



XAAR PLC

Audit Committee: Terms of Reference

Adopted by the Remuneration Committee on 16 January 2019
Last amended: 16 December 2025

1 Applicability

- 1.1 These Terms of Reference for the Xaar plc Audit Committee (the "**Committee**") are effective with effect from 16 December 2025 and supersede all previous Terms of Reference.

2 Membership

- 2.1 The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, in consultation with the chair of the Committee ("**Committee Chairman**"). Membership of the Committee shall be confined to independent non-executive directors. The Chairman of the Board ("**Chairman**") shall not be a member. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 2.2 The Committee shall have at least three members (however the Committee is permitted to have at least two members if the Company is below the FTSE 350 throughout the year immediately prior to the reporting year, and there are not more than two independent non-executive directors eligible for membership). The members of the Committee, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies, shall be independent non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- 2.3 The Committee Chairman, who shall be an independent non-executive director, shall be appointed by the Board, on the recommendation of the Nomination Committee. The Board shall determine how long the Committee Chairman shall hold office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present at a Committee meeting shall elect one of themselves to chair that meeting.
- 2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for two additional periods of three years, provided the director remains independent.
- 2.5 If a member is unable to act for any reason, the Committee Chairman may appoint another non-executive director as an additional member.
- 2.6 The Committee Chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.



3 Secretary

- 3.1 The Company Secretary or his nominee shall act as the Secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4 Quorum

- 4.1 The quorum necessary for the transaction of business at meetings of the Committee shall be two members present in person or in the form of either video or audio conferences. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5 Attendance at Meetings

- 5.1 No one other than the Committee members shall be entitled to attend Committee meetings.
- 5.2 Other persons shall attend the whole or any part of any of the Committee's meetings if invited by the Committee Chairman on the recommendation of Committee members or the Secretary of the Committee. Any person invited to attend a meeting of the Committee shall have no right to participate or vote on any matter put to that meeting.
- 5.3 The Committee shall allocate all or part of at least one meeting a year to discussions with the external auditors with no members of management present. Those discussions need not be at the same meeting.
- 5.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conferences.

6 Frequency of Meetings

- 6.1 Meetings shall be held typically three times a year (to coincide with key dates in the Company's financial reporting cycle) and as otherwise required.
- 6.2 Outside the formal Committee meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive, the Chief Financial Officer and the external audit lead partner.

7 Notice of meetings and Voting Arrangements

- 7.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of the Chief Financial Officer or the external or internal auditor if they consider it necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three working days before the date of the meeting. Supporting



papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

- 7.3 Subject to paragraph 7.4 and 7.5, each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can be cast by members attending a meeting of the Committee (including attendance via telephone or video conference) or by e-mail should this be appropriate, as determined by the Committee Chairman, regarding the matter being considered.
- 7.4 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 7.5 Save where he or she has a personal interest, the Committee Chairman shall have a casting vote.
- 7.6 The Committee Chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.
- 7.7 All decisions of the Committee shall be formally reported to the Board by the Committee Chairman.
- 7.8 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

8 Minutes of meetings

- 8.1 The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman. Once agreed, minutes should be circulated to all other members of the Board, unless in the opinion of the Committee Chairman, it would be inappropriate to do so (for example, if a conflict of interest exists).

9 Annual General Meetings

- 9.1 The Committee Chairman shall attend the Annual General Meeting and shall answer shareholder questions on the Committee's activities and areas of responsibility and to deal with any questions relating to the resignation or dismissal of the external auditor and shall make a statement on the Committee's activities and achievements over the year (including details on engagement with shareholders on significant matters).

