

31 October 2024

Nexteq plc
("Nexteq" or the "Group")

Trading Update and Appointment of CFO

Nexteq (AIM: NXQ) a leading technology solutions provider to customers in selected industrial markets, today provides an update on trading for the year ending 31 December 2024, and the appointment of a new Chief Financial Officer.

Ongoing Business Review

Duncan Faithfull, who was appointed as the new CEO of Nexteq in August 2024, has been conducting an in-depth business review of the Group, looking at trading patterns across both brands; the growth drivers for the medium term; the investment required to drive that growth and the operational mechanisms to deliver it. Whilst there are short-term trading headwinds, the investment in new products and solutions gives significant optimism for the future.

Trading performance

Since the H1 2024 results announced on 10th September 2024, the Group has continued to see ongoing, cross industry de-stocking, resulting in reduced order intake levels. In addition, while customer retention remains impressively high, we have seen certain customer product and project launches being delayed into Q1 2025, from Q4 2024, with customers opting to delay agreed new project expenditure into a new budget year.

As a result, FY24 Group revenue is expected to be 10-12% below previous market expectations¹. Current gross margin performance is expected to continue through 2024, and the Board and Senior Leadership Team is maintaining a strong focus on cost management. The Board expects FY24 Group adjusted profit before tax to be at least £6.0m, driven by the lower revenues.

The Group continues to generate healthy cash flow, with a net cash balance of £33m on 30 September 2024. To date the Group has spent approximately £4.6m on its share buyback programme, representing c.7% of the Group's issued share capital, and intends to continue with this programme. The Board expects year end net cash to be c £30m considering the impact of the anticipated share buyback up to the 10% authority granted by shareholders at the 2024 AGM.

Directorate change

In line with the Board Transition announcement released on 24 July 2024, Johan Olivier has today stepped down from the Board, and his role as Group Chief Financial Officer.

Following an extensive external search process, the Board is pleased to announce that Matt Staight, Group Financial Controller at Nexteq, will take over as Group Chief Financial Officer, in an orderly handover from Johan. Matt will also be appointed to the Board, subject to the required AIM due diligence process, as soon as possible. A further announcement will be made in due course in this regard.

Matt is a highly experienced finance professional, and having joined Nexteq in 2022, he has a comprehensive knowledge of the Group's finance functions and markets, as well as already being significantly involved in the Group's growth projects. During the handover period, Johan will act as a consultant to Nexteq, to support the orderly handover of duties to Matt.

Outlook

The second phase of the intensive business review by the new CEO, CFO, and the Nexteq Senior Leadership Team, is focusing on 2025. The current order book going into 2025 remains lower in value than previously anticipated, and there is still

uncertainty around the ongoing de-stocking levels as we progress through the 1st half of 2025. However, the pipeline of new product launches and new customer projects remains encouraging, with several new customer wins being integrated through 2025, with the full year revenue and profit impact of these being seen in 2026. Nexteq plans to continue to invest in product and operational excellence, which will have a consequential impact on the Group's 2025 performance whilst enabling growth in 2026 and beyond.

Duncan, Matt and the Nexteq Senior Leadership Team intend to present their Growth Strategy to investors in Q1 2025.

Duncan Faithfull, Group CEO of Nexteq, commented:

"Whilst it is disappointing to have customer projects extended beyond the Company's financial period end, we remain laser focused on delivering to our customers high quality, innovative new products together with outstanding levels of service - the foundations of our market leading reputation. Whilst we are engaged in a detailed review of the business, I am encouraged by the pipeline from an increasingly diversified range of products and services, supported by underlying market drivers and a robust balance sheet. Growth expectations in 2026 and 2027 will be fueled by the development work being done now.

"On behalf of the Board, I would like to thank Johan for his contributions to the business over the last three years, and wish him the very best for the future, once his period of consultancy to Matt is completed. I would like to welcome Matt to the Group CFO role, and I look forward to working with him closely and benefiting from his deep knowledge of the business as we set out our detailed execution plan."

- 1. The range of forecasts for the year ended 31 December 2024 prior to this announcement was revenue of between 93.9m and 96m with a consensus of 95m with consensus adjusted profit before tax of 9.4m. Consensus net cash forecast as at 31 December 2024 was 33m.*

Nexteq plc

Duncan Faithfull, Group Chief Executive Officer
Matt Staight, Group Chief Financial Officer
Nick Jarman, Interim, Chair

Tel: +44 (0)1223 892 696

Nominated Adviser and Broker:

Cavendish Capital Markets Ltd
Matt Goode / Teddy Whiley (Corporate Finance)
Tim Redfern / Harriet Ward (ECM)

Tel: +44 (0)20 7220 0500

Joint Broker:

Canaccord Genuity Limited
Simon Bridges / Andrew Potts

Tel: +44 (0)20 7523 8000

Financial PR:

Alma Strategic Communications
Hilary Buchanan / Kieran Breheny

Tel: +44 (0)20 3405 0205

About Nexteq

Nexteq (AIM: NXQ) is a strategic technology solutions provider to customers in selected industrial markets. Its innovative technology enables the manufacturers of global electronic equipment to outsource the design, development and supply of non-core aspects of their product offering. By outsourcing elements of their technology stack to Nexteq, customers can focus their product development effort on the most critical drivers of their business' success.

Our solutions are delivered through a global sales team and leverage the Group's electronic hardware, software, display and mechanical engineering expertise. Our Taiwan operation is at the heart of Asian supply networks and facilitates cost effective manufacturing and strategic supply chain management.

The Group operates in six countries and services over 500 customers across 47 countries.

Nexteq operates two distinct brands: Quixant, a specialised computer platforms provider, and Densitron, leaders in human machine interface technology, each with dedicated sales, account management and product innovation teams. Founded in 2005, and later floating on the London Stock Exchange's AIM stock market as Quixant plc, the Group rebranded to Nexteq in 2023.

Further information on Nexteq and its divisions can be found at www.nexteqplc.com.

This announcement contains information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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