

**ALJ REGIONAL HOLDINGS, INC.
AUDIT COMMITTEE CHARTER**

(as adopted by the Board of Directors on December 18, 2020)

I. Authority and Purpose

The Audit Committee (the “**Committee**”) of ALJ Regional Holdings, Inc. (the “**Company**”) is appointed by the Company’s Board of Directors (the “**Board**”) to perform the duties set forth in this Charter and to assist the Board with the oversight of:

- (A) the integrity of the Company’s financial statements,
- (B) the Company’s compliance with legal and regulatory requirements,
- (C) the qualifications and independence of the Company’s independent auditors,
- (D) the performance of the Company’s independent auditors and internal audit function,
- (E) the Company’s internal accounting and financial records, and
- (F) the Company’s risk management.

The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Company’s Bylaws and applicable law.

The Committee shall 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 or annual report on Form 10-K, if applicable.

II. Statement of Policy

The Committee shall oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. In so doing, the Committee shall endeavor to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Company. In addition, the Committee shall review the policies and procedures adopted by the Company to fulfill its responsibilities regarding the fair and accurate presentation of financial statements in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”) and applicable rules and regulations of the SEC and the audit committee requirements of the exchange on which the Company’s common stock is listed, if any.

III. Structure and Operations

Composition, Qualifications, Subcommittees

The Committee shall consist of no fewer than three members, each of whom shall meet the independence and experience requirements of The Nasdaq Stock Market, Inc. Marketplace Rules (the “**Nasdaq Rules**”), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “**Exchange Act**”), the rules and regulations of the SEC, any other regulatory requirements and the standards established by the Board from time to time. All members of the Committee shall be able to read and understand fundamental financial statements, in accordance with the audit

committee requirements of the Nasdaq Rules. At least one member of the Committee shall 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 and regulations. The Committee may delegate any of its responsibilities to a subcommittee of its members when appropriate in its determination.

Appointment and Removal

Committee members shall be elected by the Board from time to time and shall serve until their successors shall be duly elected and qualified or until their earlier resignation, disqualification, retirement, death or removal. Committee members may be removed or replaced at any time, with or without cause, by vote of the Board.

Members of the Committee shall not simultaneously serve on the audit committees of more than three public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and discloses such determination in the Company’s annual proxy statement.

Chair

The Committee chairperson shall be designated by the Board, or, if it does not do so, the Committee members shall elect a chairperson by a vote of the majority of the full Committee. The Committee chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the Committee (or other member of the Committee designated by the chairperson or the Committee in the chairperson’s absence) shall regularly report to the full Board on its proceedings and any actions that it takes.

IV. Meetings

The Committee will meet as often as it determines necessary, but at least four (4) times each year. The Committee may establish its own schedule, which it will provide to the Board in advance. The chairperson or a majority of the members of the Committee may call meetings of the Committee upon such notice as is required for special Board meetings in accordance with the Company’s Bylaws. The Committee shall conduct periodic separate executive sessions with management, with the chief internal audit executive and with the independent auditors, and shall have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. A majority of the Committee, but not less than two members, shall constitute a quorum for the transaction of business. As necessary or desirable, the chairperson of the Committee may require that any other director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, be present at meetings of the Committee. The Committee will maintain written minutes of its meetings, which minutes will be maintained with the books and records of the Company.

V. Committee Resources

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. 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 be empowered, without the approval of the Board, to engage and compensate independent legal, accounting and other advisors, as it determines necessary to carry out its duties. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: (A) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (B) compensation to any advisor employed by the Committee; and (C) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee functions specified in the rules of any stock exchange on which the Company's stock is listed are the sole responsibility of the Committee and may not be allocated to a different committee. In addition to the duties and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities consistent with this Charter, the purposes of the Committee, the Company's bylaws and Nasdaq Rules, or as otherwise delegated by the Board.

VI. Duties and Responsibilities

The Committee shall have the sole authority to appoint, retain, determine funding for, and oversee the outside auditors (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the range of fees and terms thereof) to be performed for the Company by the independent auditor, subject to the *de minimis* exception for the non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit. The Committee shall review and discuss with the independent auditor any documentation supplied by the independent auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provisions of such services on the auditor's independence.

In meeting its responsibilities, the Committee is expected to:

Financial Statement and Disclosure Matters

1. Meet to review and discuss with management and the independent auditors, before release, the Company's annual audited financial statements, including the related notes and the Company's disclosures under "Management's Discussion and Analysis of Financial

Condition and Results of Operations” and make a recommendation to the Board whether or not the audited financial statements should be included in the Company’s annual report.

2. Meet to review and discuss with management and the independent auditors, before release, the Company’s quarterly financial statements, including the related notes and the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations in the Company’s quarterly reports.

3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including any significant changes in the Company’s selection or application of accounting principles.

4. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company’s internal controls, any special steps adopted in light of material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting.