10 Authority

- 10.1 The Committee is authorised by the Board to:
 - 10.1.1 carry out all duties set out in these terms of reference and to have unrestricted access to the Company's documents and information;



- 10.1.2 seek any information that it requires from any employee of the Company or its subsidiaries (“**Group**”) in order to perform its duties and all employees are directed to cooperate with any request made by the Committee;
- 10.1.3 obtain, within any budgetary restraints imposed by the Board, independent legal, accounting or other professional advice, at the Company's expense, on any matters within its terms of reference;
- 10.1.4 call any employee to be questioned or instruct external professional advisers to attend, at the Company's expense, any meeting of the Committee, if it considers this necessary or appropriate; and
- 10.1.5 have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

11 Duties

- 11.1 The Committee shall carry out the duties below for the Group, as appropriate.
- 11.2 The duties of the Committee shall be:

Financial Reporting

- 11.2.1 to monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports, interim management statements and any other formal announcement relating to the Group's financial performance and to review and report to the Board on significant financial reporting issues and judgements contained in them having regard to matters communicated to them by the auditor;
- 11.2.2 to review, and challenge where necessary:
 - (i) the application, consistency, quality and appropriateness of, and any changes to, significant accounting policies both on a year on year basis and across the Company and the Group;
 - (ii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iii) the clarity and completeness of financial reporting disclosures and any changes to those disclosures in the Company's financial reports and the context in which statements are made
 - (iv) correspondence between the Company and the external auditor;
 - (v) the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
 - (vi) significant adjustments resulting from the external audit; and



- (vii) all material information presented with the company's financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and to risk management); and
 - (viii) the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period);
- 11.2.3 to monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements;
- 11.2.4 review first any other statements that contain financial information and require Board approval, if carrying out a review before Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook; and
- 11.2.5 to report its views to the Board where it is not satisfied with any aspect of the proposed financial reporting by the Company;

Narrative reporting

- 11.2.6 where requested by the Board, to review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy and whether it informs the Board's statement in the annual report on those matters that is required under the Code;

Internal controls and risk management systems

- 11.2.7 on behalf of the Board (which retains overall responsibility for risk management) to review and monitor the adequacy and effectiveness of the Company's internal financial control systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- 11.2.8 to review and approve the statements to be included in the annual report concerning internal controls and risk management and the viability statement;
- 11.2.9 on behalf of the Board, to ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation), that procedures are in place to identify



emerging risks and to provide advice on the management and mitigation of those risks;

- 11.2.10 to oversee and advise the board on the Company's and the Group's current risk exposure and future risk strategy and consider how the remuneration of executives shapes their view of risk;
- 11.2.11 to review the Company's internal financial controls and internal control systems and carry out a review of its effectiveness and approve the statement to be included in the annual report concerning internal control;
- 11.2.12 to provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary;
- 11.2.13 to review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal auditor, the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the Board to satisfy itself that they are operating effectively;
- 11.2.14 to review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation;
- 11.2.15 consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts; and
- 11.2.16 to consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate;

Compliance, whistleblowing and fraud

- 11.2.17 to review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
- 11.2.18 to review the Company's procedures for detecting fraud; and



- 11.2.19 to review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receive reports on non-compliance;

Internal Audit

- 11.2.20 to review annually the need for an internal audit function, make any recommendations to the Board and explain the reasons for the absence of such a function to the Board for disclosure in the annual report. The Committee shall assess whether the processes applied by management to ensure the internal controls systems are functioning as intended and provide sufficient and objective assurance; or

- 11.2.21 if an internal audit function is in place, then;

- (i) to review and approve the role and mandate of the internal audit function and monitor and review the effectiveness of its work and annually approve the internal audit charter ensuring that it is appropriate for the Company's current needs;
- (ii) to review and approve the annual internal audit plan to ensure it is aligned to business's key risks and receive regular reports on work carried out;
- (iii) to ensure that the internal audit function has unrestricted scope, necessary resources and appropriate access to information to enable it to perform its function effectively and in accordance with appropriate professional standards for internal auditors. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions;
- (iv) to ensure the internal auditor has direct access to the Chairman and to the Committee Chairman and is accountable to the Committee;
- (v) to approve the appointment or termination of appointment of the head of the internal audit function;
- (vi) to review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors;
- (vii) to receive reports on the results of the internal auditor's work on a periodic basis and in a timely manner;
- (viii) to determine whether it is satisfied that the quality, experience and expertise of internal audit are appropriate for the business;
- (ix) to review and monitor management's responsiveness to the internal auditors' findings and recommendations and management's actions to support the effective working of the internal audit function;



