

# AUDIT COMMITTEE CHARTER

(as of April 13, 2020)



There shall be a committee of the Board of Directors (the “**Board**”) of GAN Limited (the “**Company**”) to be known as the Audit Committee (the “**Committee**”), with the following purpose, composition, authority and duties:

## PURPOSE

The purpose of the Committee is to:

1. Assist the Board in oversight and monitoring of:
  - the Company’s financial statements and other financial information provided by the Company to its shareholders and others;
  - the independent auditors, including their qualifications and independence;
  - the Company’s systems of internal controls, including the internal audit function;
  - the auditing, accounting, and financial reporting process generally;
  - treasury and finance matters;
  - enterprise risk management, privacy and data security; and
  - compliance with legal, regulatory and public disclosure requirements;
2. Prepare the committee report required by the rules of the Securities and Exchange Commission (the “**SEC**”) to be included in the Company’s annual proxy statement.
3. Perform the other duties and responsibilities set forth in this charter.

The Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company’s financial statements. It is not the duty of the Committee to conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with International Financial Regulatory Standards (“**IFRS**”) or U.S. Generally Accepted Accounting Principles (“**GAAP**”) and applicable rules and regulations. These duties are the responsibilities of management and the independent auditors.

## COMPOSITION

The Committee shall consist of at least three Board members. The members of the Committee shall be appointed by the Board. The Chair of the Committee shall be designated by the Board. Members of the Committee shall serve until their successors are duly elected and qualified, or their earlier resignation or removal. The Board may replace any member of the Committee.

Each member of the Committee shall be “independent” in accordance with applicable law, including the rules of The Nasdaq Stock Market LLC (“**Nasdaq**”) and the more rigorous SEC independence requirements for audit committee members set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Each member shall be able to read and understand fundamental financial statements, in accordance with Nasdaq audit committee requirements, and at least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a principal financial officer or other senior officer with financial oversight responsibilities and will otherwise qualify as an “audit committee financial expert” as defined by applicable SEC rules.

## **MEETINGS OF THE COMMITTEE**

The Committee shall meet as often as it deems appropriate to perform its duties and responsibility under this charter. Any member of the Committee may call meetings of the Committee. The Chair of the Committee, in consultation with the Committee members and members of management, will determine the frequency and length of Committee meetings and develop the Committee’s agenda. A majority of the members of the Committee shall constitute a quorum and the act of a majority of the members present at a meeting where a quorum is present shall be the act of the Committee. The Committee shall otherwise be governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee shall take written minutes of its meetings and activities which will be filed with the meeting minutes of the Board.

## **AUTHORITY AND RESOURCES**

The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a Committee meeting or to meet with any members of, or consultants to, the Committee. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee’s scope of responsibilities. The Committee has the right at any time to obtain advice, reports or opinions from internal and external counsel and expert advisors and has the authority to hire and terminate independent legal, financial and other advisors as it may deem necessary or appropriate, at the Company’s expense, without consulting with, or obtaining approval from, any officer of the Company in advance.

## **DUTIES AND RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities:

### **Independent Auditor**

1. The Committee shall have sole authority to appoint, compensate, retain and oversee the work performed by the independent auditor engaged for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company. The independent auditors shall report directly to the Committee, and the Committee shall oversee the resolution of any disagreement between management and the independent auditors in the event that any may arise. The Committee shall have sole authority to review the performance of the independent auditors and remove the independent auditors if circumstances warrant.

2. Review the qualifications, independence, performance, and fees of the independent auditors on an annual basis. Review and evaluate the lead partner and the experience and qualifications of the senior members of the independent auditor team. Assure the regular rotation of the lead audit partner as required by law.
3. Pre-approve all audit and permissible non-audit services to be provided to the Company by the independent auditors, as set forth in Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC. This duty may be delegated to one or more designated members of the Committee with any such pre-approval reported to the Committee at its next regularly scheduled meeting.
4. Review and provide guidance with respect to the external audit and the Company's relationship with its independent auditors by:
  - reviewing the independent auditors' proposed audit scope, approach and independence;
  - ensuring that the independent auditors submit to the Committee on an annual basis a written statement (consistent with the applicable requirements of the Public Company Accounting Oversight Board) delineating all relationships and services that may impact the objectivity and independence of the independent auditors; and
  - reviewing reports submitted to the Committee by the independent auditors in accordance with applicable SEC requirements.
5. Obtain and review an annual report from the independent auditors (including the review and evaluation of the lead partner of the independent auditors) describing:
  - the independent auditors' internal quality control procedures; and
  - any material issues raised by the recent internal quality control review, peer review, or Public Company Accounting Oversight Board review, of the independent auditors, 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 independent auditors, and steps taken to deal with any such issues.
6. Review and concur with the Company's hiring of employees of the independent auditor who were engaged on the Company's account.
7. Periodically discuss with the independent auditors any matters appropriate or required to be discussed under applicable accounting and auditing professional standards or applicable regulations, including auditing standards adopted by the Public Company Accounting Oversight Board. These discussions shall include (a) the independent auditors' judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (b) the completeness and accuracy of the Company's financial statements.

