

**FIVE BELOW, INC.  
BOARD OF DIRECTORS**

**AUDIT COMMITTEE CHARTER**

**I. STATEMENT OF POLICY**

The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Five Below, Inc. (the “**Company**”) has the responsibility and authority to oversee the accounting and financial reporting processes of the Company, the integrity of the financial reports and other financial information and the audits of the Company’s financial statements. The Committee shall also review the qualifications, independence and performance, and approve the terms of engagement, of the Company’s independent auditor and prepare any reports required of the Committee under the rules of the Securities and Exchange Commission (“**SEC**”).

The Company shall provide appropriate funding, as determined by the Committee, to permit the Committee to perform its duties under this Charter, to compensate its advisors and to compensate any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee, at its discretion, has the authority to initiate investigations and hire legal, accounting or other outside advisors or experts to assist the Committee, as it deems necessary to fulfill its duties under this Charter. The Committee may also perform such other activities consistent with this Charter, the Company’s Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee’s function is one of oversight only and shall not relieve the Company’s management of its responsibilities for preparing financial statements which accurately and fairly present the Company’s financial results and condition, or the responsibilities of the independent auditor relating to the audit or review of financial statements.

**II. ORGANIZATION AND MEMBERSHIP**

The Committee shall consist of three or more directors, each of whom shall satisfy the independence and experience requirements of the Securities Exchange Act of 1934, as amended, any rules and regulations promulgated thereunder by the SEC and the rules of The NASDAQ Stock Market LLC (“**NASDAQ**”). In addition, the Committee shall not include any member who:

- has participated in the preparation of the financial statements of the Company or any of its current subsidiaries at any time during the past three (3) years;
- accepts any consulting, advisory, or other compensatory fee, directly or indirectly, from the Company, other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board; or
- is an affiliate of the Company or any subsidiary of the Company, as defined by the rules of the SEC, other than solely as a result of his or her service as a director of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. In addition, at least one member shall have past employment experience in finance or accounting, professional certification in accounting, or other comparable experience or background resulting in the individual being financially

sophisticated, which may include being or having been a chief executive, chief financial officer or other senior officer with financial oversight responsibilities.

Each member of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee. No member of the Committee shall serve on more than three public company audit committees simultaneously unless the Board determines that such service will not impair the member's ability to effectively serve on the Committee. Any member of the Committee may be removed or replaced by the Board on the recommendation of the Nominating and Corporate Governance Committee at any time. Any vacancy occurring in the Committee shall be filled by the Board on the recommendation of the Nominating and Corporate Governance Committee. Each appointed Committee member will be subject to annual reconfirmation at the Board's annual meeting. Unless a chair of the Committee (the "**Chair**") is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Chair (or in his or her absence, a member designated by the Chair) shall preside at all meetings of the Committee and set the agenda for each Committee meeting. A Secretary of the Committee may be selected by the Chair of the Committee.

### **III. MEETINGS**

The Committee shall meet as often as it determines is necessary to carry out its responsibilities, but not less frequently than quarterly. Additional meetings may be scheduled as needed and may be called by the Chair of the Committee or, if there shall be no such chair, by two members of the Committee. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with the provisions of the Company's Bylaws that are applicable to a committee of the Board. Except as otherwise provided by statute, a majority of the members shall represent a quorum of the Committee for the transaction of business at any meeting. Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of at least a majority of the members present (in person or by telephone conference call) at a meeting at which a quorum is present. The Committee shall meet with management and the independent auditor in separate executive sessions as appropriate. The Committee shall meet with the independent auditor and management on a quarterly basis to review the Company's financial statements and financial reports. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. A summary of all formal action taken by the Committee (or any subcommittee thereof) shall be reported at the next meeting of the Board following such action.

The Committee may, in its discretion, invite other directors of the Company, members of the Company's management or any other person, including, without limitation, outside counsel or the independent auditor, whose presence the Committee believes to be desirable and appropriate to attend and observe meetings of the Committee. The Committee may exclude from its meetings any person it deems appropriate.

### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities:

#### **A. Oversight of the Company's Independent Auditor**

1. Be directly and solely responsible for the appointment, compensation, retention and oversight of any independent auditor engaged by the Company for the purpose of preparing or issuing

an audit report or performing other audit, review or attest services, with each such auditor reporting directly to the Committee.

2. Periodically review and discuss with the independent auditor (i) the matters required to be discussed by Statement on Auditing Standards No. 114, as amended, and (ii) any formal written statements received from the independent auditor consistent with and in satisfaction of Independence Standards Board Standard No. 1, as amended, including without limitation, descriptions of (x) all relationships between the independent auditor and the Company, (y) any disclosed relationships or services that may impact the independent auditor's objectivity and independence and (z) whether any of the Company's senior finance personnel were recently employed by the independent auditor.

3. Obtain and review annually a report from the independent auditor describing (i) the independent auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review or peer reviews 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 such issues, and (iii) all relationships between the independent auditor and the Company.

4. Evaluate annually the qualifications, performance and independence of the independent auditor, including a review of whether the independent auditor's quality-control procedures are adequate and a review and evaluation of the lead partner of the independent auditor, taking into account the opinions of management and report to the Board on its conclusions, together with any recommendations for additional action.

5. Consult with the independent auditor to confirm the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit every five years, consider issues related to the timing of such rotation and the transition to new lead and reviewing partners, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm, and report to the Board on its conclusions.

6. Approve in advance the engagement of the independent auditor for all audit services and non-audit services; provided, however, that (i) the Committee may establish pre-approval policies and procedures for any engagement to render such services, provided that such policies and procedures (x) are detailed as to particular services, (y) do not involve delegation to management of the Committee's responsibilities hereunder and (z) provide that, at its next scheduled meeting, the Committee is informed as to each such service for which the independent auditor is engaged pursuant to such policies and procedures, and (ii) the Committee may delegate to one or more members of the Committee the authority to grant pre-approvals for such services, provided that the decisions of such member(s) to grant any such pre-approval shall be presented to the Committee at its next scheduled meeting.

7. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit. Discuss with the independent auditor the responsibilities, budget and staffing of the audit functions.

8. Approve as necessary the termination of the engagement of the independent auditor and seek a replacement independent auditor.

9. Establish policies for the hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company, taking into account the impact of such policies on auditor independence.

10. Regularly review with the independent auditor any significant difficulties encountered during the course of the audit, any restrictions on the scope of work or access to required information and any significant disagreement among management and the independent auditor in connection with the preparation of the financial statements. Review with the independent auditor any accounting adjustments that were noted or proposed by the independent auditor but that were “passed” (as immaterial or otherwise), any communications between the audit team and the independent auditor’s national office respecting auditing or accounting issues presented by the engagement, any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the independent auditor to the Company, and any other material written communication provided by the independent auditor to the Company’s management.

11. Review with the independent auditor the critical accounting policies and practices used by the Company, alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that the independent auditor has discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor.

#### **B. Review of Financial Reporting, Policies and Processes**

To fulfill its responsibilities and duties, to the extent that it deems necessary or appropriate, and in addition to the items described above, the Committee shall:

1. Review and discuss with management and the independent auditor the Company’s annual audited financial statements and any certification, report, opinion or review rendered by the independent auditor, and recommend to the Board whether the audited financial statements and related notes should be included in the Company’s annual report on Form 10-K.

2. Review and discuss with management and the independent auditor the Company’s quarterly financial statements.

3. Review and discuss with management and the independent auditor the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing in the Company’s periodic reports, and consider with the independent auditor the matters required to be discussed by the applicable Auditing Standards issued by the Public Company Accounting Oversight Board.

4. Review and discuss with management all press releases regarding the Company’s financial results.

5. Periodically meet separately with management and with the independent auditor.

6. Review with management and the independent auditor any significant judgments made in management’s preparation of the financial statements and the view of each as to appropriateness of such judgments.

7. Review quarterly with management its assessment of the effectiveness and adequacy of the Company’s internal control structure and procedures for financial reporting (“**Internal Controls**”), review annually with the independent auditor the attestation to and report on the assessment made by management, if any, and consider whether any changes to the Internal Controls are appropriate in light of management’s assessment or the independent auditor’s attestation.