- (x) to meet the head of internal audit/quality (if such role(s) exist) at least once a year, without management being present to discuss effectiveness of the internal audit function;
- (xi) to ensure that there is open communication between the different functions and that the internal function evaluates the effectiveness of risk, compliance and finance functions as part of its audit plan; and
- (xii) to consider whether an independent, third party review of internal audit effectiveness and processes is required;

External audit

- 11.2.22 to conduct the tender process, consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 11.2.23 to ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender develop and oversee the selection process in accordance with applicable regulatory requirements, the UK Corporate Governance Code and the FRC Minimum Standard, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process ;
- 11.2.24 if an external auditor resigns, to investigate the issues leading to this and decide whether any action is required;
- 11.2.25 to evaluate the risks to the quality and effectiveness of the financial reporting process in light of the auditor's communications with the Committee and to consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation;
- 11.2.26 to oversee the Company's relationship with the external auditor including (but not limited to):
 - (i) approval of their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of the legal, professional and regulatory requirements, guidance and the Ethical Standard;
 - (iii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;



- (iv) reviewing, monitoring and assessing annually their independence and objectivity taking into account relevant UK law, professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards to mitigate those threats including the provision of any non-audit services;
 - (v) seeking reassurance from the external auditor and their staff and satisfying itself that there are no relationships (such as family, financial, employment, investment or business) between the auditor and the Company (other than in the normal course of business) which could adversely affect the auditor's independence and objectivity;
 - (vi) seeking information from the external audit firm about, and monitoring, the external audit firm's policies and processes for maintaining independence and its compliance with the relevant UK law regulation and other professional requirements;
 - (vii) agreeing with the Board a policy on the employment of former employees of the external auditor, taking into account legal requirements and monitoring the implementation of this policy;
 - (viii) monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees that the Company pays in proportion to the total fee income of the firm, office and partner and other related requirements;
 - (ix) reviewing, monitoring and assessing annually the qualifications, expertise and resources of the external auditor and, taking into account relevant UK professional and regulatory requirements, the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
 - (x) seeking to ensure co-ordination with the activities of the internal audit function; and
 - (xi) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the Company's present auditor from the market in that evaluation;
- 11.2.27 to meet regularly with the external auditor, including once at the planning stage before the audit commences and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 11.2.28 to review and approve the annual audit plan at the start of the audit cycle and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;



- 11.2.29 to consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor;
- 11.2.30 to review and discuss the auditor's remit and the findings of the audit including (but not limited to) any major issues that arose during the course of the audit, the auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the auditor's view of their interaction with senior management and levels of errors identified during the audit and the effectiveness of the audit process;
- 11.2.31 to review any audit representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;
- 11.2.32 to review, before its consideration by the Board, the external auditor's report to the directors and their management letter and management's response to the auditor's findings and recommendations;
- 11.2.33 at the end of the audit cycle, assess the effectiveness of the audit process including:
 - (i) reviewing whether the auditor has met the agreed audit plan and whether the external auditor identified any risks to audit quality and, if so, how these were addressed;
 - (ii) understanding reasons for changes to the audit plan;
 - (iii) considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
 - (iv) obtaining feedback from key people on the conduct of the audit; and
 - (v) reviewing and monitoring the content of the external auditor's management letter and reporting to the board on the effectiveness of the audit process;
- 11.2.34 to develop, recommend to the Board, implement and keep under review the Company's policy on the supply of non-audit services by the external auditor, ensuring there is prior approval for any non-audit services and that an assessment of whether non-audit services have a direct material effect on the audited financial statements is carried out. The policy should include assessment of:
 - (i) any threat or impairment to auditor the external auditor's objectivity and independence and any safeguards in place to eliminate or reduce threats;
 - (ii) the nature of the non-audit services;



- (iii) in light of the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit services;
 - (iv) the fees for the non-audit services, both for individual services and in aggregate, relative to the audit fee, including special terms and conditions; and
 - (v) the criteria governing compensation of the individuals performing the audit;
- 11.2.35 to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process. The committee should report to the Board on any improvement or action required.

