

Corporate Governance Statement

Updated 9 May 2024

Introduction

The Directors attach great importance to maintaining high standards of corporate governance to help achieve the Company's goals. To that end they have adopted the principles set out in the Quoted Companies Alliance Corporate Governance Code for Small and Mid- Size Quoted Companies (the 'QCA Code') 2018. The QCA Code, which is constructed around 10 broad principles, sets out a standard of minimum best practice for small and mid-size quoted companies, including AIM companies. Companies are required to disclose how the implementation of the QCA Code has been applied or, to the extent not done so, to explain any areas of departure from its requirements.

The Executive Chairman is responsible for corporate governance and the overall leadership of the Board and ensuring its effectiveness.

We have considered how we apply each principle to the extent that the Board judges these to be appropriate for our circumstances, and below we provide an explanation of the approach taken in relation to each. Our compliance with the QCA Code is based on the Company's current practices.

Our objective is to secure the long-term success of the Group by establishing a sustainable and profitable operating model with an appropriate underlying cost base. The Board believes that applying sensible corporate governance practices at this crucial stage of the Company's development can only help achieve our goals.

We have identified a number of areas where we are not in full compliance with the guidelines of the QCA Code and these are Principle 9. We explain in detail under the relevant principle why we have departed from the guidelines in these areas.

We operate in the way the Board believes is most suited to the Group at its current stage of development. With the appointment of two new non-executive directors in 2023, the Group has established a strong leadership team and an appropriate cost base to enable it to focus on growing the business to secure its long-term sustainable success whilst creating long-term value for shareholders and stakeholders alike.

We trust that the result of our efforts to date provide stakeholders with access to the information they need and the confidence that the Board holds corporate governance compliance in the highest regard.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

The Group's principal activity is the provision of end-to-end solutions to enterprise scale end customers, both public and private, concentrating on end-user device management and on-site solutions. The Board's objective is to secure long-term success by establishing a sustainable and profitable operating model with an appropriate underlying cost base in order to create long-term value for shareholders and stakeholders. 2024 will see a focus on the utilisation of the lifecycle facility in Dartford with initiatives to this end already underway. The strategy involves

continuing with organic initiatives, expanding the partner network as well as growth through acquisition and possible expansion into Europe.

The Board has set out its strategy and business model in the Strategic Report of the Annual Report and Financial Statements, giving further information in the Chairman's Statement and the Financial Review about how we performed against our stated strategy. The Strategic Report includes information on the principal risks and uncertainties faced by the Group and how we have acted to reduce our exposure to risk.

The Strategic Report describes how the Group's flexible and technically skilled workforce enable it to deliver and support critical services and solutions in a highly secure environment and how the Group seeks to differentiate itself through innovation, reliability and value.

The Board will continue to monitor its progress against its stated strategy.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

Tialis Group is committed to open communication with all its shareholders.

Copies of the Annual Report and Financial Statements are issued to all shareholders who have requested them and copies are available on the Group's investor website www.tialis.com. The Group's interim results are also made available on the website. The Group makes full use of its investor website to provide information to shareholders and other interested parties.

The Board reviews proxy voting reports and any significant dissent is discussed with relevant shareholders and, if necessary, action is taken to resolve any issues. In compliance with best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared at all general meetings and announced.

The Company values the views of its shareholders and recognises their interest in its strategy and performance. The board believes it is important to explain business developments and financial results to its shareholders and to understand their concerns. Shareholders are given the opportunity to raise questions at the Annual General Meeting ("AGM") and the Directors are available both before and after the meeting for further discussion with shareholders.

Andy Parker, Executive Chairman, and Ian Smith, Executive Director, are primarily responsible for communicating with investors.

Meetings via the Company's broker are offered to major institutional shareholders to discuss strategy, financial performance and investment activity immediately after the full year and interim results announcements. The Directors are available to meet with major shareholders if such meetings are requested. Feedback from such meetings with shareholders is provided to the Board to ensure the Directors have a balanced understanding of the issues and concerns of major shareholders.

The Board receives share register analysis reports to monitor the Company's shareholder base and help identify the types of investors on the register.

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

The Group recognises its employees, customers, suppliers, advisors, banks and shareholders as forming part of the wider stakeholder group. Management identifies key relationships within the business and effort is directed to ensuring these relationships are managed appropriately. Regular reviews are undertaken to ensure any issues are addressed promptly.

The Board reviews its top clients and suppliers in its Board meetings and these are identified in packs provided to the Board.

The Company has a good relationship with its Nomad, broker and other advisers. Feedback from investors is provided by the broker as well as through direct engagement with investors by the Board.

