agreed to cash-settle the outstanding awards instead of issuing equity. This modification resulted in the reclassification of the awards from equity-settled to cash-settled, in line with the provisions of IFRS 2 – Share-based Payment.

As of the modification date the previously recognized equity-settled expense of $190,000 was reclassified from the share-based payment reserve to a cash-settled liability. At 31 December 2024 the fair value of the liability was measured to be $25,000.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
06 May 2022	06/05/2032	£0.01	**71,235**	727,732
22 March 2023	21/03/2033	£0.01	**53,451**	616,073
18 September 2023	18/03/2033	£0.01	**–**	130,872
30 April 2024	30/04/2034	£0.01	**24,061**	–
Total			**148,748**	1,474,677
Weighted average remaining contractual life of options outstanding at end of period			**7.9 years**	8.8 years

General Performance Share Awards

Set out below are summaries of options granted under the plan:

	Weighted average exercise price 2024	Number of options 2024	Weighted average exercise price 2023	Number of options 2023
Outstanding at the beginning of the period	**£0.01**	**564,498**	£0.01	313,872
Granted during the period	**£0.01**	**262,005**	£0.01	250,626
Lapsed during the period	**(£0.01)**	**(130,301)**	–	–
Forfeited during the period	**(£0.01)**	**(696,202)**	–	–
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**£0.01**	**–**	£0.01	564,498

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
06 May 2022	06/05/2032	£0.01	**–**	186,353
08 September 2022	06/05/2032	£0.01	**–**	127,519
22 March 2023	21/03/2033	£0.01	**–**	250,626
30 April 2024	30/04/2034	£0.01	**–**	–
Total			**–**	564,498
Weighted average remaining contractual life of options outstanding at end of period			**–**	8.7 years

20. Employee benefits

Fair value of awards

The fair values at grant date of awards granted during the year under the LTIP are determined using the valuation models below. The model inputs are as follows:

	Restricted Share Awards	Executive Committee Performance Share Awards	General Performance Share Awards
Options granted	157,228	650,665	262,005
Fair value at grant date	£1.50	£0.81 to £1.50	£1.50
Model used	Black–Scholes model	Monte Carlo and Black–Scholes model	Black–Scholes model
Assumptions used:			
Share price	£1.51	£1.51	£1.51
Exercise price	£0.01	£0.01	£0.01
Expected volatility[1]	30%	30%	30%
Expected option life	5 years	5 years	5 years
Risk-free interest rate	4.65%	4.65%	4.65%

1 Volatility was estimated based on the historical volatility prior to grant date.

21. Provisions

Group

	2024 $'000	2023 $'000
Balance at 1 January	**351**	350
Provisions made during the year	**87**	94
Provisions used during the year	**(83)**	(93)
Balance at 31 December	**355**	351

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

The Company has considered the existing lease arrangements and has not identified any material dilapidation provisions.

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 31 December 2024	66,539,060	106	6,747
Balance at 31 December 2023 and 1 January 2024	66,514,060	106	6,747
Balance at 1 January 2023	66,450,060	106	6,708

During the year, the Company issued 25,000 ordinary shares to employees under the 2022 Long-Term Incentive Plan (Note 20) for proceeds of $32, resulting in an increase to share capital of $32 and an increase to share premium of $Nil.

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.

Treasury shares

In 2024, the Company purchased 5,909,398 ordinary shares for total consideration of $6,996,663.

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 31 December 2024 of 3.7p (31 December 2023: 3.3p) per share at the 2025 AGM, which is not recognised as a distribution to equity holders during the period.

The following dividends were recognised during the year:

	2024 $'000	2023 $'000
3.3p (2023: 3.0p) per qualifying ordinary share	**2,836**	2,537
Total dividends recognised in the year	**2,836**	2,537

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 and 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 $1,289,000 has been provided in respect of expected credit losses as at 31 December 2024 (31 December 2023: $1,044,000). 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 has also considered the expected credit losses in relation to amounts owed from subsidiary undertakings and has considered it to be immaterial.

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

The Group is exposed to credit-related losses 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 daily to ensure the Group has sufficient available funds to meet its needs.

