



THEON
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TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THEON INTERNATIONAL PLC

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1. INTRODUCTION

The Terms of Reference (“**Terms**”) which apply the Audit Committee (as defined below) of the Company (as defined below) are laid in the present document.

The scope and purpose of these Terms is to clearly determine, govern and define the operation, duties and conduct of the activities of the Company’s Audit Committee, in relation to decision making within the Company.

2. INTERPRETATION AND DEFINITIONS

2.1 Headings in these Terms are inserted for the ease of convenience and reference only and shall not affect the interpretation hereof.

2.2 All words denoting only the singular will include the plural and vice versa.

2.3 Words denoting natural persons include companies and vice versa.

2.4 References in these Terms to any other Company’s documents, rules and policies or other document or instrument shall be deemed to include references thereto as the same may be varied, amended, novated or replaced from time to time documents and instruments stated to be supplemental thereto.

2.5 In these Terms, unless the content requires otherwise, the neutral gender includes the male and female and vice versa.

2.6 In these Terms:

1.1.1 “**AoA**” mean the Articles of Association of the Company, as they shall read as applicable at the date of the present;

1.1.2 “**Applicable Law**” means any Cyprus and/or Dutch and/or EU law which might be applicable to the Company and/or the BOD;

1.1.3 “**Audit Committee**” means the audit and risk committee established for the purposes of financial reporting and risk management;

1.1.4 “**BoD**” means the persons and/or members consisting the Board of Directors;

1.1.5 “**Chairman**” means the chairman of the Audit Committee;

1.1.6 “**Company**” means THEON INTERNATIONAL PLC;



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- 1.1.7 “**Conflict of Interest Policy**” means the policy in relation to the administration of conflicts of interest, which the Company has implemented;
- 1.1.8 “**Corporate Governance Code**” means the Cyprus and Dutch Corporate Governance Code as this is applicable to the Company;
- 1.1.9 “**Cyprus**” means the Republic of Cyprus;
- 1.1.10 “**Director**” means any person appointed to exercise the duties of the directors to that effect;
- 1.1.11 “**EU**” means European Union;
- 1.1.12 “**Executive Directors**” means the Directors appointed by the Company and who are responsible for the day-to-day management;
- 1.1.13 “**Group**” means the Company and its subsidiaries;
- 1.1.14 “**Nomination and Remuneration Committee**” means the committee established for reviewing the structure, size and composition of the BOD and the remuneration policy and practices;
- 1.1.15 “**Policy**” or “**Policies**” means the Policy and/or Policies of the Company, respectively, which are currently in effect;
- 1.1.16 “**Secretary**” means the secretary of the Company as appointed from time to time;
- 1.1.17 “**Terms**” mean the present Terms of Reference as these are described in this document;
- 1.1.18 “**Shareholder(s)**” means any shareholder or shareholder participating in the Company’s issued share capital;

3. REGULATORY FRAMEWORK

Each member of the Audit Committee is obliged to follow and apply the law, rules and practice codes of the member state of incorporation, namely Cyprus law, and also always acting in accordance with any other Applicable Law as applicable, bearing in mind that the Company is publicly traded and listed in an EU stock market.

4. ESTABLISHMENT AND OBJECTIVES

The Audit Committee has been established in accordance with the powers vested to the BoD of the Company under the latter’s AoA.

The scope and purpose of establishing an Audit Committee is to discharge the BoD of the Company of the responsibility of financial reporting and review.

The Audit Committee will be responsible for ensure that the Company complies with the financial reporting requirements and that the financial position of the Company is regularly reviewed and updated.

The role of the Audit Committee is to assist the BoD in reviewing and monitoring of the integrity of the financial statements and other information, the internal control systems, risk management, as well as the internal and external audit process.

The duties, roles and responsibilities of the Audit Committee are furtherly analysed in paragraph 6 below.

5. MEMBERS AND COMPOSITION

The members of the Audit Committee are appointed by the BoD for a maximum term of 3 years and shall consist of 3 members with at least two (2) being independent non-executive Directors, including the Chairman. The BoD shall appoint members of the Committee, on the recommendation of the Nomination and Remuneration Committee. The Chairman shall be elected during the first meeting of the Audit Committee by the members.

At least one the members of the Audit Committee shall have recent and relevant experience working with financial and accounting matters. If any member of the Committee is deemed not to be independent non-executive, then the BoD shall provide an explanation as to why they consider it appropriate for such director to be a member of the Audit Committee.

