

CHARTER OF THE AUDIT COMMITTEE OF URBAN-GRO, INC.

I. Purposes. The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of urban-gro, Inc. (the “Company”) shall be appointed by the Board for the purpose of overseeing the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

II. Duties and Responsibilities. The primary role of the Committee is to oversee the financial reporting and disclosure process. To fulfill this obligation, the Committee relies on: management for the preparation and accuracy of the Company’s financial statements; both management and the Company’s internal audit department for establishing effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and the Company’s independent auditors for an unbiased, diligent audit or review, as applicable, of the Company’s financial statements and the effectiveness of the Company’s internal controls. The members of the Committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures. To carry out this responsibility, the Committee will undertake the following activities:

A. General.

1. To develop and maintain free and open means of communication with the Board, the Company’s independent auditors, the Company’s internal auditors, and the financial and general management of the Company;
2. To perform any other activities as the Committee deems appropriate, or as are requested by the Board, consistent with this Charter, the Company’s bylaws and applicable law;
3. To review this Charter at least annually and recommend any proposed changes to the Board for approval; and
4. To report regularly to the Board and to review with the Board any significant issues that arise with respect to the items listed in 1 above.

B. Company’s Financial Statements and Published Information.

1. At least annually, to review:
 - a) Major issues regarding accounting principles and financial statement presentations including any significant changes in the Company’s selection or application of accounting principles;
 - b) Any significant financial reporting issues and judgments made in

connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements;

- c) Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
 - d) The effect of regulatory and accounting initiatives on the financial statements of the Company.
- 2. To review and discuss the annual audited financial statements and quarterly financial statements (including matters outlined in SAS No. 61, Communications with Audit Committees, as amended) with Company management and the independent auditors, including the form of audit opinion to be issued by the auditors on the audited financial statements, and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's filings with the SEC.
 - 3. To produce the audit committee report required to be included in the Company's proxy statement.
 - 4. To discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. These discussions need not occur in advance of each release or each provision of guidance.

C. Performance and Independence of the Company's Independent Auditors.

- 1. At least annually, to obtain and review a written report by the independent auditors describing:
 - a) The independent auditing firm's internal quality control procedures;
 - b) Any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board (PCAOB) review or inspection of the independent auditing firm;
 - c) Any material issues raised 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 auditing firm;

- d) Any steps taken to deal with any issues raised in such internal quality control reviews, PCAOB reviews, peer reviews, or governmental or professional authority inquiries or investigations; and
- e) All relationships between the independent auditor and the Company or any of its subsidiaries.

To discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors.

- 2. To annually evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead audit partner, taking into account the opinions of Company management and the Company's internal auditors, as well as receipt of the written letter from the independent auditor pursuant to PCAOB Rule 3525 regarding pre-approval of non-audit services, and to report its conclusions to the Board.
- 3. To assure regular rotation of the lead audit partner, as required by law.
- 4. To keep the Company's independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and to review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- 5. To review and set clear hiring policies for employees or former employees of the independent auditors.

D. Review of Services and Audit by Independent Auditor.

- 1. To select and retain an independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting, subject to ratification by the Company's stockholders of the selection of the independent auditors, set the compensation of the Company's independent auditors, oversee the work done by the Company's independent auditors and terminate the Company's independent auditors, if necessary.
- 2. To select, retain, compensate, oversee and terminate, if necessary, any other 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.

3. To approve all audit engagement fees and terms; and to pre-approve all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors or other registered public accounting firms on an on-going basis.
4. To review and discuss with the Company's independent auditors (a) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (b) the overall audit strategy, (c) the scope and timing of the annual audit, (d) any significant risks identified during the auditors' risk assessment procedures and (e) when completed, the results, including significant findings, of the annual audit.
5. To review and discuss with the Company's independent auditors:
 - a) Critical accounting policies and practices to be used in the audit;
 - b) Alternative treatments of financial information within GAAP that have been discussed with Company management, the ramifications of the use of such alternative disclosure and treatments, and the treatment preferred by the independent auditors;
 - c) Other material written communications between the independent auditor and Company management, such as any management letter or schedule of unadjusted differences;
 - d) The Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company;
 - e) The auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties; and
 - f) Any other matters required to be discussed by PCAOB Auditing Standards No. 1301, *Communications with Audit Committees* and other applicable requirements of the PCAOB and the SEC.

E. Performance of the Company's Internal Audit Function.

1. To periodically meet separately with internal auditors.
2. To review and approve functions of the Company's internal audit department and

the annual internal audit plan.

