



**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF GAIN THERAPEUTICS INC.
ADOPTED AS OF MARCH 3, 2021**

I. PURPOSE

The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Gain Therapeutics Inc., a Delaware corporation (the “Company”) is to assist the Board in overseeing: the Company’s accounting and financial reporting processes and internal controls as well as the audit and integrity of the Company’s financial statements; the qualifications, independence and performance of the Company’s independent auditor; the design and implementation of the Company’s internal audit function, when applicable; the Company’s compliance with applicable law (including U.S. federal securities laws and other legal and regulatory requirements); and the Company’s risk assessment and risk management pertaining to the financial, accounting and tax matters of the Company.

II. COMPOSITION

The Committee shall consist of at least three (3) members of the Board. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion.

Members of the Committee must meet the following criteria as well as any criteria required by applicable law, the rules and regulations of the Securities and Exchange Commission (the “SEC”), the listing standards of the securities exchange on which the Company’s securities are listed (the “Exchange”) or such other qualifications as are established by the Board from time to time:

(a) Each member of the Committee must be an independent director in accordance with (i) the listing standards of the Exchange and (ii) Rule 10A-3 of the Securities Exchange Act of 1934, as amended.

(b) Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s consolidated balance sheet, consolidated statement of operations and comprehensive income and consolidated statements of cash flow.

(c) At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

(d) At least one member of the Committee shall 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 the requisite financial sophistication.



(e) If a member of the Committee expects to or simultaneously serves on the Committees of more than two (2) other public companies, the Board shall review the facts and circumstances and make a determination as to whether such simultaneous service would or would not impair the ability of such member to effectively serve on the Committee. The Company shall disclose such determination in its annual proxy statement.

The Board may designate a chairperson of the Committee. In the absence of that designation, the Committee may designate a chairperson by majority vote of the members of the Committee; provided that, the Board may replace any chairperson designated by the Committee at any time.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. If designated, each such subcommittee will establish its own schedule and Section IV of this Charter shall apply to the meetings of each such subcommittee (provided that each reference to the Committee in Section IV shall be deemed to be a reference to such subcommittee). The Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

Members of the Committee shall receive such fees or other compensation, 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 or other compensation that they receive for service as a member of the Board or any committee thereof.

III. DUTIES AND RESPONSIBILITIES

The function of the Committee is primarily one of oversight. The Company's management is responsible for preparing the Company's financial statements, and the independent auditor is responsible for auditing and reviewing those financial statements. The Committee is responsible for assisting the Board in overseeing the conduct of these activities by management and the independent auditor. The Committee is not responsible for providing any expert or special assurance as to the financial statements or the independent auditor's work. It is recognized that the members of the Committee are not full-time employees of the Company, that it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and that each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which the Committee receives information and (ii) the accuracy of the financial and other information provided to the Committee, in either instance absent actual knowledge to the contrary.

While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.



The following are the principal recurring responsibilities and duties of the Committee. The Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations, requirements and listing standards of the Exchange and as the Board may request.

1. Select and Hire the Independent Auditor and Any Other Registered Public Accounting Firm

The Committee, in consultation with the Company's Chief Executive Officer and Chief Financial Officer, shall:

- (a) appoint, retain, compensate, and, where appropriate, replace the independent auditor (which will report directly to the Committee);
- (b) approve (i) the hiring and discharging of the independent auditor, (ii) all audit engagement fees and terms, and (iii) all permissible non-audit engagements with the independent auditor; and
- (c) appoint, retain, compensate, oversee and, where appropriate, replace 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.

2. Supervise and Evaluate the Independent Auditor and Any Other Registered Public Accounting Firm

The Committee shall:

- (a) oversee and evaluate the work of (i) the independent auditor and (ii) 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, which evaluation shall include a review and evaluation of the lead partner of the independent auditor;
- (b) review, in consultation with the independent auditor, the annual audit plan and scope of audit activities and monitor such plan's progress;
- (c) review and resolve any disagreements that may arise between management and the independent auditor regarding internal controls or financial reporting; and
- (d) at least annually, obtain and review a report by the independent auditor that describes (i) the independent auditor's internal quality control procedures and (ii) any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board (the "PCAOB") review of the independent auditor or by any other inquiry or investigation by governmental or professional authorities, within the preceding five years (or such other period as may be requested by the Committee), regarding any independent audit performed by the independent auditor, and any steps taken to deal with any such issues.



3. Evaluate the Independence of the Independent Auditor

The Committee shall:

- (a) review and discuss with the independent auditor the written independence disclosure required by the PCAOB;
- (b) review and discuss with the independent auditor on a periodic basis any other relationships or services (including permissible non-audit services) that may affect its objectivity and independence;
- (c) oversee the rotation of the independent auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law; and
- (d) take, or recommend to the Board that it take, appropriate action to oversee the independence of the Company's independent auditor.

4. Approve Audit and Non-Audit Services and Fees

The Committee shall (i) review and approve, in advance, the scope and plans for the audits and the audit fees and (ii) approve in advance (or, where permitted under the rules and regulations of the SEC, subsequently) all non-audit services to be performed by the independent auditor or any other registered public accounting firm that are not otherwise prohibited by law and any associated fees. The Committee chairperson may delegate to one or more members of the Committee the authority to pre-approve audit and permissible non-audit services and any associated fees, as long as such pre-approval is presented to the full Committee at scheduled meetings. The Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent accountants to render services to the Company.