5. Review and discuss with management (including the chief internal audit executive) and the independent auditor the Company’s internal controls report and the independent auditor’s attestation of the report prior to the filing of the Company’s Form 10-K, if applicable.

6. Review and discuss quarterly reports from the independent auditors on:

- a) all critical accounting policies and practices to be used;
- b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

7. Review and discuss with management the type and presentation of information to be included in earnings press releases (paying particular attention to any use of “pro forma” or “adjusted” non-GAAP information), as well as review any financial information and earnings guidance provided to analysts and rating agencies.

8. Conduct a post-audit review of the financial statements and audit findings, including any suggestions for improvements provided to management or the independent auditor, and management’s response to such suggestions.

9. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company’s financial statements.

10. Discuss with management the status of income tax returns and related government audits, if any, and the Company's overall tax strategy including areas requiring significant judgment or risk.

11. Discuss with the independent auditor the matters required to be discussed by applicable auditing standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

12. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the annual and quarterly reports about any significant deficiencies or material weaknesses in the design or operation of internal controls and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Oversight of the Company's Relationship with the Independent Auditor

13. Review and evaluate the lead partner and senior members of the independent auditor team.

14. Obtain and review, at least annually, a report by the independent auditors describing (A) the firm's internal quality-control procedures, (B) 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, (C) any steps taken to deal with any such issues and (D) all relationships between the independent auditor and the Company.

15. Evaluate the independent auditor's qualifications, performance, independence and fees. The evaluation of the independent auditor's independence shall include a review of whether the auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence. In making its evaluation, the Committee shall take into account the opinions of management and the internal auditors. This evaluation shall include a review and discussion of the communications required by Public Company Accounting Oversight Board Rule 3526 – "Communication with Audit Committees Concerning Independence." The Committee shall present its conclusion with respect to the independent auditor to the Board.

16. In addition to assuring the regular rotation of the lead audit partner as required by law, the Committee shall further consider whether, in order to assure continuing auditor independence, there shall be regular rotation of the audit firm itself.

17. Set clear hiring policies for employees or former employees of the independent auditors.

18. Consider and review with the independent auditor any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.

19. Meet with the independent auditor prior to the audit to discuss and review the scope of their examination, planning and staffing of the audit.

Internal Audit

20. Review with management the appointment, replacement, reassignment or dismissal of the chief internal audit executive.

21. Review with management and the chief internal audit executive any significant findings and recommendations of the chief internal audit executive, together with management's responses thereto, any significant difficulties encountered in the course of the internal audit, including any restrictions on the scope of work or access to required information, and any significant changes required in the chief internal audit executive's audit plan.

22. Discuss the budget and staffing of the internal audit function with management, the chief internal audit executive and the independent auditors.

23. At least annually, review with management and the independent auditors the internal audit department's charter, independence and access within the Company to perform their work.

24. Review the effectiveness of the internal audit function and the performance of the chief internal audit executive.

Oversight of Compliance, Risk Management and Other Matters

25. Obtain from the independent auditor assurance that it will promptly inform the Committee if the independent auditor detects or otherwise becomes aware, in the course of its audit, that an illegal act has or may have occurred, unless the illegal act is clearly inconsequential within the meaning of Section 10A(b)(B) of the Exchange Act.

26. Develop and recommend to the Board, and implement and monitor compliance with, a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers for directors or executive officers.

27. Review and reassess the adequacy of such code of business conduct and ethics on an annual basis; and recommend to the Board any changes the Committee deems appropriate.

28. Establish procedures for: the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and the receipt and treatment of any evidence of a violation of the securities laws or breach of fiduciary duty brought to the Committee's attention by the Company's in-house or external securities counsel.

29. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

30. On a quarterly basis, review and discuss with the independent auditors, management (including the Company's Chief Executive Officer and Chief Financial Officer) and the chief internal audit executive matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.

31. Review and approve any related party transactions in accordance with the Company's policies and procedures with respect to related party transactions.

32. Discuss policies with respect to risk assessment and risk management. The Committee shall discuss the Company's major business risk exposures, including financial, operational, business continuity, tax, legal and regulatory compliance and reputational risks, and the steps management has taken to monitor and control such exposures. The Committee shall discuss guidelines and policies to govern the process by which risk assessment and management is undertaken.

Other Responsibilities

33. Report regularly to the Board on the Committee's activities. Such report shall review any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

34. Maintain minutes of the Committee's meetings.

35. Address or take action with respect to any other matter specifically delegated to the Committee from time to time by the Board.

36. Prepare the audit committee report in the Company's proxy statement in accordance with SEC requirements.

37. Perform an annual evaluation of its own performance. In conducting this review, the Committee shall address all matters that it 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.

38. Annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

VII. Limitation of Audit and Risk Committee's Role

While the Committee has the responsibilities and powers 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 plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and other applicable rules and regulations. These duties are fundamental responsibilities of management and the independent auditor.