



## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT**

### **Overview**

As Chairman of the Board of Directors of Minds + Machines Limited (MMX, or the Company/Group as the context requires), it is my responsibility to ensure that MMX has both sound corporate governance and an effective Board. As Chairman of MMX my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, communicating with shareholders, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

MMX has decided to adopt the Quoted Companies Alliance Corporate Governance code (QCA Code) and, as such, this report follows the structure of these guidelines and explains how we have applied the guidance. The Board does not have a balanced board per the QCA Code due to a lack of independent Non-Executive Directors as outlined in principal 5 below. Each director uses their judgement and challenges matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively. Board composition is described in further detail at principal 5 below.

We will provide annual updates on our compliance with the QCA Code in our Annual Report and Accounts. The Board considers that the Group complies with the QCA Code so far as it is practicable, save as otherwise outlined, having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below. MMX understands that the application of the QCA Code supports the Company's medium to long-term success, whilst simultaneously managing risks and provides an underlying framework of commitment and transparent communications with stakeholders.

Key changes to the corporate governance arrangement in the last year include the resignations of Toby Hall and Michael Salazar as CEO and CFO respectively in October 2020, and the temporary changes in the role of myself as Executive Chairman (previously Non-Executive Chairman) and Bryan Disher as interim CFO overseeing the Company's finance function (previously independent Non-Executive Director). It is expected that upon the appointment of permanent executive directors, myself and Mr. Disher will revert to our previous roles on the Board.

### **QCA Principles**

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

The Board believes that long-term value can be delivered to its shareholders through a process that has three key tenets:

1. To continue to drive profitable growth through operational efficiencies and organic business development initiatives within the current top-level domain (TLD) portfolio;



2. To accelerate scale and earnings through strategic acquisitions; and
3. Looking to drive revenue through innovative uses of domain names.

Future developments to provide for long-term growth are outlined on page 8 of the 2019 Annual Report. The 2019 Annual Report is available here: <https://mmx.co/investors/annual-interim-reports>.

The Company intends to deliver shareholder returns through capital appreciation and, when appropriate, distribution via dividends and share buy-back programmes. Challenges to delivering capital appreciation is uncertainty in relation to the market for gTLDs, technological dependence and dependence on 3rd parties, although the Board takes steps to mitigate these risks. Further challenges to MMX's strategy and long-term goals are highlighted in the Risk Management section below.

## **2. Seek to understand and meet shareholder needs and expectations**

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements as well as providing communications through our Interim and Annual Reports, to ensure that existing and potential investors and contacts can keep track of the Company and its progress. We also use the Company's website, [mmx.co](https://mmx.co), for both financial and general news relevant to shareholders.

The Chairman acts as liaisons for shareholders and meet shareholders and other investors/potential investors regularly within the results cycle, and the whole Board aims to attend the AGM. The Board typically views the AGM as a forum for communication between the Company and its shareholders and encourages their participation, except where COVID-19 restrictions do not permit same. Although MMX was unable to hold a physical AGM in 2020, the Board is satisfied that it was able to hold a virtual AGM which enabled existing and prospective investors the opportunity to ask questions about the progress of the business and engage with the Company on a virtual basis.

All resolutions at the 2020 AGM passed with 100% support. As is considered good practise, if an AGM resolution were to receive less than 80% support, the Board would seek to explain the reasoning behind its decision and take appropriate action where appropriate. The Board maintains regular contact with advisers/PR consultants in order to understand the views of major shareholders and the Chairman accompanies the Executives when requested to meet shareholders. In addition, the Company is open to receiving feedback from key stakeholders, and will take action where appropriate.