Duties not covered by the Audit Committee

- 11.2.36 For the avoidance of doubt the Committee is not responsible for the following duties:
- (i) the periodic review of the risk register, which is to be carried out by the Board; and
 - (ii) areas of legal compliance outside of those described earlier in the duties section of this document.

12 Reporting

- 12.1 The Committee shall report formally to the Board on its proceedings after each Committee meeting on all matters within its duties and responsibilities.
- 12.2 The Committee shall prepare a report to the Board on its activities and how it has discharged its responsibilities. Such report should be included in the Company's annual report and should include:
- 12.2.1 the names and qualifications of all members of the Committee during the period;
 - 12.2.2 the number of Committee meetings and attendance by each member over the course of the year;
 - 12.2.3 a summary of the role and work of the Committee;
 - 12.2.4 how the Committee's performance evaluation has been conducted;
 - 12.2.5 the significant issues that the Committee considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the Financial Reporting Council's Corporate



Reporting Review team and any significant findings of a review of the Company's audit conducted by the Financial Reporting Council's Audit Quality Review team;

- 12.2.6 an explanation of its assessment of the independence and effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company and the Group, auditor objectivity and independence is safeguarded) and its approach taken to the appointment or reappointment of the external auditor, length of incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans (and reasons why completing the process in that proposed financial year is in the best interests of the Company's members) and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
 - 12.2.7 the Committee's policy for approval of non-audit services, how auditor objectivity and independence is safeguarded, the audit fees for the statutory audit for audit related services and other non-audit services, including the ratio of audit to non-audit work, and for each significant engagement, or category of engagements, what the services are and why the Committee concluded that it was in the Company's interests to purchase them from the external auditor;
 - 12.2.8 an explanation of how the Committee has addressed the effectiveness of the internal audit process and if there is no internal audit function, an explanation for the absence, how internal assurance is achieved and how this affects the work of external audit;
 - 12.2.9 an explanation of any necessary disclosure implications of the process that have been applied by the board to deal with material control aspects of any significant problems disclosed in the annual report and accounts;
 - 12.2.10 consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate;
 - 12.2.11 all other information requirements set out in the Code; and
 - 12.2.12 any other issues on which the Board has requested the Committee's opinion.
- 12.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.



- 12.4 In compiling the report referred to in paragraph 12.2, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the longer-term viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.
- 12.5 Where disagreements between the Committee and the Board cannot be resolved, the Committee shall report the issue to the shareholders as part of the report on its activities in the Company's annual report referred to in paragraph 12.2.
- 12.6 If the Board does not accept the Committee's recommendation regarding the appointment, reappointment and removal of the external auditor, the Committee shall include a statement explaining its recommendation and reasons why the Board has taken a different stance in the annual report referred to in paragraph 12.2.

13 Other Matters

13.1 The Committee shall:

- 13.1.1 consider other duties determined by the Board from time to time;
- 13.1.2 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and Legal Counsel for assistance as required;
- 13.1.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 13.1.4 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority and any other applicable rules, as appropriate;
- 13.1.5 be responsible for co-ordination of the internal and external auditors;
- 13.1.6 work and liaise with all other Board committees, taking particular account of any delegation of the impact of risk management and internal controls to different committees;
- 13.1.7 oversee any investigation of activities which are within its terms of reference; and
- 13.1.8 arrange for periodic reviews of its own performance, and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.