

## **Chairman's Statement**

As Chairman of Arcontech Group plc ("Arcontech", the "Company" or the "Group") Board, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

We believe that a sound and well understood governance structure is essential to maintain the integrity of the group in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

The Board is committed to maintaining high standards of corporate governance and, with effect from 28 September 2018, the Board has adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (the "Code").

The Code was revised in April 2018 to meet the new requirements of AIM Rule 26 and sets out ten broad principles of corporate governance, states what are considered to be appropriate corporate governance arrangements for growing companies and requires companies to provide an explanation about how they are meeting the principles through certain prescribed disclosures.

We have considered how we apply each principle and below we provide an explanation of the approach taken in relation to each.

The Board considers that it does not depart from any of the principles of the Code.

## **Board composition and compliance**

The Code requires that the Boards of AIM companies have an appropriate balance between Executive and Non-Executive Directors of which at least two should be independent. Geoff Wicks (also Chairman) and Raj Nagevadia serve as independent Non-Executive Directors, bringing a diverse range of industry and market knowledge to the Board.

## **Board evaluation**

We regularly review the effectiveness of the Board's performance as a whole, as well as that of its committees and individual Directors, the most recent review being in June 2022.

## **Shareholder engagement**

We have made significant efforts to ensure effective engagement with our shareholders. Following the release of full year and interim results, we undertake institutional investor roadshows as well as using our AGM to present to and meet with investors.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its audit committee. The Directors confirm that the Annual Report and

Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The following paragraphs set out Arcontech's compliance with the ten principles of the QCA Code.

**Geoff Wicks**  
**Chairman and Non-Executive Director**

**20 July 2023**

## **Principle 1: Establish a strategy and business model which promotes long-term value for shareholders**

The purpose of the group is encapsulated in its tag-line “Creating Advantage”. Advantage can involve, but is not limited to, enabling a reduction in costs, providing something that does things faster and more efficiently, or a solution that provides more functionality and/or flexibility.

Our business model is to achieve this for our clients by providing software solutions that enable them to manage their real-time market-data requirements, independent of any of the market-data vendors. We provide solutions for both server-side functions and to meet desk-top requirements.

Our strategy is to provide such solutions in areas where we add significant value. The value and functionality provided together with content from multiple vendors makes our solutions difficult to displace.

These components of our strategy will enable us to deliver growth from a solid base within existing clients as well as from establishing business with new clients on both a local and global basis.

To ensure the success of this strategy the group will continue to prioritise research and development to facilitate business growth.

The key challenges we face include:

- **Long sales cycle** – The length of the sales cycle is longer than we would like, however our expanded product offering, and sales capability should improve overall sales.
- **Changes in market data environment** – as the regulatory and technical facets of our marketplace evolve we need to keep pace with developments which present both opportunities as well as challenges.
- **Recruiting suitable staff** – the group’s ability to carry out its strategy depends on the skills and abilities of its staff. We undertake ongoing initiatives to promote good staff engagement and ensure that remuneration packages are competitive. Whilst we have an excellent retention rate, recruiting for our domain which requires a deep and broad understanding of how the financial markets use real-time market data can prove difficult.

We believe we have the right strategy in place to maintain strong growth in sales and to enable us to continue to promote long-term value to shareholders.

## Principle 2: Seek to understand and meet shareholder needs and expectations

Responsibility for investor relations rests with Matthew Jeffs, Chief Executive Officer (“CEO”). During the period under review the following activities were pursued to develop a good understanding of the needs and expectations of all constituents of the Group’s shareholder base:

Date	Description	Participants	Comments
September 2022	Preliminary results roadshow Various analyst and shareholder discussions	Matthew Jeffs Ben Hodges (Chief Financial Officer (“CFO”))	
October 2022	Annual General Meeting	Geoff Wicks Louise Barton Matthew Jeffs Ben Hodges	Shareholders invited to attend
February 2023	Interim results roadshow Various analyst and shareholder discussions	Matthew Jeffs Ben Hodges	

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the Annual General Meeting. A range of corporate information is also available to shareholders, investors and the public on our website.

**Private shareholders:** The Annual General Meeting is the principal forum for dialogue with private shareholders, and we encourage all shareholders to attend and participate. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, attend and are available to answer questions raised by shareholders. Shareholders vote on each resolution by way of a poll. For each resolution we announce the number of votes received for, against and withheld.

**Institutional shareholders:** The Group receives anonymised feedback from institutional investors from its nominated advisor.

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. We communicate with institutional investors through formal meetings. The majority of meetings with shareholders and potential investors are arranged by the broking team from the Group’s nominated advisor. Following meetings, the broker provides anonymised feedback to the Board from all fund managers met, from which sentiments, expectations and intentions may be gleaned. In addition, we review equity research analysts’ notes to achieve a wide understanding of investors’ views.

**Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

<b>Stakeholder</b>	<b>Reason for engagement</b>	<b>How we engage</b>
<b>Staff</b> Our ability to fulfil client services relies on having talented and motivated staff	Good communication with staff is a key requirement for high levels of engagement	Weekly staff meetings to enable staff to question management. This has led to improved management practices and staff incentives
<b>Clients</b> Our success and competitive advantage is dependent upon meeting clients' requirements	Understanding these requirements enables us to develop, support and fulfil new and enhanced services	Seek feedback on services and software systems Obtain requests for new services and service enhancements
<b>Suppliers</b> Maintaining good supplier relationships	Ensuring quality of services provided	We operate systems to ensure supplier invoices are processed and paid promptly
<b>Shareholders</b> As a public company we must provide transparent, easy-to-understand and balanced information to ensure support and confidence	Meeting regulatory requirements and understanding shareholder sentiments on the business, its prospects and management performance	Regulatory news releases  Keeping the investor relations section of the website up to date  Half-year and annual presentations  Annual General Meeting  We believe we successfully engage with our shareholders
<b>Industry bodies</b> The products and services we provide must meet certain standards	The views of certain industry groups are essential to how the group is perceived by clients	This has resulted in certain clients commencing engagement

## **Communities**

We participate in, and sponsor, industry association events, as well as host our own for our clients and staff. We are also active members of initiatives that support the development of “open source” solutions used by market data creators, distributors and consumers. These types of activities ensure we are regarded as a key member within our business community and are engaged in a regular and ongoing dialogue with that community.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The CEO and the Group CFO have identified key risks in the areas of corporate strategy, financial, clients, staff, environmental and the investment community. This is reviewed and updated periodically, and all members of the Board are consulted.

Within the scope of the annual audit, specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

We regularly review potential risks to all aspects of the business and to our customers. We do this to ensure as far as possible any potential risks are known and that in the event a risk should materialise, any impact is contained and minimised.

Staff are reminded that they should seek approval from the CEO if they, or their families, plan to trade in the company's shares.

**Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair**

The members of the Board have a collective responsibility and legal obligation to promote the interests of the group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.

The Board consists of three Directors of which one is Executive and two are independent Non-Executives, one of whom is also the Chairman. The Board is supported by three committees: audit, nominations and remuneration. The Board will appoint additional independent Non-Executive Directors as its business expands.

Non-Executive Directors are required to attend Board and Board committee meetings and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

The Board has a schedule of regular business, financial and operational matters, and each Board committee has compiled a schedule of work to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman is responsible for ensuring that, in order for informed decisions to be made, Directors receive accurate, sufficient and timely information. The company secretary compiles the Board and committee papers which are circulated to Directors prior to meetings. The company secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted and to seek independent advice at the group's expense where appropriate.



**Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

All three members of the Board bring relevant sector experience and one member is a Chartered Accountant. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Directors undertake training and attend other regulatory and trade events as required to ensure that their knowledge remains current.

***Geoff Wicks, Chairman and Independent Non-Executive Director***

*Term of office:* Appointed in July 2020; Chair of the Nomination Committee and a member of the Audit and Remuneration Committees.

*Background and suitability for the role:* Geoff was most recently Chairman of ULS Technology plc, the provider of online technology platforms for the UK conveyancing and financial intermediary markets. Prior to this, he was CEO of Group NBT plc, a specialist in online brand protection and digital asset management, from 2001 until he led the sale of the business to HgCapital in 2011. He remained part of the Group NBT business, now renamed NetNames, as a Non-Executive Director until 2013. Geoff spent much of his earlier career at Reuters, including heading divisions in the UK, France and the Nordic countries and latterly was Director of corporate communications. Prior to Reuters, Geoff worked in the banking and insurance industries.

*Current external appointments:* None.

*Time commitment:* One day per month.

***Matthew Jeffs, Chief Executive Officer***

*Term of office:* Appointed in April 2013. Member of the Audit Committee.

*Background and suitability for the role:* Matthew spent over 25 years with Barclays International, Dow Jones and Reuters in a variety of senior roles. In addition to the UK, he has wide experience in the Asia Pacific region, working in Hong Kong, Japan, Korea (where he was country manager for Reuters and country representative for Dow Jones), Thailand and Vietnam. In his most recent role, Matthew was the Managing Director, ICS International at Broadridge Financial Solutions where he was responsible for the overall management of the Global Proxy business with offices in the U.K., U.S., Japan, Australia and India.

Matthew has an MBA from Buckinghamshire Business School.

*Current external appointments:* None.

*Time commitment:* full time.