The Company meets frequently with customers and communicates regularly with suppliers. There is a feedback system in place and issues raised can be addressed.

The Company's internal stakeholders are its employees. The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

Staff policies

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices in the United Kingdom. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees on the financial and economic factors affecting the Group, plays a major role in maintaining its relationship with its staff.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled, the Group continues employment, either in the same or an alternative position, with appropriate retraining being given, if necessary.

The Board believes that its investment in the wider stakeholder network is expected to assist the Company's management in achieving its long-term goals creating an environment of trust and communication which will have positive implications for the long-term success of the Company.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Group's internal control system. The business and management of the Company and its subsidiaries are the collective responsibility of the Board. At each meeting, the Board

considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

Having undertaken significant reorganisation and restructuring of the Group during the course of 2023, the Board continues to identify the most critical risks and challenges facing the business and to take the necessary steps to mitigate these risks by strengthening its control systems. The risks were significantly reduced following disposal of Connect in 2022, which has also simplified the group. The revised and refined system of risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and is explained in the Strategic Report under the heading Principal Risks and Uncertainties. The Board has established a risk register which is bespoke to the Group's business. At least twice a year the risk register is reviewed and the Board considers the appropriateness of the risks identified and the mitigating action taken by management on a risk by risk basis with a particular focus on those deemed most critical.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the Chair.

Andy Parker, who joined the Board as a Non-Executive director in August 2018, was appointed as Executive Chairman in October 2018 until May 2020. In June 2020 Andy reverted to the role of Non-Executive Chairman. On 1 February 2023, he was reappointed Executive Chairman to aid the integration of Allvotec.Limited which was acquired in the same month.

Andy is a chartered accountant and has held a wide range of commercial and finance roles including acting as Chief Executive Officer of Capita Group PLC, the FTSE 100 professional support services company. Andy has also held a number of finance director roles during his career and is a highly experienced public markets board director. As Andy is an executive chairman, he is not considered to be an independent director. Andy is Chair of the remuneration committee and a member of the audit committee.

Ian Smith is an Executive Director and he led the Group's strategic and operational review in 2018. Ian is the Chief Executive Officer and a substantial shareholder of MXC Capital which is a substantial shareholder of the Company and as such is not considered to be an independent director. Ian is a member of the audit and remuneration committees.

Nicolas Bedford, who was appointed as a Non-Executive Director on 3 January 2023, is an independent director. Nicolas, a chartered accountant and a highly experienced finance professional who has worked for large PLCs, including Capita PLC and Misys PLC is chair of the Company's audit committee. He is also a member of the remuneration committee.

Matthew Riley was appointed as a Non-Executive Director on 1 February 2023 following the purchase of profitable partner contracts from Allvotec, a division of Daisy group. Matthew was the founder and chairman of Daisy Group and he led Daisy Communications Ltd and Daisy Group through rapid growth to become one of the UK's leading end-to-end business technology and communications service providers. Matthew is an independent director and a member of the Remuneration Committee.

The Board currently comprises two Non-Executive Directors and two Executive Directors, supported by senior managers, and it oversees and implements the Company's corporate governance programme. As chairman, Andy leads the Board and is responsible for the

Company's approach to corporate governance and the application of the principles of the QCA Code.

Each board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend regular board meetings and join ad hoc board calls and offer availability for consultation when needed. The contractual arrangements between the Directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. However, in exceptional circumstances all board members understand the need to commit additional time.

Detailed board packs include information on all business units and financial performance and are circulated ahead of board meetings. Key issues are highlighted and explained, providing board members with sufficient information to enable a relevant discussion in the board meeting.

Board and committee meetings

The Board is supported by its Audit Committee and its Remuneration Committee.

Attendances of Directors at Board and committee meetings convened in 2023, and which they were eligible to attend, are set out below:

Director	Board Meetings Attended	Remuneration Committee Attended	Audit Committee Attended
Number of meetings in year	11	1	4
Andy Parker	11/11	N/A	3/4
Ian Smith	9/11	1/1	1/4
Nicolas Bedford	11/11	1/1	4/4
Matthew Riley	4/10	N/A	N/A

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The members of the Board and their experience and skills etc are set out in the Directors' Report and Financial Statements identifies the members of the Board at the time of publication and describes the relevant experience, skills and qualities they bring.

The Chairman believes that the Board has a suitable mix of skills and competencies in order to drive the Group's strategy following completion of the Strategic and Operational Review and is best placed to secure the future of the Company and create long-term value for all stakeholders.

The nature of the Company's business requires the Directors to keep their skillset up to date. Periodic updates to the Board on regulatory matters are given by Company's professional advisers. The Company's financial adviser and Nomad and lawyers are consulted on any significant matters where the Board believes external expertise is required.

External advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company and the markets in which they operate. Additionally, MXC Advisory Limited, which is part of the same group as the significant shareholder MXC

Capital Limited, is a retained financial adviser principally focused on acquisitions and provides the services of Ian Smith, Executive Director.

The qualified Company Secretary advises the Board on corporate governance and regulatory matters, attends the Board meetings and reports directly to the Chairman on governance matters. In keeping with best practice as set out in the QCA guidelines the Company has split the role of Chief Financial Officer (who attends the board whilst not a statutory director) and Company Secretary.

Andy Parker and Ian Smith are primarily responsible for communicating with investors.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board regularly reviews the effectiveness of its performance as that of its committees and individual Directors, a process that is overseen by the Chairman. Board members are encouraged to participate in board meetings by asking questions, discussing issues, challenging others and providing input. The Directors' Report in the Annual Report and Financial Statements identifies the members of the Board at the time of its publication and describes the relevant experience, skills and qualities they bring.

The Remuneration Committee meets when necessary to consider the appointment of new directors and makes recommendations to the Board which has overall responsibility for appointments and succession planning. Board appointments are made after consultation with advisers in all cases and with major shareholders in some cases. The Nomad undertakes due diligence on all new potential board candidates. Board members all have appropriate notice periods so that if a board member indicates his/her intention to step down, there is sufficient time to appoint a replacement, whether internal or external. All Directors are required to retire by rotation and seek re-election every three years.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect.

Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. The Board believes that achieving a common awareness across all employees plays a major role in maintaining good employee relations. The Group's culture of honesty and respect is reflected in the continued support and dedication shown by employees to deliver value to our customers during what has been a challenging year.

The Company is committed to promoting a culture based on ethical values and behaviours across the business. Policies are in place covering key matters such as bribery, protection of intellectual property and sensitive information, conflicts of interest, whistleblowing and anti-slavery. These are vigorously enforced and monitored. The Group has invested a great deal of work to improve its Corporate and Social Responsibility throughout 2023. This included external auditing and improvements to a number of sustainability and decarbonisation functions throughout the business.

Central to the Company's culture and values are Collaboration, Respect, Excellence, Speed, Trust and Accountability, known to the Company's employees as CRESTA. Information on how

the Company's beliefs are applied to the business is set out on the website.

Certifications

The Company is proud to have been awarded ISO/IEC 20000-1, ISO 9001, ISO 27001 and ISO 14001.

This has resulted in a number of external ratings including achieving a gold award from Ecovadis.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The principal governance structures and processes of the Company and its subsidiaries are the collective responsibility of the Board and its Committees. At each Board meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

Audit Committee

The duties of the Audit Committee include reviewing, in draft form, the Company's annual and half-yearly report and accounts and providing advice to the Board. Members of the Audit Committee are also responsible for reviewing and supervising the financial reporting process and internal control systems of Tialis Group. The Audit Committee is currently comprised of two Non-Executive Directors and two Executive Directors.

Remuneration Committee

The Remuneration Committee is responsible for determining the policy for Directors' remuneration and setting remuneration for the Company's chair, executive Directors and senior management including share option schemes and any bonus arrangements. No director plays any role in determining his or her own remuneration. The Remuneration Committee is currently comprised of two Non-Executive Directors and two Executive Directors.

Departures from the Code

In 2022 there were no independent directors. The appointments of Nicolas Bedford in January 2023 and Matthew Riley in February 2023 addressed this issue. However, there is only one independent director in the Audit Committee, Nicolas Bedford. Nicolas was appointed to the Audit Committee when he joined the Board of Directors in January 2023 and is a chartered accountant. The Board recognises that this is a departure from the Code. Both independent directors are on the Remuneration Committee.

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

The Company reports formally to its shareholders and the market generally twice each year with the release of its interim and full year results. The full year results are audited by an external firm of auditors.

The Annual Report and Financial Statements set out how the corporate governance of the Company has been applied in the period under review.

These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects and the reports are made available via the Company's website to anyone who wishes to review them.

The Group maintains a regular dialogue with stakeholders including shareholders to enable interested parties to make informed decisions about the Company and its performance. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to. This proved to be of utmost importance during 2023 which was a period of significant change and challenge for the Company. The Board intends to continue its policy of communication for the mutual benefit of the Company and its stakeholders.

The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In the event that a significant portion of voters vote against a resolution, an explanation of what actions the Board intends to take to understand the reasons behind the vote will be included.

Andy Parker
Executive Chairman
Date: 9 May 2024