

Corporate Governance Report

In accordance with the London Stock Exchange AIM Rules for Companies ('AIM Rules'), the Board has chosen to apply the Quoted Companies Alliance's ('QCA') Corporate Governance Code 2023 ('QCA Code') on the basis that it is the most appropriate governance code for the Group, having regard to its size and structure.

The Board is committed to maintaining high standards of corporate governance and considers that a strong corporate governance foundation is essential in delivering shareholder value. The Board has governance procedures and policies that are considered appropriate to the nature and size of the Group and its subsidiaries.

The QCA Code is constructed around ten broad principles. The QCA has stated what it considers to be appropriate arrangements for small and mid-size companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

A summary of how the Group currently complies with the QCA Code is set out below.

Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders
<p>The Board is committed to delivering long-term value for Calnex's shareholders, and for providing a progressive, inclusive culture that motivates, empowers and rewards its highly skilled workforce.</p> <p>The Board conducts an annual review of the Group's strategy, alongside regular discussions on progress against the business' strategic aims.</p> <p>The Group's business model and strategy and key developments during the year are discussed in more detail on pages 7 to 12 of the Company Overview in the Annual Report and Accounts.</p>
Principle 2: Promote a corporate culture that is based on ethical values and behaviours
<p>The Board places significant importance on the promotion of ethical values and behaviours within the Group and takes ultimate responsibility for ensuring these are promoted and maintained throughout the organisation and that they guide the Group's business objectives and strategy.</p> <p>Calnex is an innovative and forward-thinking business where employees are encouraged to share their views, contribute to decision making, challenge behaviours and improve processes to make a positive contribution to business success. The Group has a diverse workforce where inclusion is key to building high performing, engaged and successful teams.</p> <p>The impact of the Group's people-related processes is monitored through the annual employee appraisal process and through the use of a satisfaction and engagement survey which is performed annually. The executive team reviews the key findings of the survey and determines whether any action is required.</p> <p>The Group has documented procedures with respect to its responsibilities regarding ethical behaviour, specifically bribery and corrupt practices and modern slavery and employees receive training in these areas on a regular basis.</p> <p>The Group has adopted, and will operate as applicable, a code for Directors' and applicable employees' dealings in securities in accordance with Rule 21 of the AIM Rules for Companies.</p> <p>All Group policies are available to the staff through the Group SharePoint.</p> <p>Refer to the ESG section of the Strategic report on 30 to 33 in the Annual Report and Accounts for further details.</p>
Principle 3: Seek to understand and meet shareholder needs and expectations
<p>The Group is committed to open and ongoing engagement with all its shareholders on the business' performance and strategy and maintaining positive relationships with shareholders is important to the Board.</p>

The Chair of the Board is responsible for ensuring that appropriate methods of communication are established between the executive directors and shareholders, ensuring shareholders' views and feedback are shared with the Board.

The Chief Executive Officer and Chief Financial Officer meet with the Group's major shareholders on investor roadshows in the days following the release of the Group's interim and annual results, and certain other ad hoc meetings that take place during the year, to discuss the Group's performance and to understand shareholder needs and expectations. The non-executive directors are also available to discuss any matters that shareholders wish to raise and discuss. Refer to the Remuneration Committee report on pages 46 and 47 for detail on the shareholder consultation on equity incentives in FY25.

The Group ensures that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. Updates to the market are published via the regulatory news service ("RNS") on matters of a material substance and/or a regulatory nature. In conjunction with the Group's brokers and public relations advisers, RNS announcements will be distributed in a timely fashion to ensure shareholders are able to access material information on the Group's progress.

The Group's website (www.calnexsol.com) has a section for investors, which is kept updated to contain all publicly available financial information and news on the Group. Our shareholders also have the opportunity to ask questions through a dedicated investor relations email address throughout the year. The Group engages the services of a financial PR consultancy, which acts as another point of contact for investors.

The Annual General Meeting is an important opportunity for the Board to engage with shareholders, particularly retail investors. The Notice of AGM is sent to shareholders at least 21 days before the meeting. The Chair of the Board, together with all the other directors, whenever possible, attend the AGM and are available to answer shareholder questions.

