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## **Audit Committee (the “Committee”) Terms of Reference**

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### **1. Composition of the Committee**

The Committee shall be comprised of two or more independent Directors. The Chair of the Board may be, but is not required to be, a member of the Committee but may not act as the Committee Chair. At least one member of the Committee shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Board of Physitrack PLC have approved the following Audit Committee composition:

- Jasper Zwartendijk (Non-executive Director (*NED*)) as Chair of the Committee
- Elaine Sullivan (*NED* and Chair of the Board), Arup Paul (*NED*), and Anne-Sophie D'Andlau (*NED* and Vice Chair / Senior Independent Director) as Members

### **2. Meetings**

The Committee will meet at least twice each year, to review drafts of the Annual Report and one Interim Report of the Company, audit planning purposes and at such other times as may be required. A quorum shall be any two members of the Committee. The minutes of each meeting of the Committee shall be circulated to all members of the Committee and other Directors of the Company. Any Director, upon request to the Secretary, may obtain copies of the Committee's agenda and minutes provided that there is no conflict of interests.

Any action of the Committee may also be taken by an instrument or instruments in writing, including via email or other electronic means, including via the use of electronic signatures by all members of the Committee and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

### **3. Attendance**

The Committee may invite other Board members to attend meetings and may request representatives of the Auditor, the Secretary and the Administrator or any other relevant person to attend meetings, but such invitees shall have no right of attendance.

### **4. Resources**

The Company Secretary of the Company shall act as Secretary to 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.

### **5. Authority**

The Committee is authorised to:

- seek any information it reasonably requires from a representative of any third-party service provider in order for the Committee to perform its duties;
- request a representative of a third-party service provider to attend any meeting of the Committee;
- obtain at the Company's reasonable expense outside legal or other professional advice on any matters within its terms of reference (if considered necessary and appropriate); and
- have timely and unrestricted access to relevant documents relating to the affairs of the Company.

### **6. Shareholder Engagement**

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The Chair of the Committee, or his or her nominated delegate, shall attend the Annual General meeting and be prepared to respond to any shareholder questions on the Committee's activities.

The Chair should seek engagement with shareholders on significant matters related to their area of responsibility.

## **7. Main roles and Responsibilities**

The main roles and responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate Board risk committee composed of independent non-executive directors, or by the Board itself;
- conducting the tender process and making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required.

The Committee shall report to the Board on how it has discharged its responsibilities.

## **8. Going concern Status**

The Committee shall review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly or interim financial statements, and identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

## **9. Viability Assessment**

The Committee shall review the position and make recommendations to the Board in relation to viability assessment and related disclosures in the Company's annual report.

In making its recommendations, the Committee will take into account the Company's current position and principal risks. The Committee will make recommendations with regards to the explanation in the annual report as to how the Board has assessed the prospects of the Company, over what period it has done, why it considers that period to be appropriate and whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

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## **10. Internal controls and risk management Systems**

The Committee shall:

- establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company;
- ensure that there is a robust assessment of the Company's emerging and principal risks and that a confirmation from the Board of directors of the Company in its annual report that this assessment has been completed, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated;
- monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls;
- review, on at least an annual basis, the reports on internal controls provided by the Company's key service providers;
- review any reports by the external Auditor concerning internal controls and risk management systems; and
- review the statements included in the Annual Report in relation to internal controls and risk management.

## **11. Whistleblowing**

The Committee shall, from time to time, review the arrangements by which staff of service providers, including the Company Secretary and Administrator, may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

## **12. Internal Audit**

The Committee, annually, shall monitor and review the need for an internal audit function, and make an appropriate recommendation to the Board.

## **13. External Audit**

The Committee shall:

- review the audit plan prepared by the external auditor (the "Auditor") ahead of the commencement of the audit;
- meet with the Auditor to review reports from the Auditor to the Committee and to discuss any significant issues that arose during the course of any audits;
- satisfy itself that the level of fee payable in respect of the audit services provided is appropriate for an effective audit to be conducted;
- review and, if necessary, seek amendments to the letter of representation to be given by the Board to the Auditor;
- review engagement letters issued by the Auditor;
- oversee the selection process when conducting audit tenders and appointing new external auditors following relevant industry guidance; and
- at the end of the annual audit cycle, assess the effectiveness of the audit process and make a recommendation to the Board regarding the re-appointment of the Auditor.

## **14. Reporting**

The Committee shall ensure that the Terms of Reference for the Committee are generally available upon request or on the Company's website.

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The Committee shall ensure that the Annual Report includes disclosures in relation to:

- the performance of the Company;
- the ongoing charges figure of the Company;
- any alternative performance measures used by the Company; and
- details of borrowing covenants indicating the consequences of any material breach.

The Committee will prepare a separate section of the Annual Report to describe the work of the Committee in discharging its responsibilities. This report will include:

- the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
- an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted;
- in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); and
- an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.

Reviewed & approved by the Board: 9 May 2023