6. DUTIES AND RESPONSIBILITIES

The Audit Committee has the general responsibility for the oversight of the Company and the Group's financial reporting, narrative reporting, and risk management and internal control.

The Audit Committee shall procure to apply adequate and effective, and ensure the revision thereof, of the Company's internal controls, financial reporting requirements, risk management and risk controls.

6.1 Financial Reporting

The Audit Committee shall:

- a. Submit detailed, understandable and balanced assessment of the Company's position in relation to any report and/or document and/or public document prepared, whether this is required under the Applicable Law or whether this is requested by the Company and the BoD;



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- b. Review the material transactions of the Company and ensure that these are carried out in an arm's length basis;
- c. supervise the basis and correctness of the financial information presented in the Company's annual, bi-annual and quarterly reports;
- d. monitor the integrity of the financial statements of the Company, together with any half year reports and interim management accounts and any other formal statements relating to its financial performance;
- e. review and report to the BoD significant financial reporting issues and judgements which the financial statements, interim reports;
- f. review every six months:
 - i. the application and appropriateness of the Company's accounting policies, and any changes to them;
 - ii. The Company's financial estimates considering the external auditor's views;
 - iii. the disclosures in the financial statements and whether the disclosures reflect the true and accurate financial position of the Company;
 - iv. significant adjustments resulting from the external audit; and
- e. ensure compliance with financial reporting standards and practice and with financial and governance reporting requirements;
- f. review any documentation that might be related or might affect the financial position or risk management of the Company, such as the strategic report and the corporate governance statements;
- g. review any other statements that containing financial information;
- h. ensure compliance with law or regulation including any listing rules, prospectus regulation rules, transparency rules, the Corporate Governance Code and these Terms;
- i. ensure that the Company and the Company's external auditors comply with the legal requirements of Regulation No. 537/2014;

6.2 Risk management systems and internal controls

The Audit Committee shall:

- a. every six months, review and monitor the Company's and Group's internal financial controls systems and ensure their effectiveness, as well their accuracy, completeness and validity of information provided therein; The review should cover all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks, which threaten the attainment of the Company's objects.
- b. identify, assess, manage and monitor financial risks, and other internal control and risk management systems and ensure their effectiveness;
- c. oversee the Company's risk exposure and strategy;
- d. oversee, identify and assess any financial risk based, non-exhaustively but mainly, on a) impact on the Company and b) the probability for the assessment of the likelihood of certain risk and the likely consequences to occur;
- e. proactively and/or immediately report to the BoD any financial risks and the possible consequences thereof, and ensure that these risks are measured, monitored and mitigated;
- f. every six months review and assess the Company's and the Group's internal financial controls and internal financial systems.
- g. assess the processes applied to ensure that the internal controls systems are functioning as intended provide sufficient and objective assurance;
- h. maintain a sound system of internal controls to safeguard shareholders' investments and the Company's assets and particularly amongst others consider the following:
 - a) ensure that review of effectiveness and completeness of internal controls and information provided to shareholders to that effect are included in the Company's report on corporate governance, including financial, operational, compliance systems;
 - b) if at any time there is no internal audit department, consider annual the need for one and report any justifications of non-existence;
 - c) consider outsourcing internal control issues to external professionals which provide internal control services (outsourcing) and identify the natural person responsible for the review of the effectiveness of the Company's internal control systems;



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- d) if the Company's external auditors provide, apart from audit services, other services too, the manner in which their objectivity and independence are safeguarded should be explained in the corporate governance report prepared.
- e) Declare in the corporate governance report any loans and/or guarantees granted to any director of the Company or of any subsidiaries or affiliated companies, either by the Company or by such subsidiaries or affiliated companies;

6.3 External Audit

The Audit Committee shall:

- a. Make such proposals to the BoD of the Company in relation to the appointment, termination and remuneration of the Company's external auditors and keep the auditing under continuous review. In cases where the auditors provide substantial volume of non-audit services, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and added value provided.
- b. ensure that external auditors are appointed, and ensure that the latter are continuously informed and updated about the Company's financial position;
- c. ensure that the external auditors appointed are during the term of their appointment, independent and competent;
- d. review and assess the external auditors' reports and audited accounts;
- e. provide the external auditors with any information and documents necessary for the purposes of preparation of the Company's financial statements, balance sheets, annual accounts;
- f. review and significant transactions with the external auditors, in respect to any critical accounting matters;
- g. ensure that all information that are legally required are reported and/or disclosed;

7. MEETINGS AND DECISION-MAKING

The Audit Committee shall meet at least 4 times per year.

