

## **FRANKLIN WIRELESS CORP.**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**(adopted September 23, 2020)**

#### **Purpose:**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Franklin Wireless Corp. (the “Company”) shall be to assist the Board in fulfilling its oversight responsibilities by reviewing the Company’s financial reporting, the systems of internal controls, the audit process and the independent auditor’s qualifications, independence and performance. In furtherance of these purposes, the Committee may undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

The Committee’s responsibility is one of oversight. The members of the Committee are not employees of the Company, and they do not perform, or represent that they perform, the functions of management or the independent auditors. The Committee relies on the expertise and knowledge of management, and the independent registered public accounting firm in carrying out its oversight responsibilities. Company management is responsible for preparing accurate and complete financial statements in accordance with generally accepted accounting principles (“GAAP”) and for establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The independent registered public accounting firm is responsible for auditing the Company’s annual consolidated financial statements and the effectiveness of the Company’s internal control over financial reporting and reviewing the Company’s quarterly financial statements. It is not the responsibility of the Committee to prepare or certify the Company’s financial statements or guarantee the audits or reports of the independent auditors, nor is it the duty of the Committee to certify that the independent auditor is “independent” under applicable rules. These are the fundamental responsibilities of management and the independent auditors.

#### **Membership:**

The Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Committee shall consist of no fewer than three members of the Board. The Board will designate one member of the Committee as its Chair. The Committee may form and delegate authority to subcommittees when appropriate. Members of the Committee must meet the following criteria (as well as any criteria required by the Securities and Exchange Commission, or “SEC”):

- Each member will be an independent director and satisfy the other committee composition requirements in accordance with (i) the audit committee requirements of the listing standards of The NASDAQ Stock Market LLC (the “Nasdaq Rules”) and (ii) the rules of the SEC;

- Each member will be able to read and understand fundamental financial statements, in accordance with the Committee requirements of the Nasdaq Rules;
- 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;
- At least one member will be an “audit committee financial expert” as defined in the rules of the SEC; and
- No member will have participated in the preparation or auditing of the financial statements of the Company or any of its current subsidiaries at any time during the past three years.

### **Responsibilities and Duties:**

The responsibilities and duties of the Committee include:

- Be directly responsible for (i) the selection, compensation, evaluation, and replacement of, and oversee the work of, the independent auditors (including the resolution of any disagreements between management and the independent auditor regarding financial reporting), (ii) the review, evaluation and required rotations of the lead partner of the independent auditors and (iii) pre- approve all audit and permissible non-audit services and fees, including the audit engagement letter of the independent auditors.
- Have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Committee and the Board, as representatives of the Company’s stockholders. The independent auditors shall report directly to the Committee, pursuant to the Nasdaq Rules.
- Oversee and evaluate the independence and objectivity of the independent auditors and ensure that the Committee annually receives from the independent auditors the required formal written statement on their independence.
- At least annually, obtain and review a report by the independent auditors that describes (i) the independent auditors’ internal quality control procedures, and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding any independent audit performed by the independent auditors, and any steps taken to deal with any such issues.
- Prior to the annual independent audit, review with the independent auditors and financial management the scope of the independent audit and the areas of audit emphasis.
- Review with management and the independent auditors the financial statements, including the Company’s disclosures under Management’s Discussion and Analysis of Financial Condition and Results of Operations, prior to the filing of the Company’s Annual Report on

Form 10-K. Discuss with the independent auditors their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity and completeness of the disclosures in the financial statements. Discuss with the independent auditors critical audit matters and related disclosures.

- Discuss with management and the independent auditors the management letter, if any, and response, if applicable, and any other matters required to be communicated to the Committee by the independent auditors.
- Review the interim financial statements, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, prior to the filing of the Company's quarterly reports on Form 10-Q as well as the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors.
- Review any problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the auditor's activities or on access to requested information, and management's response and any significant disagreements between management and the independent auditor.
- Review any earnings press releases and review and discuss with management policies with respect to earnings press releases (with particular attention to any use of "pro forma" or "adjusted" non-GAAP information), financial information and earnings guidance provided to the public, analysts and ratings agencies.
- Review the results of management's activities, including reviewing, with counsel, legal matters that could have a material impact on the Company's financial statements.
- Oversee actions taken to address matters noted in internal financial reports and in management letters issued by the independent auditors.
- Discuss and review the Company's critical accounting policies and key internal accounting controls and procedures.
- Provide a forum for the independent auditors to meet in closed session with the Committee.
- Oversee compliance by the Company with regard to establishing and maintaining an adequate system of internal controls over financial reporting and disclosure controls and procedures.
- Establish and oversee compliance by the Company with the procedures for handling complaints regarding accounting, internal accounting controls, or auditing matters,
- Submit for inclusion in the Company's annual Proxy Statement the audit committee disclosures required by the SEC and Nasdaq Rules, including the Audit Committee Report and the confirmation of the existence of a written charter, and confirm to the Board, upon request, the independence and financial literacy of Committee members.

- Review and investigate other matters within the scope of the Committee's duties, as deemed necessary.
- Oversee the management of risks associated with the Company's financial reporting, accounting and auditing matters.
- Review the Company's signature and payment authority and approval policies, and recommend to the Board any modifications to the signature and payment authority granted to management.
- Periodically review and reassess the adequacy of the Committee's charter, processes and performance and submit any recommended charter changes to the Board for its consideration.

In performing its duties, the Committee shall have the authority, at the Company's expense, to retain, hire, and obtain advice, reports or opinions from internal or external legal counsel, accounting and other expert advisors, as well as to receive appropriate funding from the Company for ordinary administrative expenses that are necessary or appropriate in carrying out its duties. The Committee shall have full access to all of the Company's books, records, facilities and personnel.

**Meetings:**

The Committee shall meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities, and at least once each year. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The Committee may establish its own meeting schedule, which it shall provide to the Board. The chair of the Committee may develop a schedule of meetings throughout the year, to the extent it can be foreseen. The Committee may invite to its meetings other Board members, Company management and such other persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting in accordance with the Company's bylaws.

The Committee or Committee Chair shall meet separately with the Chief Executive Officer and/or the Chief Financial Officer of the Company at such times as appropriate to review the financial affairs of the Company. The Committee shall meet separately with the independent auditors of the Company at such times as it deems appropriate.

**Minutes:**

The Committee shall maintain written minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board.

**Reports:**

The Committee shall make regular reports to the full Board on the actions and recommendations of the Committee.

**Compensation:**

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.