Refer to pages 44 to 50 within the Remuneration Committee Report in the Annual Report and Accounts for further detail on the FY25 shareholder consultation process with regards to the Group's equity incentive schemes.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long term success

Refer to the s172 Statement on pages 34 to 36 and the ESG section of the Strategic report on 30 to 33 in the Annual Report and Accounts for further details on how we take into account wider stakeholder interests.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

A summary of the Group's risk management framework and the principal risks and uncertainties relating to Calnex and its business, along with how those risks are mitigated, is on pages 24 to 29 of the Strategic Report in the Annual Report and Accounts

Refer to The Audit Committee Report on pages 51 to 53 of the Annual Report and Accounts for further details on The Audit Committee's responsibilities for reviewing and monitoring the effectiveness of the Group's financial reporting and internal control policies, compliance with corporate governance, any matters that may significantly affect the independence of the external auditor and procedures for the identification, assessment, and reporting of risk.

Principle 6: Establish and maintain the board as a well-functioning, balanced team led by the chair

The Company is controlled by the Board of Directors. The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group. They 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.

A Statement of Directors' Responsibilities is set out on page 60 and the experience of the Board is set out on page 37 of the Annual Report and Accounts.

Board composition

The Board consists of six directors, two of whom are full time executives and four of whom are part time non-executives. The non-executive directors devote as much time as is necessary to fulfil their roles. The Group considers all four of the non-executive directors to be independent.

The Board is satisfied with the balance between executive and non-executive directors. The Board considers that its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executive and non-executive directors. The Group believes that the makeup of the Board represents a suitable balance of independence and detailed knowledge of the business to ensure that it can fulfil its roles and responsibilities as effectively as possible. The executive directors are directly responsible for running the business operations and the non-executive directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board.

The Board is highly committed and experienced and is supported by qualified executive and senior management teams. The executive management team includes two members of the Board, the Chief Executive Officer and the Chief Financial Officer.

Before undertaking the appointment of a non-executive director of the Board, the Chair establishes that the prospective director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

The Board believes it collectively has the requisite skills and experience to fulfil its responsibilities. As a group, the Board brings many years of experience in Board and Committee governance (main market listed, AIM listed and private companies), strategy, risk, financial (M&A, capital markets, shareholder value creation, reporting and disclosure), operational leadership, technology, human capital and change.

Board meetings

Board meetings are planned to occur not less than seven times a year with additional meetings as and when required. The Chair is responsible for ensuring that directors receive accurate, sufficient and timely information. A scheduled meeting calendar is arranged as far in advance as possible, and ad hoc meetings are held in person or by video conference when it is necessary for the Board to discuss specific issues.

The Company Secretary compiles the Board and committee papers which are circulated to directors prior to meetings, together with a formal agenda. 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. Information on the Group's operational and financial performance is circulated to the directors in advance of meetings.

The business reports monthly on its headline performance against its agreed budget and market consensus, and the Board evaluates any significant variances. Executive management are invited to meetings from time to time, providing the whole Board with the opportunity for direct enquiry and a thorough overview of the Group.

Meetings of the Board and its committees held in the year to 31 March 2025 and the attendance of the directors are summarised below (those directors that are not members of the Committees attend by invitation):

	Board	Audit Committee	Remuneration Committee	AIM Compliance Committee	Nomination Committee
<i>Minimum requirement for meetings</i>	7	3	3	2	1
<i>Meetings held in year</i>	14	3	5	2	1
Stephen Davidson	14	3	5	2	1
Tommy Cook	14	2	5	2	1
Ashleigh Greenan	14	3	5	2	1
Graeme Bissett	14	3	5	2	1
Margaret-Rice Jones	14	3	5	2	1
Helen Kelisky	14	3	5	2	1

Roles and responsibilities of the Chair and the Executive Directors

The role of the Chair and CEO are split in accordance with best practice.

The Chair has the responsibility of ensuring that the Board discharges its responsibilities and facilitates full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The Chair oversees the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the non-executive directors are properly briefed on matters. The Chair has overall responsibility for corporate governance matters in the Group and chairs the Nomination Committee.

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive management team.

The CEO manages the day-to-day business activities of the Group and the executive management team ensuring that strategic and commercial objectives are met. He is accountable to the Board for the operational and financial performance of the business. The CFO is responsible for the Group's financial controls and reporting to the Board.

The executive management team which comprises representatives from sales, operations, R&D, finance and HR reports to and regularly engages with the CEO. The day-to-day operations of the Group are managed by the executive management team.