The Audit Committee may call, convene and adjourn its meetings as it thinks fit. The quorum for the transaction of business and any decision taken by the Audit Committee shall be at least 2 members.

Convention of such meeting shall be made by any member of the Audit Committee, by way of written notice to every member entitled to attend and vote and any other member invited, accompanied by supporting documentation.

Only members of the Audit Committee have the right to receive a written notice to attend and vote at such meeting. The Audit Committee at its discretion, may invite such other persons, whether directors, financial advisors to attend to such meeting where it is required by the circumstances and the agenda of the meeting, without any right to vote.

The Company Secretary, or their nominee, may act as the Secretary such meeting and provide all necessary support to the Audit Committee, including the recording of minutes and ensuring that the Audit Committee receives information and documents in a timely manner to enable full and proper consideration of the relevant issues.

Matters arising during the meetings will be decided by a majority of the members present, and in case of an equality of votes, the Chairman is entitled to a second or casting vote.

After completion of the Audit Committee's meetings, the Audit Committee shall report to the BoD of the Company, on all matters within its duties and responsibilities, including any matters which the BoD has requested an opinion if any.

The Audit Committee's minutes of meetings can be included for discussion and consideration in any BoD meeting of the Company and shall be kept by the Company along with the BoD minutes.

8. SECRETARY

The Audit Committee shall procure that the Secretary of the Company, is present at the meetings for the purposes of ensuring that the meeting has been validly convened, satisfying the quorum and notice requirements.

The Secretary during the meetings of the Audit Committee shall procure to obtain minutes of the proceedings and the resolutions passed by the Audit Committee. After completion of the proceedings of the meeting of the Audit Committee, the Secretary will finalise the minutes of the meeting and as soon as possible provide them to all the members of the Audit Committee entitled to attend and vote, for the purposes of approval and execution.

9. REPORTING AND DISCLOSURE

9.1 Disclosures

The Audit Committee shall ensure and procure that it discloses to the Company's BoD any financial risks that would affect the Company's financial position and expose its liquidity and/or financial position.

The Audit Committee shall immediately inform the BoD of the Company if anything might affect the Company's and/or the Group's financial position and take appropriate measures, in coordination with the BoD of the Company, to eliminate such risk and exposure, and/or mitigate any possibility to that effect.

9.2 Reporting Responsibilities

The Audit Committee shall:

- a. Report formally to the BoD after each meeting as indicated in paragraph 7 under the title "*Meetings and Decision-Making*";
- b. Upon BoD's request and/or when the Audit Committee deems necessary, prepare a formal report for the BoD's consideration which shall at least include the following:
 - i. meetings held up to the date of the formal report;
 - ii. summary of any work undertaken including those falling under its duties and responsibilities;
 - iii. an explanation of the application of the Company's accounting policies;
 - iv. explanation and/or assessment of the Company's external audit independence and effectiveness;
 - v. an explanation of how the Committee has addressed the effectiveness of the internal audit process and if there is no internal audit function;
 - vi. the fee amount paid by the Company and its subsidiaries to the auditors and consultancy services;
 - vii. the assignment to the auditors of material consultancy duties either according to their significance to the company and its subsidiaries, or according to the amount of the relevant remuneration.
 - viii. any matters requested by the BoD or the Shareholders of the Company.
- c. In compiling the report referred to in paragraph 9.2.(b) above, exercise judgement and provide the BoD with adequate justification, as to which of the issues it considers in relation to the financial statements are substantial;
- d. Provide the BoD with any recommendations on any specific area upon request;

10. CONFLICTS

The Audit Committee is obliged to follow the Conflicts of Interest Policy of the Company as this is amended and approved by the Company, which is currently in place by the Company for the purposes of prevention, management and elimination of any cases of conflict, in order to be able safeguard the Company's and the Group's integrity.

The members of the Audit Committee in the event where a conflict of interest occurs under any Applicable Law and/or the Conflicts of Interest Policy, shall immediately disclose the nature and extend of interest to the Audit Committee.

The Secretary of the Company is also responsible of identifying any conflicts of interest arising at the level of the Audit Committee.

In case where a conflict of interest exists, this member of the Audit Committee shall not be eligible to vote on a matter where the conflict exists.

11. POLICIES

The Audit Committee must ensure that will address all issues in relation to any Policy or any matters under this Terms, to the appropriate body or committee of the Company, and procure that it coordinates with them.