

**CHARTER OF THE  
AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
PRIORITY TECHNOLOGY HOLDINGS, INC.**

Adopted as of July 25, 2018

**I. PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the "*Committee*") of the Board of Directors (the "*Board*") of Priority Technology Holdings, Inc. (together with its subsidiaries, the "*Company*") is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, and the independence, qualifications and performance of the Company's independent auditors.

**II. SCOPE OF THE COMMITTEE**

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles in the United States ("*GAAP*"), or for designing or implementing internal controls and procedures to ensure the Company's compliance with applicable accounting standards, laws and regulations.

The business of the Company is managed under the direction of the Board and the various committees thereof, including the Committee. The basic responsibility of the Committee is to exercise its business judgment in carrying out the responsibilities described in this Charter in a manner the Committee members reasonably believe to be in the best interest of the Company and its stockholders. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not expected to assume an active role in the day-to-day operation or management of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.

**III. COMPOSITION OF THE COMMITTEE**

The Committee shall consist of three or more directors, as determined from time to time by the Board, each of whom must:

(a) Qualify as an "Independent Director" as such term is defined in the corporate governance requirements incorporated within the rules of the NASDAQ Stock Market ("*NASDAQ*"), including NASDAQ Rule 5605(a)(2);

(b) Meet the criteria for independence set forth in Rule 10A-3(b)(1) (subject to the exemptions provided in Rule 10A-3(c)) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*");

(c) Not have participated in the preparation of the financial statements of the Company at any time during the past three years;

(d) Be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement, as required by NASDAQ rules; and

(e) be qualified to serve on the Committee pursuant to the applicable requirements of NASDAQ and the Exchange Act, including with respect to each such member's independence, and any additional requirements that the Board deems appropriate.

In addition, at least one member of the Committee must (i) be designated by the Board to be, and meet the criteria of, an "audit committee financial expert," as such term is defined in Item 407 of Regulation S-K adopted by the Securities and Exchange Commission ("*SEC*") pursuant to the Sarbanes-Oxley Act of 2002 ("*Sarbanes-Oxley*") and (ii) have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The chairman of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairman, the members of the Committee, by a majority vote, may designate a chairman.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

#### **IV. MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall meet at least four times each year, or more frequently as it determines necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings.

#### **V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee and the

Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, NASDAQ, or any other applicable regulatory authority:

***Selection, Evaluation, and Oversight of the Auditors***

(a) Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and such registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on Form 10-K is referred to herein as the "*independent auditors*");

(b) Review and, in its sole discretion, approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in Sarbanes-Oxley and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Approval of audit and permitted non-audit services will be made by the Committee or by one or more members of the Committee as shall be designated by the Committee/the chairman of the Committee and the persons granting such approval shall report such approval to the Committee at the next scheduled meeting;

(c) Review the qualifications and performance of the Company's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion (subject, if applicable, to shareholder ratification), make decisions regarding the replacement or termination of the independent auditors when circumstances warrant;

(d) Evaluate the independence of the Company's independent auditors by, among other things:

- (i) obtaining and reviewing from the Company's independent auditors a formal written statement delineating all relationships between the independent auditors and the Company;
- (ii) actively engaging in a dialogue with the Company's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors;
- (iii) setting clear hiring policies for employees or former employees of the Company's independent auditors;
- (iv) taking, or recommending that the full Board take, appropriate action to oversee the independence of the Company's independent auditors;
- (v) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in Sarbanes-Oxley and the rules and regulations promulgated by the SEC;
- (vi) monitoring compliance by the Company of the employee conflict of interest requirements contained in Sarbanes-Oxley and the rules and regulations promulgated by the SEC thereunder;

- (vii) engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with applicable SEC rules; and
- (viii) receiving and reviewing the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Committee concerning independence, and discussing with the independent auditor the independent auditor's independence.

