

# ALLIED ESPORTS ENTERTAINMENT, INC.

## AUDIT COMMITTEE CHARTER

Adopted September 20, 2019

### I. Purpose.

The primary purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (“the “Board”) of Allied Esports Entertainment, Inc. (the “Corporation”) in fulfilling its oversight responsibilities by overseeing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management has established; and the Corporation’s accounting and financial reporting processes and the audits of the financial statements of the Corporation. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Corporation’s financial reporting process and internal control system;
- review and appraise the audit performed by the Corporation’s independent accountant, who reports directly to the Committee; and
- provide an open avenue of communication among the independent accountant, financial and senior management and the Board.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

### II. Composition.

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors (as defined by all applicable rules and regulations of the Securities and Exchange Commission (the “Commission”), the NASDAQ Stock Market and any other appropriate body), and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee should have a working familiarity with basic finance and accounting practices, including being able to read and understand financial statements, including the Corporation’s balance sheet, income statement and cash flow statement, and at least one member of the Committee shall have accounting or related financial management expertise. The Committee shall endeavor to have, as one of its members, an individual who qualifies as an “audit committee financial expert” in compliance with the criteria established by the Commission and other relevant regulations. The existence of such audit committee financial expert, including his or her

name and whether or not he or she is independent, or the lack of an audit committee financial expert, shall be disclosed in the Corporation's public filings as and to the extent required by the Commission.

The members of the Committee shall be elected by the Board and shall serve until their successors have been duly elected and qualified. The Board may remove or replace Committee members at its discretion. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Committee shall have authority to delegate any of its responsibilities to one or more subcommittees as the Committee may from time to time deem appropriate.

### **III. Meetings; Authority.**

The Committee shall meet in person or telephonically no less than four times during each fiscal year. A majority of the members of the Committee shall constitute a quorum for transacting business at a meeting. Subject to the Corporation's Bylaws, the Committee may act by unanimous written consent of all members in lieu of a meeting. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent accountant to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee. As part of its job to foster open communication, the Committee should meet at least annually with management, the internal auditor (if any), and the independent accountant, in separate executive sessions, to discuss any matters that the Committee or each of these groups believe should be discussed privately.

The Committee may retain any independent counsel, experts or advisors that the Committee believes to be necessary or appropriate. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent accountant for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any advisors employed by the Committee and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **IV. Responsibilities and Duties.**

To fulfill its responsibilities and duties, the Committee is expected to:

1. Provide an open avenue of communication between the Corporation, the independent accountant and the Board.
2. Maintain sole authority and responsibility for hiring and firing the independent accountant, and maintain direct responsibility for the appointment, compensation, retention and oversight of the independent accountant's work (including resolution of disagreements between management and the independent accountant regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent accountant shall report directly to the Committee

3. Discuss with management, the independent accountant and the internal auditor (if any), the Corporation's internal control environment and any significant deficiencies or material weaknesses in internal controls over financial reporting which could adversely affect the Corporation's ability to record, process, summarize or report financial data.
4. Receive from the independent accountant all written statements and other communications relating to their independence from the Corporation that may be required under the then applicable rules governing independent accountants.
5. Confirm and assure the independence of the independent accountant, including considering whether the independent accountant's performance of permissible non-audit services and the compensation received for such services are compatible with the independent accountant's independence. Actively discuss with the independent accountant any disclosed relationships or services that may impact their objectivity and independence, and take any other appropriate action to oversee their independence.
6. Confirm and assure the independence of the internal audit function (if any). Consider and review, in consultation with the internal auditor (if any), the scope and progress of the activities of, and any significant findings by, the internal auditor.
7. Review and pre-approve the independent accountant's annual engagement letter and all audit and non-audit accounting services to be performed by the independent accountant (other than with respect to de minimus exceptions permitted by the Sarbanes-Oxley Act of 2002), to the extent such services are permitted under applicable rules and regulation. By action of the Committee, the authority to grant pre-approval may be delegated to one or more designated members of the Committee who are independent members of the Board, with any such pre-approval to be reported to the Committee at its next regularly scheduled meeting.
8. Periodically review and discuss the Corporation's policies with respect to risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and mitigate such exposures.
9. Consider, in consultation with the independent accountant, the audit scope and plan of the independent accountant.
10. Consider and review with the independent accountant:
  - (a) the adequacy of the Corporation's internal controls, including computerized information system controls and security and
  - (b) any related significant findings and recommendations of the independent accountant, together with management's responses thereto.