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

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, contractors, suppliers, and many other stakeholders. The Board has put in place a range of processes and systems to ensure that



there is close oversight and contact with its key resources. The Company has close ongoing relationships with its suppliers and customers and provides them with the opportunity to raise issues and provide feedback. The Company conducts frequent stakeholder meetings, which broadens communication whilst simultaneously embracing influential customers and suppliers in the generic top-level domains industry, and helps determine Company perception. The Company prepares an annual strategic plan and detailed budget which considers a wide range of key resources and relationships including staffing, customers, registrars and distribution partners, and opportunities.

All employees within the Group are valued members of the team, and the Company is committed to promoting policies which ensure that high-calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, sexual orientation, marital status, creed, race, ethnic origin or any other protected characteristic.

The Company is aware of the potential impact that it and its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries, at a minimum, comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

#### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The 2019 Annual Report also outlines the key risks to the business, see page 8.

The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems. The Board considers risk assessment to be important in achieving its strategic objectives, and so top-level risks are reviewed by the Board.

The risk assessment matrix below sets out and categorises some of the Company's key risks, and outlines the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them and the Board reviews these risks on a regular basis. The following principal risks and controls to mitigate them, have been identified:

<b>Activity</b>	<b>Risk</b>	<b>Impact</b>	<b>Control(s)</b>
Business and Market Risk	The market for gTLDs is uncertain, and technological markets are often fast moving and subject to	The Group may fail to attract significant new customers, and consequently sales and revenue may	The Company regularly conducts market research to be aware of upcoming trends.



	changing trends.	decrease.	
Business performance	Company may not perform as expected.	Adverse consequences could include reduced profit.	This risk is managed through a number of measures including appointing an appropriate management team, regular budget and business planning and financial controls.
Financial Risk	Adequate financial and business controls.	Error or fraud, leading to a loss in reputation, business partners and customers.	The Company exercises financial and business control through qualified and experienced financial personnel, budgeting and cash flow forecasting, amongst other measures.

An internal audit function is not currently considered necessary or practical due to the size of the Company and the day to day control exercised by management. However, the Board will monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

The Board regularly reviews the mechanisms of internal control it has implemented, assessing for effectiveness.

### **5. Maintain the Board as a well-functioning, balanced team led by the Chair**

The Board comprises of the Executive Chairman, Guy Elliott, Interim CFO, Bryan Disher; and non-executive director Henry Turcan. Henry Turcan and Guy Elliott are representatives of a significant shareholders and are not considered to be independent. Bryan Disher has no direct investment in the Company, nor does he represent any shareholders and normally occupies the role of independent non-executive director. We recognise that there is currently a lack of diversity of the Board and will take into account the need for greater inclusivity when considering future nominations.

For transparency, the letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. The Non-Executive Directors are expected to dedicate 18 days per annum to the Company.

Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. All Directors are encouraged to use their



judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

The Board meets at regular intervals in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board and Committee document authors are made aware of proposed deadlines, allowing board papers to be collated, compiled into a Board Pack, and circulated within sufficient time prior to each meeting, thus allowing time for full consideration and necessary clarifications before the meeting.

The Audit and Remuneration Committees are not currently constituted due to an insufficient number of Non-Executive Directors on the Board. It is expected that following the appointment of permanent executive directors, there will be a sufficient number of Non-Executive Directors to constitute both Committees with the necessary skills and knowledge to discharge their duties effectively, though this is monitored on an ongoing basis.

#### Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

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

The Non-Executive Directors have both a breadth and depth of skills and experience to fulfil their roles. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, and notes the range of financial and marketing skills, although a greater number of directors are required to provide an appropriate depth of skill. The Non-Executive Directors normally meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found here: <https://mmx.co/about-mmx/mmx-board>.

In addition to their general Board responsibilities, Non-Executive Directors are typically encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise.

The Company has employed the services of ONE Advisory Limited to act as the Company Secretary, who are responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. The Company's nominated advisor provides ad hoc AIM Rules refresher training as well as the initial training as part of a new Director's onboarding. If required, the Directors



are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors consider that the Company and Board are not of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss areas where they feel a change would be of benefit for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it expects to expand the Board and, with the Board expansion, re-consider the need for Board evaluation. .