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, while 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 amount of dividends paid to Shareholders, issue new shares or sell assets.

The Group's approach to capital management was amended during the period with the introduction of a share buyback programme following the AGM, with approval granted by shareholders for the Company to buy back up to 10% of its issued shares. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Total equity	**70,620**	82,346	**25,364**	39,736
Cash and cash equivalents (Note 17)	**(29,469)**	(28,406)	**(25,212)**	(24,857)
Capital	**41,151**	53,940	**152**	14,879

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Total equity	**70,620**	82,346	**25,364**	39,736
Other financial liabilities (Note 18)	**358**	473	**358**	473
Total financing	**70,978**	82,819	**25,722**	40,209

Financial assets and liabilities

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

23. Financial instruments – Group and Company

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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash and cash equivalents	**29,469**	28,406	**25,212**	24,857
Trade and other receivables – non-current	**61**	54	**–**	–
Trade and other receivables – current	**16,461**	25,828	**7,517**	9,889
	45,991	54,288	**32,729**	34,746

The Group held all cash and cash equivalents with banks which are rated at least BBB+, of which $27,836,000 is held at 31 December 2024 with banks rated A- to A+ (31 December 2023: $26,675,000).

The maximum exposure to credit risk for external trade receivable amounts that are not impaired at the reporting date by geographic region was:

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Australia	**100**	458	**–**	–
North America	**6,974**	13,922	**–**	–
Asia	**1,973**	1,308	**–**	–
Europe	**4,307**	7,325	**–**	–
Rest of World	**63**	545	**–**	–
	13,417	23,558	**–**	–

The Group's credit risk exposure in relation to external trade receivable amounts past due that are not impaired is set out in the provision matrix as follows:

	30–60 days	61–90 days	>90 days	Total
At 31 December 2023				
	320	90	366	776
At 31 December 2024				
	352	**58**	**138**	**548**

The movement in the allowance for impairment of trade receivables is as follows:

	2024	2023
Beginning of financial year	**1,044**	908
Loss allowance recognised in profit or loss during the year	**330**	358
Release of loss allowance previously recognised	**(85)**	(222)
End of financial year	**1,289**	1,044

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	Loans and borrowings $'000	Lease liabilities $'000	Lease interest $'000	Total $'000
31 December 2024					
Carrying amount	**10,714**	**358**	**3,061**	**(682)**	**13,451**
Contractual cash flows					
6 months or less	**10,714**	**44**	**279**	**(77)**	**11,008**
6 to 12 months	**–**	**43**	**368**	**(69)**	**342**
More than 12 months	**–**	**271**	**2,414**	**(536)**	**2,149**
	10,714	**358**	**3,061**	**(682)**	**13,451**

Group	$'000	$'000	$'000	$'000	$'000
31 December 2023					
Carrying amount	12,325	473	1,852	(176)	14,474
Contractual cash flows					
6 months or less	12,325	46	340	(42)	12,669
6 to 12 months	–	45	305	(34)	316
More than 12 months	–	382	1,207	(100)	1,489
	12,325	473	1,852	(176)	14,474

23. Financial instruments – Group and Company

Company	Trade and other payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Total $'000
31 December 2024				
Carrying amount	**31,140**	**358**	**688**	**30,178**
Contractual cash flows				
6 months or less	**31,140**	**44**	**173**	**31,355**
6 to 12 months	**–**	**44**	**174**	**218**
More than 12 months	**–**	**270**	**341**	**611**
	31,140	**358**	**688**	**32,184**

Company	$'000	$'000	$'000	$'000
31 December 2023				
Carrying amount	24,897	473	660	26,030
Contractual cash flows				
6 months or less	24,897	46	148	25,091
6 to 12 months	–	45	148	193
More than 12 months	–	382	364	746
	24,897	473	660	26,030

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

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current assets				
Cash and cash equivalents	**29,469**	28,406	**25,212**	24,857
Trade and other receivables – non-current	**61**	54	**–**	–
Trade and other receivables – current	**16,461**	25,828	**7,517**	9,889
	45,991	54,288	**32,729**	34,746

All the above relate to the IFRS9 category loans and receivables and are measured at amortised cost.