3. To receive and review summaries and reports from the internal auditor with respect to its review of the operations of the Company and the systems of internal controls and, where deemed appropriate, management's responses thereto.
4. To review with management, the internal audit department and the Company's independent auditors the activities, organizational structure, staffing, adequacy, effectiveness and qualifications of the Company's internal audit function, including any significant deficiencies or material weaknesses in the design operation of, and any material changes in, the Company's internal controls, and any fraud involving management or other employees with a significant role in such internal controls.

F. Controls within the Company; Related Party Transactions.

1. To periodically meet separately with Company management including Senior Finance and Accounting management.
2. To annually review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
3. To receive quarterly a report from the Company's chief executive and chief financial officer describing:
 - a) All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize, and report financial data; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
4. To establish and review procedures for:
 - a) The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
5. To review, consider for approval and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) in accordance with the Company's related party transaction approval policy on an ongoing basis.

G. Review of Risk Management; Compliance.

1. To review and discuss with management and the internal audit department the risks faced by the Company and the policies, guidelines and policies by which management assess and manages the Company's risks and the steps the Company management has taken to monitor and control such exposures.
2. Oversee the Company's cybersecurity plan, business continuity program, information protection management strategy and related risks to all of these areas. Review the Company's cyber insurance policies to ensure appropriate coverage. Review the Company's development and training plan for critical IT staff as well as succession planning. Review this committee members' expertise and background in cybersecurity.
3. To review the Company's compliance with applicable laws and regulations and to review and oversee the Company's policies, procedures and program designed to promote and monitor legal, ethical and regulatory compliance.
4. To monitor compliance with the Company's Code of Business Conduct and Ethics (the "Code") to investigate any alleged breach or violation of the Code, and to enforce the provisions of the Code.

III. Membership, Structure and Operations.

A. Committee Member Appointment and Removal.

1. **Appointment.** The members of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Committee shall consist of not fewer than three (3) members. The Board may also appoint additional members from time to time.
2. **Removal.** The Board may remove any member from the Committee at any time with or without cause; provided, however, that if removing a member or members of the Committee would cause the Committee to have fewer than three (3) members, then the Board must at the same time appoint enough additional members to the Committee so that the Committee will have at least three (3) qualified members.

B. Member Qualifications. To be a member of the Committee, a Board member must meet the following requirements:

1. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional

certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication;

2. Each member of the Committee must be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the Nasdaq Stock Market;
3. She/he must have, or obtain within a reasonable period of time after his/her appointment to the Committee, familiarity with the key issues relevant to the work of the Committee;
4. She/he and members of his/her immediate family and entities of which she/he is a partner, member, officer, director or significant (greater than 10%) stockholder must not receive any compensation from the Company, except for his/her director’s fees (prohibited compensation includes fees paid for accounting, consulting, legal, investment banking or financial advisory services);
5. She/he must not be the beneficial owner, directly or indirectly, of more than ten percent (10%) of any class of the Company’s voting equity securities, or be an executive officer of the Company; and
6. She/he must not have participated in the preparation of the Company’s or any of its subsidiaries financial statements at any time during the past three years.

C. Appointment and Removal of Chair.

1. **Appointment.** At the time the Board appoints members of the Committee, the Board also will appoint one of the members to act as Chair of the Committee. In addition to chairing meetings of the Committee, the Chair will be the liaison to Company management and will be responsible for setting the agenda for meetings, reporting to the Board and being available to answer questions at annual meetings of shareholders. The Chair may temporarily delegate his or her responsibilities to another member of the Committee if she/he is not available to perform them.
2. **Removal.** The Chair may be removed by the Board at any time with or without cause, provided that a new Chair is appointed by the Board at the same time.

D. Meetings; Operations.

1. The Committee shall meet at least four (4) times per year at such times and places as it deems necessary to fulfill its responsibilities. These meetings shall be in

coincidence with the Company's issuance of its 10-Q and 10-K filings and may be conducted by teleconference. The Committee shall also meet prior to any scheduled annual meeting of the Company.

2. The Committee is 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.
3. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. At the next meeting of the Board after any Committee meeting, the Chair or his/her nominee will provide the Board with a report on the matters addressed at the Committee meeting.
4. The Committee shall meet separately, and periodically, with management, members of the Company's internal audit department and representatives of the Company's independent auditors, and shall invite such persons to its meetings as it deems appropriate, to assist in carrying out its duties and responsibilities. However, the Committee shall meet regularly without such persons present.

E. Delegation. Except where otherwise prohibited, including pursuant to the Nasdaq listing standards, the Committee may delegate to a subcommittee or to the Chair the right to hear and determine any issue (whether specific or general) on behalf of the whole Committee, and the Committee may also delegate administrative tasks to employees of the Company; provided, however, that no such delegation can alter the fundamental duties and responsibilities of the Committee.

IV. Authority to Retain Experts. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Company's independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

V. Annual Performance Evaluation of the Committee. At least annually, the Committee will conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

AS ADOPTED _____, 2022.