

## **Next 15 Group plc (the 'Company')**

### **Audit and Risk Committee (the 'Committee')**

#### **Terms of Reference**

These terms of reference identify and formalise the roles & responsibilities of the Audit and Risk Committee delegated to it by the Company's board of directors (the '**Board**') to review and monitor the Company's financial controls and internal control and risk management frameworks.

#### **1. Membership & attendance**

- 1.1 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 (the "Committee Chair"). All of the members of the Committee shall be 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 and which may include the Chair of the Board if they were considered independent on appointment.
- 1.2 The Committee shall comprise at least two members and at least one member shall have relevant and recent financial experience, ideally with a professional qualification from one of the accountancy bodies. To the extent practical, the Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.3 The Board of directors shall appoint a Committee Chair who shall be an independent non-executive director. In the absence of a Committee Chair, the remaining Committee members present shall elect one of themselves as Committee Chair.
- 1.4 Only members of the Committee have the right to attend Committee meetings, however other directors and other individuals may be invited to attend all or part of any meeting as and when appropriate. The external auditor will be invited to attend meetings of the Committee by standing invitation.
- 1.5 The quorum necessary for the transaction of business shall be any two members of the Committee, either in person or by audio or video conference.
- 1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the members continue to meet the criteria for membership of the Committee.

#### **2. Frequency of meetings**

- 2.1 The Committee will meet as often as it deems necessary to fulfil its responsibilities as agreed between the members of the Committee, but in any case, at least four times a year at appropriate intervals in the financial reporting and audit cycle.
- 2.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.

#### **3. Secretary**

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

#### **4. Notice of meetings**

- 4.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of the external or internal auditors if they consider it necessary.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **5. Voting arrangements**

- 5.1 Subject to Paragraph 5.2 and Paragraph 5.3, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 5.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, such interest shall be disclosed and that such member shall not be permitted to vote at the meeting.
- 5.3 Subject to paragraph 5.2, the Committee chair shall have a casting vote.
- 5.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **6. Minutes**

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted, together with noting any conflicts of interest if applicable. Draft minutes of each meeting will be circulated promptly to all members of the Committee. The Committee chairperson shall report to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities.

## **7. Annual General Meeting**

The Committee Chair should make themselves available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.

## **8. Duties**

The Committee assists and supports the Board in fulfilling its responsibilities in relation to risk management, internal control and external financial reporting, and carries out certain oversight functions on behalf of the Board. The Committee is authorised by the Board to carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate:

### **8.1 Financial Reporting**

The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

8.2 The Committee shall review and challenge where necessary:

- (a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its group;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Company has followed appropriate accounting standards and made

appropriate estimates and judgements, taking into account the views of the external auditor;

- (d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made
- (e) 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 twelve months from the date of approval or the financial statements; and
- (f) all material information presented with the financial statements, such as the strategic review/operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management).
- (g) the legality of any proposed dividend and the company's ability to pay it and remain a going concern.

8.3 The Committee shall scrutinise, monitor and review the effectiveness of the Group's tax arrangements and ensure that the risks to tax compliance are properly managed and enable returns to be prepared with an appropriate degree of confidence and compliance with tax legislation.

8.4 The Committee shall also review any other statement requiring Board approval which contains financial information, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation.

8.5 If the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board of directors.

#### **8.6 Narrative Reporting**

The Committee should 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 performance, business model and strategy.

#### **8.7 Risk Management Systems and Internal Controls**

The Committee shall, unless expressly addressed by a separate risk committee comprised of independent directors or by the directors themselves:

##### **(a) Risk assessment and management**

(i) on behalf of the board (which retains overall responsibility for risk management), review and monitor the Company's risk management systems and overall risk framework and processes, on a continuous basis, review their effectiveness;

(ii) consider the appropriate risk appetite for the Company across all major activities, taking into account the overall strategy of the Company, its future plans and other internal information, as well as the external environment, including economic, political and industry information;

(iii) as deemed necessary by the Committee, but no less than on an annual basis, 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 provide advice on the management and mitigation of those risks.