Current liabilities				
Trade and other payables	**(10,714)**	(16,763)	**(31,140)**	(26,583)
Loans and borrowings	**(88)**	(91)	**(88)**	(91)
Lease liabilities	**(501)**	(569)	**(347)**	(296)
	(11,303)	(17,423)	**(31,575)**	(26,970)
Non-current liabilities				
Loans and borrowings	**(270)**	(382)	**(270)**	(382)
Lease liabilities	**(1,878)**	(1,107)	**(341)**	(364)
	(2,148)	(1,489)	**(611)**	(746)

All the above relate to the IFRS9 category other financial liabilities and are measured at amortised cost.

Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 December 2024 $'000	Level 1	Level 2	Level 3	Total
Derivative financial instruments	–	–	–	–

As at 31 December 2023 $'000				
Derivative financial instruments	–	–	–	–

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the counter securities and derivatives) are based on quoted market prices at the balance sheet date.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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 functional currency.

23. Financial instruments – Group and Company

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.

The Group's currency exposure is as follows:

	USD $'000	GBP $'000	EUR $'000	TWD $'000	JPY $'000	Total $'000
At 31 December 2024						
Financial assets						
Trade receivables	13,074	–	20	–	323	13,417
Other receivables	972	912	436	365	359	3,044
Cash and cash equivalents	24,246	2,283	552	1,067	1,321	29,469
	38,292	**3,195**	**1,008**	**1,432**	**2,003**	**45,930**
Financial liabilities						
Loans and borrowings	–	–	–	(358)	–	(358)
Trade payables	(7,645)	(143)	189	(4)	(45)	(7,648)
Other payables	(396)	(1,191)	(327)	(1,124)	(17)	(3,055)
Lease liabilities	(117)	(1,537)	(14)	(688)	(23)	(2,379)
	(8,158)	**(2,871)**	**(152)**	**(2,174)**	**(85)**	**(13,440)**
Net financial assets/(liabilities)	**30,134**	**324**	**856**	**(742)**	**1,918**	**32,490**
Less: Currency forwards	–	–	–	–	–	–
Currency profile	**30,134**	**324**	**856**	**(742)**	**1,918**	**31,598**
Financial (liabilities)/assets denominated in the respective entities' functional currencies	(28,070)	–	(246)	742	(1,918)	(29,492)
Currency exposure of financial (liabilities)/assets	**2,064**	**324**	**610**	**–**	**–**	**2,998**

	USD $'000	GBP $'000	EUR $'000	TWD $'000	JPY $'000	Total $'000
At 31 December 2023						
Financial assets						
Trade receivables	20,631	1,102	1,223	–	602	23,558
Other receivables	165	534	515	686	424	2,324
Cash and cash equivalents	20,599	5,996	479	168	1,164	28,406
	41,395	**7,632**	**2,217**	**854**	**2,190**	**54,288**
Financial liabilities						
Loans and borrowings	–	–	–	(473)	–	(473)
Trade payables	(11,601)	(540)	(144)	(3)	(37)	(12,325)
Other payables	(1,097)	(1,378)	(872)	(881)	(210)	(4,438)
Lease liabilities	(326)	(631)	–	(660)	(59)	(1,676)
	(13,024)	**(2,549)**	**(1,016)**	**(2,017)**	**(306)**	**(18,912)**
Net financial assets/(liabilities)	**28,371**	**5,083**	**1,201**	**(1,163)**	**1,884**	**35,376**
Less: Currency forwards	–	–	–	–	–	–
Currency profile	**28,371**	**5,083**	**1,201**	**(1,163)**	**1,884**	**35,376**
Financial (liabilities)/assets denominated in the respective entities' functional currencies	(36,049)	–	(898)	1,163	(1,884)	(37,668)
Currency exposure of financial (liabilities)/assets	**(7,678)**	**5,083**	**303**	**–**	**–**	**(2,292)**

If the GBP and EUR change against USD by 3% and 3%, respectively (2023: GBP 1%, EUR 3%) with all other variables, including tax rates, being held constant, the effects from the net financial asset/(liability) that are exposed to currency risk will be as follows:

	2024 Profit after tax $'000	2023 Profit after tax $'000
GBP against USD		
– Strengthened	**(4)**	51
– Weakened	**4**	(51)
EUR against USD		
– Strengthened	**18**	9
– Weakened	**(18)**	(9)

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 2024 were 5% due to the current economic climate (2023: 3%).

