

CONNECTING EXCELLENCE GROUP PLC (THE “COMPANY”)

TERMS OF REFERENCE FOR THE AUDIT AND RISK COMMITTEE

1 CONSTITUTION

1.1 The Audit and Risk Committee (the “**Committee**”) was constituted at a full meeting of the board of directors (**Board**) held on 4 December 2025 in accordance with the articles of association of the Company.

1.2 In these terms of reference, reference to Company shall include, where applicable, the Company’s group.

2 DUTIES AND TERMS OF REFERENCE

2.1 The Committee shall:

2.1.1 monitor the integrity of the financial statements of the Company, including:

- a) its annual and interim reports;
- b) preliminary results;
- c) announcements; and
- d) any other formal announcement relating to its financial performance,

2.1.2 review the above for any significant financial reporting issues and judgments which they contain and report to the Board on any significant issues;

2.1.3 ensure that the Company’s reporting processes address relevant non-financial matters as well as financial matters;

2.1.4 where requested by the Board, review the content of the annual report and accounts (the “**Annual Report**”) 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; and

2.1.5 ensure the Company has an adequate process for approving market announcements and making these available to Board members for review and comment

2.2 The Committee shall review and challenge where necessary:

- 2.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its group;
 - 2.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 2.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
 - 2.2.4 the level and clarity of disclosure in the Company's financial reports such as the business / operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management).
- 2.3 The Committee shall also review the annual financial statements of any pension funds set up for the benefit of the Company's or Group's officers and employees where it has not been reviewed by the board as a whole.
- 2.4 The Committee shall:
- 2.4.1 keep under review and challenge where necessary the adequacy and effectiveness of the Company's financial reporting and internal controls and risk management systems;
 - 2.4.2 review and approve the statements to be included in the Annual Report concerning internal controls, risk management, risk appetite, and environmental risk;
 - 2.4.3 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; and
 - 2.4.4 assist the Board in monitoring and keeping abreast of regulatory developments concerning the audit of the Group and the oversight of the audit.
- 2.5 The Committee shall review:
- 2.5.1 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;
 - 2.5.2 the Company's compliance with the Aquis Growth Market – Access Rulebook and shall liaise with its corporate adviser in respect of the same;
 - 2.5.3 the Company's procedures for detecting fraud;
 - 2.5.4 the Company's systems and controls for the prevention of bribery and receive reports on non-compliance (in line with the Company's Anti-bribery and Corruption Policy);
 - 2.5.5 the effectiveness, adequacy and security of the Company's arrangements for its workforce to raise concerns, in confidence, about possible wrongdoing in

financial reporting and other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

2.5.6 reports from the compliance officer (being the Company's Chief Financial Officer) and keep under review the adequacy and effectiveness of the Company's compliance function.

2.6 The Company has no internal audit function. The Committee shall consider at least annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function to the Board accordingly for disclosure in the Annual Report. The Committee shall assess whether the processes applied by management to ensure that the internal controls systems are functioning as intended provide sufficient and objective assurance.

2.7 The Committee shall:

2.7.1 consider and make recommendations to the Board, to be put to shareholders for approval at any Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

2.7.2 ensure compliance with any applicable requirements for audit tendering and, in any event, ensure that at least once every ten years consideration is given to putting the audit services contract out to tender;

2.7.3 oversee any tender for the audit services contract 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, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process;

2.7.4 consider the need for and where necessary, recommend to the Board a formal audit tender policy and any amendments thereto;

2.7.5 keep under review and oversee the relationship with the external auditor including (but not limited to):

- a) approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- c) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements, together with those of any other relevant jurisdictions, and the relationship with the auditor as a whole, including the provision of any non-audit services;

- d) 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);
 - e) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - f) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
 - g) discussing with the auditors such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards; and
 - h) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- 2.8 The Committee shall meet regularly with the external auditor, including 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.
- 2.9 The Committee shall review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- 2.10 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 2.10.1 a discussion of any major issues which arose during the audit;
 - 2.10.2 any accounting and audit judgments; and
 - 2.10.3 levels of errors identified during the audit.
- 2.11 The Committee shall review any representation letter(s) requested by the external auditor before they are signed by management.
- 2.12 The Committee shall review the management letter and management's response to the auditor's findings and recommendations.
- 2.13 The Committee shall develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- 2.14 The Chair of the Committee (the "**Committee Chair**") shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2.15 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.16 The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report.
- 2.17 The Committee shall:

- 2.17.1 have access to sufficient resources in order to carry out its duties;
 - 2.17.2 be provided with appropriate and timely training, as considered necessary;
 - 2.17.3 give due consideration to applicable laws and regulations;
 - 2.17.4 give consideration to dividend policy and payments;
 - 2.17.5 be responsible for co-ordination of the internal (if applicable) and external auditors;
 - 2.17.6 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
 - 2.17.7 at least once a year, review its own performance, 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.
- 2.18 The Committee shall consider such other matters as may be requested by the Board.