***Raj Nagevadia, Independent Non-Executive Director***

*Term of office:* Appointed in October 2022. Chair of the Audit and Remuneration Committees and member of the Nomination Committee.

*Background and suitability for the role:* Raj is the current Chief Financial Officer (CFO) of Bfinance, a financial services consultancy, and holds a wealth of experience in financial managerial roles across the technology sector, primarily as a CFO. Prior to Bfinance, Raj was CFO of SecureData Europe, a cyber security management service, where he oversaw a broad range of acquisitions. Before this, Raj was CFO of NetNames (formerly Group NBT), the AIM quoted internet services provider, for over 10 years. Here, Raj managed the company's acquisition strategy as well as aiding in the sale of the Company to Hg Capital in 2011.

Raj is a member of the Institute of Chartered Accountants in England and Wales.

*Current external appointments:* CFO of Bfinance

*Time commitment:* One day per month

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

A Board evaluation process led by the Chairman took place in June 2022. All the Directors completed questionnaires about the effectiveness of the Board, which were then used as the basis for a collective discussion.

The review considers effectiveness in a number of areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

A number of refinements in working practices were identified as a result of this exercise and have since been adopted.

As the business expands, the Executive Directors will consider identifying internal candidates who could potentially occupy Board positions and set out development plans for these individuals.

**Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

Our long-term growth is underpinned by our core values. We seek to be regarded as the partner of choice to our clients, which requires us not only to provide innovative and efficient solutions but also to be trustworthy, transparent and fair in our dealings with clients. We encourage behaviours to support those goals throughout the organisation.

The culture of the group is characterised by these values which are communicated regularly to staff through internal communications and meetings.

The Board believes that a culture that is based on these values is a competitive advantage and consistent with fulfilment of the Group's mission and execution of its strategy.

## **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board provides strategic leadership for the group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the group implements in its business plans. The Board defines a series of matters reserved for its decision and has approved terms of reference for its audit, nomination and remuneration committees to which certain responsibilities are delegated. The chair of each committee reports to the Board on the activities of that committee.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of the internal audit function and reviews external auditor independence.

The Remuneration Committee sets and reviews the compensation of Executive Directors including the setting of targets and performance frameworks for cash and share-based awards.

The Nomination Committee evaluates the Board of Directors and examines the skills and characteristics needed in Board members.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the group. He leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual Directors, the Board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The Chief Executive Officer provides coherent leadership and management of the group, leads the development of objectives, strategies and performance standards as agreed by the Board, monitors, reviews and manages key risks and strategies with the Board, ensures that the assets of the group are maintained and safeguarded, leads on investor relations activities to ensure communications and the group's standing with shareholders and financial institutions is maintained, and ensures that the Board is aware of the views and opinions of employees on relevant matters.

The Independent Non-Executive Director contributes independent thinking and judgement through the application of his external experience and knowledge, scrutinises the performance of management, provides constructive challenge to the Executive Director and ensure that the group is operating within the governance and risk framework approved by the Board.

The Company Secretary is responsible for providing clear and timely information flow to the Board and its committees and supports the Board on matters of corporate governance and risk.

The matters reserved for the Board are:

- Setting long-term objectives and commercial strategy.
- Approving annual operating and capital expenditure budgets.
- Changing the share capital or corporate structure of the group.
- Approving half-year and full-year results and reports.
- Approving dividend policy and the declaration of dividends.
- Approving major investments, disposals, capital projects or contracts.
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars.
- Approving changes to the Board structure.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the group evolves.

## **Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

In addition to the investor relations activities described above, the following audit, nomination and remuneration committee reports are provided.

### **Audit Committee Report**

During the year, the Audit Committee has continued to focus on the effectiveness of the controls throughout the group. The Audit Committee consists of Raj Nagevadia, Chair, Geoff Wicks and Matthew Jeffs.

The committee met twice during the period, and the external auditor and Group Chief Financial Officer were invited to attend the meeting. Consideration was given to the auditor's pre-and post-audit reports and these provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports.

### **Nomination Committee Report**

The Nomination Committee ensures there is a robust process for the appointment of new Board Directors, to keep a close eye on succession plans and also to evaluate the performance of the Board. The Nomination Committee consists of Geoff Wicks, Chair, and Raj Nagevadia. The committee met twice during the period.

### **Remuneration Committee Report**

The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the Board on the remuneration of Executive Directors. In addition, the committee oversees the creation and implementation of all-employee share plans. The Remuneration Committee consists of Raj Nagevadia, Chair and Geoff Wicks. The committee met four times during the period.

In setting remuneration packages the committee ensured that individual compensation levels, and total Board compensation, were comparable with those of other AIM-listed companies.

During the period under review no new options were granted over ordinary shares in the company.