(iv) oversee the current and prospective risks faced by the Company and its strategy in relation to future risks;

(v) ensure that risk management is properly considered in board decisions;

(vi) review the methodology for reporting risk to the board, including both quantitative and qualitative measures;

(b) **Internal controls**

review the Company's internal financial controls and internal control systems and, at least annually, carry out a review of their effectiveness;

(c) **On-going viability**

where requested by the board, 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 and taking into account relevant scenario planning and stress-testing;

(d) **Disclosures**

(i) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement, and ensure that relevant disclosures are given in the directors' report as to the Company's risk management and strategy in relation to financial instruments;

(ii) review the reporting of key risks in the annual report and accounts, ensuring it is consistent with the internal reporting of key risks.

(e) **Management and internal and external audit reports**

receive and review regular assurance reports from management, internal audit, external audit and others on matters related to risk and control, in particular as to the effectiveness and testing of risk management and internal control systems (including financial controls);

## **8.8 Internal Audit**

The Committee shall:

(a) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;

(b) approve the appointment and removal of the head of the internal audit function;

(c) consider and approve the remit of the internal audit function, which shall be unrestricted in scope, and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards for internal auditors;

(d) ensure the internal audit function has adequate standing and is free from

management or other restrictions;

- (e) ensure the internal auditor has direct access to the Chair of the Board of directors and the Committee Chair and is accountable to the Committee;
- (f) review and approve the annual internal audit plan and ensure it is aligned to the key risks of the Company's business;
- (g) review periodically reports on the results from the internal auditor's work; review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- (h) meet the head of internal audit at least once a year, without management being present to discuss the effectiveness of the internal audit function, its remit and any issues resulting from audits.

## **8.9 External Audit**

The Committee shall:

- (a) consider and make recommendations to the Board of directors, 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. If an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- (b) 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 a change of firm at least every twenty years to comply with the regulatory requirements) with those of other audit firms and oversee the selection process and further ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process.
- (c) oversee the relationship with the external auditor including (but not limited to):
  - (i) approval of their remuneration, including fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - (v) agreeing with the Board of directors a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
  - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - (vii) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - (viii) seeking to ensure co-ordination with the activities of the internal audit function; and 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 their auditor from the market on that evaluation.

- (d) meet regularly with the external auditor, including once at the planning stage before the audit 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 their remit and any issues arising from the audit;
- (e) review and approve the annual audit plan 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, review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - (i) a discussion of any major issues which arose during the audit;
  - (ii) any accounting and audit judgements;
  - (iii) levels of errors identified during the audit; and
  - (iv) the effectiveness of the audit.
- (f) review any representation letter(s) requested by the external auditor before they are signed by management;
- (g) review the management letter and management's response to the auditor's findings and recommendations; and
- (h) develop and implement a policy on the supply of non-audit services by the external auditor, specifying the types of non-audit service to be pre-approved, and whether the external audit firm is the most suitable supplier of the non-audit service, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

## **9. Reporting Responsibilities**

The Committee Chair shall report formally to the Board of directors on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report formally to the Board on how it has discharged its responsibilities. The report shall include:

- (a) the significant issues that it had considered in relation to the financial statements and how these were addressed;
- (b) the assessment of the effectiveness of the external audit process and its recommendations on the appointment/re-appointment of the external auditor including length of tenure of the external auditor, when a tender was last conducted and advance notice of any re-tendering plans; and
- (c) any other issues on which the Board of directors has requested the Committee's opinion.

9.2 The Committee shall make whatever recommendations to the Board of directors it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report shall include an explanation of how the Committee has addressed the effectiveness of the external and internal audit process, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed having regard to matters communicated to it by the auditor.

9.4 In compiling the reports referred to in 9, 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

## **10. Whistleblowing, Fraud and Anti-Bribery**

The Committee shall:

- (a) 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;
- (b) review the Company's procedures for detecting fraud; and
- (c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

## **11. Other Matters**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- (b) 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; give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Small and Mid-Size Quoted Companies, PLSA Corporate Governance Policy & Voting Guidelines for Smaller Companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate;
- (c) be responsible for the co-ordination of the internal and external auditors;
- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) arrange for periodic review of its own performance and, at least once a year, 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 of directors for approval.

## **12. The Committee's Authority**

The Committee is authorised to:

- a) seek any information it requires from any employee, contractor, consultant or other provider of services to the Company (including legal and tax advisors) in order to perform its duties and call any such person to be questioned at a Committee meeting, as and when required;
- b) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and invite persons giving such advice to attend Committee meetings; and
- c) 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. If the Board has not accepted the Committee's recommendations on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.

Adopted on the board meeting of the Company on 12 December 2023.