3 **MEMBERSHIP**

- 3.1 The members of the Committee shall be appointed by the Board who shall ensure that a majority of the members of the Committee shall be non-executive directors where the Company has more than one non-executive director appointed.
- 3.2 The Committee shall comprise a minimum of two members at least one of whom will be an independent non-executive director. The Committee Chair will be an independent non-executive director.
- 3.3 A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee or the Board save that subsequent to such variation there will be at a majority non-executive directors as members on the Committee where the Company has more than one non-executive director appointed.
- 3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years as and when required.
- 3.5 The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 3.6 The Company Secretary, or their nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee.
- 3.7 All members of the Committee should have sufficient competence to understand, analyse and, when necessary, challenge the management accounts and draft financial statements.

4 **VOTING ARRANGEMENTS**

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal, financial or other interest or a potential conflict of interest, that member shall not be permitted to vote at the meeting.
- 4.3 Save where he has a personal financial or other interest or a potential conflict of interest, the Committee Chair will have a casting vote.
- 4.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting.

5 **ATTENDANCE AT MEETINGS**

- 5.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee.
- 5.2 Other directors of the Company may be invited to attend all or part of any meeting as and when appropriate.
- 5.3 The Company's external auditors may be required to attend Committee meetings, but not in the presence of any directors other than those forming part of the Committee, with a view to consulting with the Committee.

6 **NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be summoned by any of its members or at the request of the external or internal auditors if they consider it necessary.
- 6.2 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 two (2) days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

7 **AUTHORITY**

- 7.1 The Committee is authorised by the Board to examine and undertake any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense (within such limits as may be authorised by the Board from time to time), professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

8 **REPORTING**

- 8.1 The Committee shall report to the Board on its proceedings after each meeting.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall prepare a formal report on its activities and how the Committee has discharged its responsibilities to be included in the Company's Annual Report (which may cross reference other appropriate parts of the Annual Report e.g. the corporate governance and risk disclosures), which shall include:

- a) a summary of its role;
- b) the names of the Committee members and their qualifications;
- c) the number of meetings held and members' attendance record;
- d) a summary of the significant issues considered in relation to the Annual Report and accounts and how they were dealt with, including significant estimates, judgements, and risks;
- e) how the effectiveness of the external audit process was assessed, and the approach taken to the appointment/reappointment of the external auditor;
- f) how the Committee has monitored and formally considered auditor independence are safe guarded if the external auditor provides non-audit services during the corporate reporting cycle;
- g) the Company's policy on auditor rotation, together with the tenure of the current auditors and date of last tender and advance notice of any retendering plans;
- h) details of any contractual restrictions on auditor choice;
- i) where relevant, an explanation of the circumstances where the Board has not accepted the Committee's recommendation regarding the appointment of an auditor;
- j) what steps the Committee has taken to satisfy itself that the risk and control framework and processes are suitable to the business and operating properly;
- k) where applicable, how the effectiveness of the Company's internal audit function has been monitored and reviewed. Where there is not an internal audit function, the Committee should provide an explanation and details of how internal assurance is received, along with how this affects the work of the external auditors;
- l) how the Committee's performance evaluation has been conducted;
- m) confirmation that the Board has carried out a robust assessment of the principal and emerging risks facing the Company, a description of those risks and an explanation as to how they are being managed and mitigated;
- n) all other information requirements within the remit of the Committee set out in the QCA Corporate Governance Code; and
- o) any other issues on which the Board has formally requested the Committee's opinion.

8.4 In compiling the report referred to in Paragraph 8.3, the Committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but 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.

- 8.5 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 the Committee's activities in the Annual Report.
- 8.6 The Committee shall make available to shareholders these terms of reference by placing them on the Company's website.

9 **GENERAL MATTERS**

- 9.1 Finalised minutes of the meetings of the Committee will be circulated to the members of the Board as part of the Board papers for each full meeting of the Board.
- 9.2 The Committee Chair should make himself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work during the preceding year.
- 9.3 The recommendations of the Committee (including approval of the accounts) as set out in the minutes of the relevant meeting must be approved by the Board before they can be implemented.
- 9.4 Any of the terms set out in this document may be varied by a majority resolution of the Board.