Board Committees

The Group has established Audit, Remuneration, Nomination and AIM Compliance committees with clearly defined terms of reference which are set by the Board:

- The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of Calnex is properly measured and reported on. The Committee also considers the appropriateness of the Group's accounting policies on an annual basis. The Committee liaises with Group's auditors on future changes to such accounting policies. Further details are included in the Audit Committee Report at pages 51 to 53 of the Annual Report and Accounts.
- The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. Further details are included in the Remuneration Committee Report at pages 44 to 50 of the Annual Report and Accounts.

- The Nomination Committee regularly reviews the structure, size and composition of the Board. Further details are included in the Nomination Committee Report at pages 54 to 55 of the Annual Report and Accounts.
- The AIM Compliance Committee is responsible for ensuring that the Group has in place at all times appropriate procedures, resources and controls to enable it to comply with the AIM Rules. Further details are included in the AIM Compliance Committee Report at page 56 of the Annual Report and Accounts.

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.

The Board has overall responsibility for promoting the success of the Group.

Further detail on Board and Committee roles and responsibilities are described above under '*Principle 6: Maintain the board as a well-functioning, balanced team led by the chair*'.

The Board has a formal schedule of matters reserved to it, including the approval of annual financial plans and the review of performance against these plans, the Group's strategy and objectives, and the treasury and risk management policies.

The Board reviews its governance framework on a regular basis to ensure it is fit for purpose and carries out a review of the Committees' Terms of Reference during each financial year.

Reports of the Board's Audit, Remuneration, AIM Compliance and Nomination Committees can be found at pages 51 to 56 of the Governance section of this Annual Report.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to the Group. Where vacancies arise or gaps are identified that must be addressed, the Board (via the Nomination Committee) follows a rigorous selection process using external executive search agencies. More detail on the biographies of the Board of Directors can be found on page 37.

The Board conducts an annual review of its composition to ensure there is adequate diversity to allow for its proper functioning and that the Board works effectively together as a unit. When a new appointment to the Board is to be made, consideration will be given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition.

The non-executive directors hold senior positions with other companies ensuring that their knowledge is continuously refreshed. Specific training, such as updates on AIM rules and corporate governance and compliance training modules will be provided to the Board by the Group when required to support the directors' existing skillsets. The most recent Board effectiveness review also identified a number of training and development opportunities for directors which will be actioned in the year ahead.

The Board has access to external advice, including the Company's solicitors where required. The Board is provided with specific training on the AIM Rules for Companies by its Nominated Adviser on an annual basis. The Company's Nominated Adviser is available to provide guidance and additional training to the Board on specific regulatory matters as required.

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The effectiveness of the Board, individual directors and senior management is evaluated on an ongoing basis as part of the Board's ongoing review of the business.

In line with the requirements of the QCA Code, an annual evaluation process is undertaken, led by the Chair, which considers the effectiveness of the Board, its committees and individual directors, highlighting relevant areas for improvement. A detailed questionnaire is completed by each director, with the results collected by

the Chair, supplemented by a one-to-one meeting with each of the directors and the Chair. The results are then discussed by the Board. The most recent evaluation took place in early May 2025 and concluded that the Board and the Committee performances had been satisfactory. A number of suggestions emerged from the review which will be implemented in the months ahead, including ways to enhance aspects of performance reporting and monitoring the effects of geopolitical trends affecting the company and its customers.

The Board will undertake an external review of its performance within the next 24 months.

The Board's effectiveness is also assessed in an informal manner by the Chair on an on-going basis. The Chair has been tasked with assessing the individual contributions of each of the members of the team to ensure that their contribution is relevant and effective, they are committed and, where relevant, can continue to be considered independent.

The performance of the Chair is reviewed annually by means of a survey led by the Audit Committee Chair who canvasses views from directors and key advisers.

The Nomination Committee is responsible for considering succession planning and advising the Board accordingly. Refer to the Nomination Committee report on pages 54 to 55 of the Annual Report and Accounts for more detail.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.

Refer to the Remuneration Committee Report on pages 44 to 50 of the Annual Report and Accounts for detail on remuneration practices across the company.

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

The Group places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders, which it considers to be integral to longer-term growth and success and it aims to ensure that all communications concerning the Group's activities are fair, balanced and understandable.

Communications with shareholders and communications with other relevant stakeholders are described in detail above under '*Principle 3: Seek to understand and meet shareholder needs and expectations*' and '*Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success*' respectively.

The Group's website sets out details of the Group and its activities, regulatory announcements and press releases, annual and half year reports, AGM notices, outcome of AGM votes and other governance materials required by the AIM Rules for companies and the QCA Code.