Succession planning recommendations are made by the Board as a whole. As the Company grows, both organically and by acquisition, the executive management of the business will consequently increase and assist with succession planning.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

### **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback, and enabling positive and constructive challenge.

The Group operates a whistleblowing policy to facilitate the reporting by employees of suspected misconduct, illegal acts or failure to act within the Group. The aim of this Policy is to encourage employees and others who have serious concerns about any aspect of the Group's work to come forward and voice those concerns.



The Group also promotes employee engagement and receives feedback from employees through employee commentary and reviews.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. The Directors seek to align their interests with shareholders and hold shares, options and Restricted Stock Units (RSUs) in the Company, as detailed in the most recent Annual Report.

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

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. We review our corporate governance arrangements regularly and expect these to evolve over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chair being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Company's business and are primary contacts with shareholders, clients and partners.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role, including creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The Executive Directors are responsible for the day-to-day running of the business, as well as plans and budgets approved by the Board of Directors. The Executives also propose, implement and develop corporate strategy, as well as managing and overseeing management development and corporate responsibility.

The Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

The Board has adopted the following matters which are reserved for the Board:

- responsibility for the overall management of the Group and for its strategic direction;
- approval of the Group's strategy;
- annual business plans and budgets; - interim and full year financial statements and reports;
- investments or disposals;
- succession plans; and
- monitoring of financial performance against budget and forecast.



The Board delegates authority to two Committees to assist in meeting its business objectives, and the Committees meet independently of Board meetings.

#### Audit Committee

Until recent changes to the Board membership and roles, the Audit Committee comprised of independent Non-Executive Director Bryan Disher (Chairman) and Non-Executive Director, Henry Turcan. However, due to an insufficient number of Non-Executive Directors on the Board to fully constitute the committee, the Audit Committee's responsibilities are undertaken by the Board as a whole.

When constituted, the Audit Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee typically receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place. The Audit Committee meets not less than twice each financial year. During 2019, the Committee met three times with both members present at all meetings. The Audit Committee report for the year ended 31 December 2019 is available in the 2019 Annual Report.

#### Remuneration Committee

As with the Audit Committee, the Remuneration Committee is not currently constituted due to an insufficient number of Non-Executive Directors on the Board. Before recent Board changes, the Remuneration Committee has two members, Non-Executive Directors Guy Elliott (Chair), and Henry Turcan. Other members of the Board would attend the Committee's meetings at the request of the Committee Chair. For the time being, the Remuneration Committee's responsibilities are undertaken by the Board as a whole.

When constituted, the Remuneration Committee is responsible for making recommendations to the Board on Director and senior Executives' remuneration. The Remuneration Committee determines and reviews the terms and conditions of service of the Executive Directors and the Non-Executive Directors.

The Remuneration Committee report for the year ended 31 December 2019 is available in the 2019 Annual Report and going forward the Directors' Remuneration Policy will be available in the Company's Annual Reports.

The Board has elected not to establish a Nominations Committee, preferring instead that the Board should, itself, deal with such matters, including succession planning and the balance of the Board. Therefore, the Board will review Board composition.

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

The Board is committed to providing effective communication and having constructive dialogue with its shareholders. The Company intends to have ongoing relationships with both private and institutional shareholders and





shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company, as well as maintaining regular contact with advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of any other major shareholders. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting in person, except where Covid-19 restrictions do not permit same. While all resolutions at the 2020 AGM was passed comfortably, as a general rule if there is a resolution passed at a GM with 20% or more votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents (including Annual Reports, Notices of AGMs and AGM Proxy Votes) can be found here: <https://mmx.co/investors>.

Investors also will have access to current information on the Company through its website, mmx.co. The Company uses electronic communications with shareholders in order to maximise efficiency.

Guy Elliott

Chairman

30 November 2020