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15 January 2025

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

Trading Update and Notice of Results

Nexteq (AIM: NXQ), a leading technology solutions provider to customers in selected industrial markets today provides an update on trading for the financial year ended 31 December 2024 ("FY24").

Trading performance

The Board confirms that trading for 2024 was in line with expectations, as set out in the 31st October 2024 update. Group revenue is expected to be 86.7m (FY23:114.3m), reflecting a backdrop of economic challenges across the markets, and wider industry de-stocking, as well as the delay of several customer projects into the new 2025 budget year. As predicted, gross margin performance was maintained through Q4 at historically high levels, but with a reducing run rate, with operating costs reducing as expected. As a result, full year adjusted profit before tax is expected to be in line with market expectations¹.

The Quixant Gaming business posted revenues of 54.8m, 21% down against the 69.2m recorded in 2023, largely driven by reduced volume of sales of Gaming Hardware Platforms to the largest customers, as they faced challenges in their own market. The Industrial displays business, Densitron, achieved revenues of 31.9m, 29.3% down against the 45.1m recorded in 2023. This was driven by continued de-stocking and the impact of end-of-life components in 2023.

Financial position

Net cash on 31st December 2024 was 29.1m (FY23:27.9m), in line with Board expectations and reflecting continued healthy operating cash flow generation. The Group's share buyback programme returned 6.7m of cash to shareholders in the second half of 2024, resulting in the cash balance reducing from 36.9m at HY24.

Outlook

The Board expects revenues in 2025 to be broadly in line with 2024, and with a reduced margin due to short-term pricing pressure and investment in market strategy for key opportunities in the Gaming sector. Following a business restructuring in Q4 2024, operating costs have been reduced by 1.6m and refocussed on the areas of the business driving new product development and new business wins. With significant secured business wins across the Group for 2025, the Board expects positive movements in order book generation to be seen through 2025, and into 2026.

Notice of Results

The Group expects to report its full year results for 2024 on 19th March 2025.

Duncan Faithfull, Chief Executive Officer of Nexteq plc, commented "2024 was a year of unprecedented change within our organisation, and significant challenges in our markets. The continued de-stocking within our customer base, alongside continuing economic uncertainty impacted our revenues. The newly installed Senior Leadership Team (SLT) has conducted a strategic review of the business and are now focussed on the delivery of a plan designed to deliver a diversified group, and a significant improvement in profitability.

In Q4 2024 The SLT structured the business to focus on our core objectives and is now focussed on delivering the key milestones of a three-year plan that will deliver significant growth, driven by organic growth within our current product suite, alongside M&A activity to accelerate the growth in our target market verticals, utilising the robust financial position built in recent years.

2024 has been a tough trading year, but with the new structure, leadership and three-year plan, we are excited about the potential to deliver significant growth."

¹ The range of forecasts for the year ended 31 December 2024 at the date of this announcement is revenue of between 84.5m and 85.5m with a consensus of 85.0m with consensus adjusted profit before tax of at least 6m.

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

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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.

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