(e) obtain and review a report by the independent auditors describing the firm's internal quality control procedures, any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;

#### ***Oversight of Annual Audit and Quarterly Reviews***

- (a) Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;
- (b) Review with management and the Company's independent auditors the following information which is required to be reported by the independent auditor:
  - (ii) all critical accounting policies and practices to be used;
  - (iii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - (iv) any restrictions on scope of auditor's activities and access to information;
  - (v) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and
  - (vi) any material financial arrangements of the Company which do not appear on the financial statements of the Company;
  - (vii) all disagreements between the Company's independent auditors and management regarding financial reporting; and
  - (viii) any other matters required to be discussed with the Audit Committee, under Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol 1. AU section 380), as adopted by the Public Company Oversight Board in Rule 3200T.

#### ***Oversight of Financial Reporting Process and Internal Controls***

- (a) Review:

- (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company's internal audit function, through inquiry and discussions with the Company's independent auditors and management; and
  - (ii) the Committee's level of involvement and interaction with the Company's internal audit function, including the Committee's line of authority and role in appointing and compensating employees in the internal audit function;
- (b) Review with the Company's Chief Executive Officer, Chief Financial Officer and independent auditors, periodically, the following:
  - (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
- (c) Discuss guidelines and policies governing the process by which senior management of the Company assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (d) Review and discuss the audited financial statements with management;
- (e) Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, assign additional internal audit projects to appropriate personnel;
- (f) Receive periodic reports from the Company's independent auditors, management and director of the Company's internal auditing department to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;
- (g) Review and discuss with the independent auditors the annual financial statements and the results of the year-end audit of the Company, as well as the related "Management's Discussion and Analysis of Financial Condition and Results of Operations," including any comments or recommendations of the Company's independent auditors and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the Annual Report on Form 10-K;
- (h) Review and discuss with the independent auditors the quarterly financial statements, as well as the related "Management's Discussion and Analysis of Financial Condition and Results of Operations," including any comments or recommendations of the Company's independent auditors and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the

Company's financial statements should be included in each Quarterly Report on Form 10-Q;

- (i) Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis;
- (j) Review the type and presentation of information to be included in the Company's earnings press releases and securities filings (especially the use of "pro forma" or "adjusted" information not prepared in compliance with GAAP), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (*i.e.*, discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance);

### ***Miscellaneous***

- (a) Establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K);
- (b) Meet periodically with outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees, or agents or breaches of fiduciary duty to the Company;
- (c) Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement;
- (d) Review the Company's policies relating to the ethical handling of conflicts of interest and review past or proposed transactions between the Company and members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Company's independent auditors;
- (e) Review and approve in advance any services provided by the Company's independent auditors to the Company's executive officers or members of their immediate family;
- (f) Review the Company's program to monitor compliance with the Company's Code of Ethics, and meet periodically with the Company's Nominating and Governance Committee to discuss compliance with the Code of Ethics;
- (g) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (h) Establish procedures for the receipt, retention and treatment of reports of evidence of a material violation made by attorneys appearing and practicing before the SEC in the representation of the Company or any of its subsidiaries, or reports made by the Company's Chief Executive Officer in relation thereto;
- (i) Engage independent counsel and other advisers as the Committee determines necessary or appropriate to carry out its duties, including retaining, with or without Board approval, independent counsel, accountants, consultants or others (the "*Advisors*"), to assist the Committee in fulfilling its duties and responsibilities, the cost of such Advisors to be borne by the Company;
- (j) Determine, in its sole discretion and its capacity as a committee of the Board, the terms of engagement and the extent of funding necessary (and to be provided by the Company) for payment of (a) compensation to the Company's independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) any compensation to any Advisors retained to advise the Committee and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;
- (k) Review and assess the adequacy of this Charter on an annual basis; and
- (l) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

## **VI. DELEGATION OF AUTHORITY**

Subject to procedures relating to the pre-approval of audit and permitted non-audit services set forth herein, the Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

## **VII. EVALUATION OF THE COMMITTEE**

The Committee shall, no less frequently than annually, evaluate its performance. In conducting this evaluation, the Committee shall review and reassess the adequacy of this Charter, including whether it appropriately addresses the matters that are or should be within its scope, and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **VIII. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.