8. Review with management its evaluation of the Company's procedures and controls designed to assure that information required to be disclosed in the Company's periodic reports is recorded, processed, summarized and reported in such reports within the time periods specified by the SEC for the filing of such reports ("**Disclosure Controls**"), and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such Disclosure Controls.

9. Review and discuss with management and the independent auditor any off-balance sheet transactions or structures and their effect on the Company's financial results and operations, as well as the disclosure regarding such transactions and structures in the Company's public filings.

10. Review with management and the independent auditor the effect of regulatory and accounting initiatives on the financial statements. Review any major issues regarding accounting principles and financial statement presentations, including any significant changes in selection of an application of accounting principles. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor or management.

11. Review any 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 the effects of alternative GAAP methods on the financial statements.

12. Review any special audit steps adopted in light of material control deficiencies. Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

#### **C. Related Party Transactions**

To further fulfill its responsibilities and duties, and in addition to the items described above, the Committee shall:

1. Develop and recommend to the Board standards to be applied by the Board in making its determination as to related party transactions that may present actual, potential or perceived conflicts of interest or may raise questions as to whether such transactions are consistent with the best interests of the Company and its shareholders.

2. Review and ratify any related party transactions based on the standards set forth in the Company's Related Party Transaction Policy.

#### **D. Risk Management, Legal Compliance and Ethics**

To further fulfill its responsibilities and duties, and in addition to the items described above, the Committee shall:

1. Review with the executive chairman, chief executive officer and chief financial officer of the Company any report on significant deficiencies in the design or operation of the Internal Controls that could adversely affect the Company's ability to record, process, summarize or report financial data, any material weaknesses in the Internal Controls identified to or by the auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Internal Controls.

2. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable

accounting or auditing matters. Adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns.

3. Consider and present to the Board for adoption a Code of Business Conduct and Ethics for all employees and directors, which meets the requirements of Item 406 of the SEC's Regulation S-K, and provide for prompt disclosure to the public of any change in, or waiver of, such Code of Business Conduct and Ethics. Review such Code of Business Conduct and Ethics periodically and recommend such changes to such Code of Business Conduct and Ethics as the Committee shall deem appropriate, and adopt procedures for monitoring and enforcing compliance with such Code of Business Conduct and Ethics.

4. As requested by the Board, review and investigate conduct alleged by the Board to be in violation of the Company's Code of Business Conduct and Ethics, and adopt as necessary or appropriate, remedial, disciplinary, or other measures with respect to such conduct.

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

6. Discuss guidelines and policies to govern the process by which risk assessment and management is undertaken and handled. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

7. Review with the Company's counsel and report to the Board on litigation, material government investigations and compliance with applicable legal requirements and the Company's Code of Business Conduct and Ethics.

8. Prepare the Committee's report required by the rules of the SEC to be included in the Company's annual proxy statement.

9. Produce and provide to the Board on an annual basis a performance evaluation of the Committee's performance of its duties under this Charter. The performance evaluation shall be conducted in such a manner as the Committee deems appropriate. Any member of the Committee may present the evaluation to the Board either orally or in writing.

10. Regularly report to the Board on the Committee's activities, recommendations and conclusions.

11. As appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## **V. RESOURCES; ACCESS TO RECORDS**

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities. In carrying out its duties and responsibilities, the Committee shall have full access to any relevant records, facilities and employees of the Company and may retain experts and outside consultants to advise the Committee. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall have sole authority to engage, terminate and determine the compensation and terms of engagement of any experts, outside consultants, external legal, accounting or other advisors. The Committee may also request that any officer or other employee of the Company, the Company's counsel or any other person meet with any

members of, or consultants or advisors to, the Committee. The fees, expenses or compensation owed any person retained by the Committee and any ordinary administrative expenses of the Committee incurred in carrying out its duties and responsibilities shall be borne by the Company.

Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

## **VI. DELEGATION OF DUTIES**

The Committee shall be entitled to form and delegate any or all of its duties or responsibilities to a subcommittee of the Committee, to the extent consistent with the Company's Articles of Incorporation, Bylaws, and applicable laws and rules of markets in which the Company's securities then trade.