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.

24. Leases

The Group and Company lease offices 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. Car leases are typically three years long. Group expense of $32,683 were incurred in 2024 (2023: $29,890) 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 IFRS16 disclosures for the Group and Company:

	Land & buildings $'000	Motor vehicles $'000	Group Total $'000
2024			
Balance at 1 January	**1,558**	**–**	**1,558**
Effect of movements in foreign exchange	**(31)**	**–**	**(31)**
Additions to right-of-use assets	**2,014**	**21**	**2,035**
Disposals of right-of-use assets	**(517)**	**–**	**(517)**
Depreciation charge	**(635)**	**(7)**	**(642)**
Balance at 31 December	**2,389**	**14**	**2,403**

	Land & buildings $'000	Motor vehicles $'000	Group Total $'000
2023			
Balance at 1 January	1,683	11	1,694
Effect of movements in foreign exchange	75	–	75
Additions to right-of-use assets	427	–	427
Depreciation charge	(627)	(11)	(638)
Balance at 31 December	1,558	–	1,558

	Land & buildings $'000	Company Total $'000
2024		
Balance at 1 January	**667**	**667**
Effect of movements in foreign exchange	**(28)**	**(28)**
Additions to right-of-use assets	**420**	**420**
Depreciation charge	**(350)**	**(350)**
Balance at 31 December	**709**	**709**

	Land & buildings $'000	Company Total $'000
2023		
Balance at 1 January	745	745
Effect of movements in foreign exchange	34	34
Additions to right-of-use assets	248	248
Depreciation charge	(360)	(360)
Balance at 31 December	667	667

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Profit and Loss Account				
Depreciation	**642**	638	**350**	360
Lease interest expenses	**7**	92	**46**	35
Expenses on excluded leases (short term or low value)	**33**	30	**33**	29

25. Commitments

The Group entered into last time buy purchase orders with AMD, a key supplier, in 2021. 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 from 2021 have concluded, with the Group holding other last time buy commitments $1.6m (2023: $9.0m), with payments running through 2025 and 2026.

26. Contingencies

Neither the Group nor Company had any contingencies existing at 31 December 2024 (2023: none).

27. Related parties

Group

During the year, the Group paid €31,200 (2023: €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	
Income	**2024 $'000**	**2023 $'000**
Sales to Group companies	**53,794**	74,019
Fees recharged to Group companies	**3,059**	3,014
	56,853	77,033

		Balance Sheet	
Balances due (to)/from Group companies		**2024 $'000**	**2023 $'000**
Amounts receivable from subsidiary undertakings	16	**6,270**	8,332
Amounts payable to subsidiary undertakings	19	**(22,100)**	(13,531
		(15,830)	(5,199)

28. Post balance sheet events

Post year end, the Group has placed its property in Balsham, Cambridge on the market and expects the sale to complete in 2025. As of 31 December 2024 the property in Balsham was recorded within land and buildings in non-current assets. The intended sale will help to promote the centralisation and collaboration of the UK labour force in one location. The sale will facilitate a change of UK registered office to Crawley, West Sussex.

There were no other material post balance sheet events that were required to be disclosed.

Company information

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Auditor	BDO LLP 55 Baker Street London W1U 7EU
Nominated adviser and broker	Cavendish Capital Markets 1 Bartholomew Close London EC1A 7BL
Financial PR	Alma Strategic Communications 71–73 Carter Lane London EC4V 5EQ
Registrars and CREST settlement agents	Neville Registrars Neville House Steelpark Road Halesowen B62 8HD
Registered number	04316977
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Ticker	London: NXQ

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