11. Review the following items with management and the independent accountant at the completion of the annual examination and recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K:
  - (a) the Corporation's annual financial statements and related footnotes;
  - (b) The independent accountant's audit of the financial statements and report thereof;
  - (c) any significant changes required in the independent accountant's audit plan;
  - (d) any serious difficulties or disputes with management encountered during the course of the audit; and
  - (e) other matters related to the conduct of the audit which are to be communicated to the Committee under the then-applicable rules governing independent accountants.
12. Review with management and the independent accountant the interim financial results that are filed with the Commission or other regulators.
13. Review with management and the independent accountant the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report on Form 10-K and in the Quarterly Reports on Form 10-Q.
14. Review with management legal and regulatory matters that may have a material impact on the financial statements and related Corporation compliance policies, and any material programs and reports received from regulators.
15. Review and discuss with management and the independent accountant the Corporation's critical accounting policies and estimates, alternative treatments of financial information within GAAP discussed between the independent accountant and management, any significant changes in the application of accounting principles, and all other material written communications between the independent accountant and management.
16. Review the report on internal control over financial reporting prepared by management for insertion into the annual report and, if applicable, the independent accountant's attestation on the assertions of management that are contained in such report.
17. Review with management and the independent accountant disclosures (if any) by the Corporation's Chief Executive Officer and Chief Financial Officer in connection with their personal certifications of the Corporation's periodic reports or annual financial statements.

18. Prepare and approve the audit committee report included in the Corporation's annual proxy statement.
19. Ensure there is a process for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting and auditing matters.
20. Ensure procedures are established for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, auditing, internal accounting controls and auditing matters.
21. Review policies and procedures with respect to any related party and affiliated party transactions to be entered into by the Corporation or any of its subsidiaries (including amendments, renewals or extensions thereof), and review and approve those related or affiliated-party transactions that would be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended.
22. Conduct or authorize investigations into any matters within the scope of the Committee's duties and responsibilities, as the Committee deems appropriate.
23. Engage and determine funding for outside legal, accounting or other advisors and to obtain advice and assistance from such outside advisors as the Committee deems appropriate to perform its duties and responsibilities.
24. Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
25. Report to the Board regarding the Committee's activities as the Committee deems appropriate and as the Board may request.
26. Periodically review and reassess the adequacy of this Charter and recommend to the Board any proposed changes for its consideration.
27. Periodically perform a self-assessment relative to the Committee's purpose, duties and responsibilities outlined herein.
28. Perform such other functions as assigned by law, the Corporation's certificate of incorporation or Bylaws, or the Board.

**V. Limitation of Audit Committee's Role.**

The Committee's responsibilities are limited to oversight. The Corporation's management is responsible for establishing and maintaining accounting policies and procedures in accordance with generally accepted accounting principles ("GAAP") and other applicable reporting and disclosure standards and for preparing the Corporation's financial statements and reports. The Corporation's independent accountant is responsible for auditing and reviewing those financial statements. It is not the duty of the Committee to plan or conduct

audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with GAAP. Also, nothing herein should be construed as imposing on the Committee responsibility to ensure compliance with laws and regulations and ethics compliance program. Such matters are the responsibilities of management of the Corporation. Consequently, the Committee is not responsible for providing any expert or special assurance regarding the Corporation's financial statements and other financial information or reports, any internal control over financial reporting or any professional certification regarding the independent accountant's work, including without limitation, its reports on and review of the Corporation's financial statements and other financial information and its reports on the Corporation's internal control over financial reporting. Members of the Committee should not be assumed to be accounting experts and are not deemed to have accepted a duty of care greater than other members of the Board.