## **Financial Reporting**

8. Review with management and the independent auditor:

- the Company's annual audited financial statements, and related footnotes, and quarterly unaudited financial statements, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing the Company's annual and quarter reports with the SEC;
- the independent auditors' audit of the annual financial statements and their report thereon;
- the accompanying management letter and any reports with respect to interim periods;
- any material changes to the Company's accounting principles and practices used in preparing financial statements to be filed with the SEC;
- any significant changes required in the independent auditors' audit plan;
- any difficulties or disputes with management encountered during the course of the audit; and
- other matters related to the conduct of the audit that are to be communicated to the Committee under the auditing standards of the Public Company Accounting Oversight Board.

9. Review and discuss earnings press releases, including the use of non-IFRS or non-GAAP financial measures, prior to public disclosure.

10. Provide a report for inclusion in the Company's proxy statement in accordance with the rules and regulations of the SEC.

11. Oversee compliance with the requirements of the SEC for disclosure of auditors' services and audit committee member qualifications and activities.

12. Discuss with the independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301 ("**Communications with Audit Committees**") and Rule 2-07 of SEC Regulation S-X ("**Communication with audit committees**"), as in effect at the time in the case of annual statements, and Statement on Auditing Standards No. 100, as in effect at the time in the case of quarterly statements.

13. Review with management, the independent auditors, and the Company's counsel, as appropriate, any legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and programs and reports received from regulators.

#### **Internal Control Over Financial Reporting and Disclosure Controls and Procedures**

14. Consider and review with the independent auditor and the head of Internal Audit the adequacy of the Company's internal control over financial reporting and the disclosure controls and procedures designed to ensure compliance with applicable laws and regulations.

15. Periodically review with management any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting, any fraud involving any

employees who have a significant role in the Company's internal control over financial reporting, and any significant changes in internal controls over financial reporting or in other factors that could significantly affect internal controls over financial reporting.

16. Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

### **Internal Audit**

17. Review and concur with the appointment, replacement, reassignment, or dismissal of the Company's head of Internal Audit.

18. Review the activities, organizational structure and qualifications of the Company's internal audit department.

19. Consider, in consultation with the head of Internal Audit and the independent auditor, the audit scope and coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

20. Consider and review with management, the head of Internal Audit, and the independent auditor:

- significant findings during the year and management's responses thereto;
- any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information; and
- any changes required in the planned scope of their audit plan.

### **Management Discussions**

21. Inquire about the application of the Company's accounting policies and its consistency from period to period, and the compatibility of these accounting policies with IFRS or GAAP, as appropriate, and, when applicable, the provisions for future occurrences that may have a material impact on the financial statements of the Company.

22. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as recommended by management and the independent auditors.

23. Review with management, the head of Internal Audit, and the independent auditors, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.

24. Review annually the independent auditors' letter of recommendations to management and management's responses.

25. Periodically review separately with each of management, the independent auditors, and the head of Internal Audit:

- any disagreements between management and the auditors in connections with any audits;
- any difficulties encountered during the course of audits, including restrictions in scope or access to required information; and
- management's response.

26. Review any management decision to seek a second opinion from independent auditors other than the Company's regular independent auditors with respect to any significant accounting issues.

27. Review with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints regarding the Company's financial statements or accounting policies.

28. Review with management and the independent auditors the sufficiency and quality of the Company's financial and accounting personnel.

### **Treasury and Finance**

29. Periodically review matters pertaining to the Company's investment practices for cash management, foreign exchange, investments, and derivatives.

30. Review and approve the Company's treasury resolutions, expenditure authorization, and the like.

31. Review periodically the capital structure of the Company, and, when necessary, recommend to the Board transactions or alterations to the Company's capital structure.

32. Review and approve special transactions or expenditures as specifically delegated by the Board, or such other special transactions or expenditures not specifically delegated by the Board if determined by the Committee that approval by the full Board is not necessary or convenient, such as transactions that require relatively rapid decisions.

33. Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), leases and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses.

*34. Review and discuss with management any equity investments, acquisitions, and divestitures that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses.*

35. Review and discuss with management the Company's effective tax rate, adequacy of tax reserves and significant tax developments.

### **Risk Oversight, Privacy and Data Security**

36. Review and discuss with management:

- management's program to identify, assess, manage, and monitor significant business risks of the Company; and
- management's risk management decisions, practices, and activities.

37. Review and discuss with management the Company's privacy and data security risk exposures, including:

- the Company's data security and information governance policies and programs;
- the potential impact of data exposures on the Company's business, financial results, operations and reputation;
- the steps management has taken to monitor and mitigate such exposures; and
- major legislative and regulatory developments that could materially impact the Company's privacy and data security risk exposure.

38. Regularly report to the Board the substance of such reviews and discussions and, as necessary, recommend to the Board such actions as the Committee deems appropriate.

#### **Other**

39. Provide an open avenue of communication between the internal auditors, the independent auditor, and the Board.

40. Review the Committee's charter, structure, processes, and membership requirements and submit any recommended changes to the Board.

41. Report to the Board concerning the Committee's activities with such recommendations as the Committee deems appropriate.

42. Review and approve related-party transactions consistent with the Related Party Transactions Policy and report to the full Board on any approved transactions.

43. Delegate, in its discretion, any of its responsibilities to the extent allowed under applicable law.

44. Perform such other functions as assigned by law, the Company's charter or bye-laws, or the Board.