

NAHL GROUP PLC

Audit Committee Terms of Reference

Membership

1. The committee and its Chair shall be appointed by the Board and consist of all of the company's independent non-executive directors, one of whom shall be its Chair. A quorum shall be two members.
2. The Chair will review annually the committee's constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

Attendance at meetings

3. The CFO shall normally be invited by the committee Chair to attend meetings.
4. Other individuals can attend meetings if invited by the Chair.
5. The committee shall meet the external auditors at least two times each year and shall ensure that it meets privately with the auditors without management present.

Frequency of meetings

6. Meetings will be held not less than three times each year, coordinated with the company's financial reporting cycle.
7. The external auditors may request a meeting with the committee at any time.

Notice of meetings

8. The agenda and relevant papers shall be sent to the committee members on a timely basis.

Authority

9. The committee is authorised to:
 - 9.1 investigate any activity of the company it so determines;
 - 9.2 seek any information it requires;
 - 9.3 if appropriate, obtain independent professional advice; and
 - 9.4 invite those advisers to attend relevant meetings.

Matters for decision by the committee shall be decided by a majority decision of the members.

Responsibilities

10. The responsibilities of the committee shall be to:
 - 10.1 monitor the integrity of the company's published financial statements, including interim and financial statements;
 - 10.2 review accounting policies and judgements, and compliance with relevant accounting standards and practice;
 - 10.3 consider the treatment and disclosure of unusual items;
 - 10.4 review the relevance of the continued application of the going concern principle;
 - 10.5 consider matters raised by external auditors, including any adjustments raised;
 - 10.6 consider the clarity and completeness of disclosures, including AIM requirements and other legal obligations;
 - 10.7 review the effectiveness of internal controls and risk management;
 - 10.8 consider and make recommendations to the board on the appointment or re-appointment of external auditors;
 - 10.9 approve the audit fee and the scope of the engagement of the external

auditors;

10.10 monitor and approve any non-audit services provided by the external auditors;

10.11 in the event of a resignation by the external auditors, examine the reasons for that resignation;

10.12 review representation and management letters raised by the external auditor; and

10.13 consider any other relevant matters raised by the board.

Reporting procedures

11. Minutes of meetings of the committee shall be circulated to all members of the board. The Chair will report formally to the board after each committee meeting.

12. The committee shall keep under review whether its members have relevant experience.

13. The Chair of the committee shall attend the AGM and answer relevant questions on the committee's activities and responsibilities.

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