



## **Audit Committee Charter**

## AUDIT COMMITTEE CHARTER OF KNIGHT THERAPEUTICS

The Audit Committee (the “**Committee**”) is created by the board of directors (the “**Board**”) of Knight Therapeutics Inc. (the “**Corporation**”) with the purpose, composition, duties and responsibilities that follow:

**Purpose of the Committee:** The Committee represents and assists the Board in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Corporation and any subsidiaries, including the integrity of the Corporation’s financial statements; (ii) the surveillance of administration and financial controls and the Corporation’s compliance with legal and regulatory requirements; (iii) the External Auditor’s qualifications and independence; (iv) the performance of the External Auditor; and (v) prepares the report required to be included in the Corporation’s annual information form pursuant to the rules of the governing regulatory bodies including *National Instrument 52-110—Audit Committees* (“**52-110**”).

### **Definitions and Interpretation:**

In this Charter:

- (i) “Board” means the board of directors of the Corporation;
- (ii) “Chairman” means the chairman of the Committee;
- (iii) “Committee” means the audit committee of the Board;
- (iv) “Corporation” means Knight Therapeutics Inc.;
- (v) “Director” means a member of the Board; and
- (vi) “External Auditor” means the Corporation’s independent auditor.

**Composition:** The members of the Committee shall be appointed by the Board. The Committee shall be composed of at least three **Directors**. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office. Any member of the Committee may be removed from the Committee by a resolution of the Board.

**Independence and Financial Literacy of the Members:** Each member shall be “independent” within the meaning of 52-110. Each member of the Committee must be “financially literate” as defined in 52-110 and at least one member must have accounting or related financial management expertise, as determined by the Board.

**Committee Chairman:** The Chairman of the Committee (the “**Chairman**”) shall be designated by the Board. The designation of the Committee’s Chairman shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chairman is not so made, the Director who is then serving as Chairman shall continue as Chairman until his or her successor is appointed.

**Meetings:** Any of the Chairman of the Board, any member of the Committee, the Chief Financial Officer, the Secretary of the Corporation or the auditor (either internal or the External Auditor), may, acting alone, require that the Chairman call a meeting of the Committee within a reasonable time. The Committee shall meet at least four times per year, either in person or telephonically, and at such times and places as the Committee shall determine. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meetings at the Corporation’s expense. The Committee shall meet separately in executive session, at least once per year, with the External Auditor. The Committee shall report regularly to the full Board with respect to its activities. The majority of the members of the Committee shall constitute a quorum.

**External Advisors:** The Committee shall have the authority to retain such external counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions and shall receive appropriate funding, as determined by the Committee, from the Corporation for payment of compensation to any such advisors.

**Remuneration of Committee Members:** Members of the Committee and the Chairman shall receive such remuneration for their service on the Committee as the Board may determine from time to time. No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees. For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

**Duties and Responsibilities:**

Among its specific duties and responsibilities, the Committee shall:

- (i) Recommend to the Board the appointment and compensation of the External Auditor and oversee the External Auditor's work. The Board shall appoint and retain, subject to ratification by the Corporation's shareholders, compensate, evaluate, and terminate, when appropriate, the External Auditor, which shall report to the Board.
- (ii) Obtain and review, at least annually, a report by the External Auditor describing: the External Auditor's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review.
- (iii) Approve in advance all audit services to be provided by the External Auditor. (By approving the audit engagement, the audit services within the scope of the engagement shall be deemed to have been pre-approved.)
- (iv) Establish policies and procedures for the engagement of the External Auditor to provide audit and permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the External Auditor.
- (v) Consider, at least annually, the independence of the External Auditor, including whether the External Auditor's performance of permissible non-audit services is compatible with the auditor's independence, and obtain and review a report by the External Auditor describing any relationships between the External Auditor and the Corporation or any other relationships that may adversely affect the independence of the auditor.
- (vi) Review and discuss with the External Auditor:
  - (a) the scope of the audit, the results of the annual audit examination by the auditor, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the External Auditor's activities or on access to requested information and any significant disagreements with management; and
  - (b) the reports of the External Auditor with respect to interim periods.
- (vii) Review, analyse and discuss with management and the External Auditor the annual audited financial statements of the Corporation, and, in relation thereto, if any:
  - (a) the auditor's judgment as to the quality of the Corporation's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  - (b) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical;
  - (c) major issues regarding the Corporation's accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations;
  - (d) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
  - (e) reports from the External Auditor as required by applicable securities rules; and
  - (f) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

- (viii) Recommend to the Board based on the review and discussion described in paragraphs (v) to (vii) above, whether the annual financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” relating thereto should be approved.
- (ix) Review, analyse and discuss with management and (if and where applicable) the External Auditor the interim financial statements of the Corporation, and, in relation thereto, if any:
  - (a) an analysis of the auditor’s judgment as to the quality of the Corporation’s accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  - (b) the Corporation’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” including accounting policies that may be regarded as critical;
  - (c) major issues regarding the Corporation’s accounting principles and financial statement presentations, including any significant changes in the Corporation’s selection or application of accounting principles and financial statement presentations;
  - (d) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
  - (e) reports from the External Auditor as required by applicable securities rules; and
  - (f) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

- (x) Approve, on behalf and in the name of the Board, based on the review and discussion described in paragraph (ix) above, the interim financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” relating thereto.
- (xi) Resolve disagreements, if any, between management and the External Auditor with respect to issues relating to financial reporting.
- (xii) Review and discuss the adequacy and effectiveness of the Corporation’s internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Committee by the External Auditor or management.
- (xiii) Periodically review and discuss the adequacy and effectiveness of the Corporation’s disclosure controls over financial information, procedures, and management reports thereon.
- (xiv) Review and discuss with the principal internal auditor of the Corporation the scope and results of the internal audit program.
- (xv) Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.
- (xvi) Review and discuss the Corporation’s policies with respect to risk assessment and risk management, including reviewing the Corporation’s processes for identifying and managing data, cyber and other information technology risks and processes for development of data security programs and practices.
- (xvii) Oversee the Corporation’s compliance systems with respect to legal and regulatory requirements.
- (xviii) Establish procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
- (xix) Establish policies for the hiring of employees and former employees of the External Auditor and any former external auditor.
- (xx) Annually evaluate the performance of the Committee and assess the adequacy of the Committee’s charter.