5. Review Financial Statements

The Committee shall review and discuss the following with management and the independent auditor, as applicable:

- (e) the scope and timing of the annual audit of the Company's financial statements;
- (f) the Company's annual audited and quarterly financial statements and annual and quarterly reports on Form 10-K and 10-Q, including the disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- (g) the results of the independent audit and the quarterly reviews, and the independent auditor's opinion on the annual financial statements;



- (h) the reports and certifications regarding internal control over financial reporting and disclosure controls and procedures;
- (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
- (j) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
- (k) the effect of regulatory and accounting initiatives on the Company's financial statements;
- (l) any significant changes required or taken in the audit plan as a result of any material control deficiency;
- (m) 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
- (n) any significant disagreements between management and the independent auditor.

6. Audited Financial Information; Committee Report

The Committee shall recommend that the audited financial statements be included in the Company's annual reports on Form 10-K and shall prepare the report of the Committee that SEC rules require to be included in the Company's annual proxy statement.

7. Reports and Communications from the Independent Auditor

The Committee shall review and discuss quarterly reports from the independent auditor concerning the following:

- (a) all critical accounting policies and practices to be used by the Company;
- (b) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that the auditor has discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor if different from that used by management;
- (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences; and
- (d) other matters required to be communicated to the Committee under generally accepted auditing standards and other legal or regulatory requirements, including any matters



required to be communicated under PCAOB Auditing Standards No. 16, Communications with Committees.

8. Earnings Press Releases and Earnings Guidance

The Committee shall review earnings press releases, as well as financial information and earnings guidance provided to the public, analysts and ratings agencies.

9. Internal Controls

The Committee shall review and discuss with management and the independent auditor the adequacy and effectiveness of the Company's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor or management, any special audit steps adopted in light of significant control deficiencies, and any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's internal controls.

10. Disclosure Controls and Procedures

The Committee shall review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures.

11. Internal Audit Function

The Committee shall:

- (a) meet periodically with the Company personnel primarily responsible for the design and implementation of the internal audit function; and
- (b) meet periodically with management and review management's plans with respect to the responsibilities, budget and staffing of the internal audit function, and the Company's plans for the implementation of the internal audit function.

12. Legal and Regulatory Compliance

The Committee shall review and discuss with management and the independent auditor (i) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including the Company's Code of Business Conduct and Ethics, compliance with the Foreign Corrupt Practices Act and foreign anticorruption laws, and compliance with export control regulations and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs, in each case to the extent pertaining to financial, accounting, investment and/or tax matters. The Committee shall 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. The Committee shall discuss with the Company's Legal Counselor legal matters that may have a material impact on



the financial statements or the Company's compliance procedures that pertain to financial, accounting, investment or tax matters of the Company.

13. Complaints

The Committee shall oversee procedures established for the receipt, retention and treatment of complaints on accounting, internal accounting controls or audit matters, as well as for confidential and anonymous submissions by the Company's employees concerning questionable accounting or auditing matters.

14. Risks

The Committee shall review and discuss with management, the internal auditors, if applicable, and the independent auditor the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures, including the Company's guidelines and policies with respect to risk assessment and risk management pertaining to financial, accounting, legal, compliance, investment and tax matters. In addition, the Committee will review the Company's risk management framework and programs, overall risk profile and risk exposures with the Board.

15. Internal Information Systems

The Committee will receive a presentation, at least annually, from management, and discuss with management the Company's management information systems, including their overall design and operation, significant plans for system upgrades, enhancements and further automation; and any other plans to enhance the overall quality, accuracy, security and timeliness of critical information.

16. Treasury Oversight

The Committee will review with management the Company's (i) investment philosophy and policies, (ii) allocation and performance of its investment portfolio, (iii) management of investment risk, (iv) policies and procedures to comply with laws and regulations pertinent to the Company's investment portfolio, and (v) foreign exchange risk management.

17. Related Party Transactions

The Committee shall (i) review and oversee all transactions between the Company and a related person for which review or oversight is required by applicable law or that are required to be disclosed in the Company's financial statements or SEC filings and (ii) develop policies and procedures for the Committee's review, approval and/or ratification of such transactions.



18. Hiring of Auditor Personnel

The Committee shall set hiring policies for the Company with regard to employees and former employees of the Company's independent auditor.

19. Committee Performance and Charter Review

The Committee will review and reassess its performance and the adequacy of this Charter at least annually and shall submit any recommended changes to this Charter to the Board for approval.

IV. MEETINGS AND PROCEDURES

The Committee will meet at least four (4) times each year (with additional meetings as it deems necessary or appropriate) at such times and places as the Committee determines. The chairperson of the Committee shall preside at each meeting. The chairperson will approve the agenda for the Committee's meetings, and any member may suggest items for consideration. If a chairperson is not designated or present, an acting chair may be designated by the Committee members present.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee may act by written consent (which may include electronic consent) in lieu of a meeting in accordance with the Company's bylaws.

The Committee shall maintain written minutes of its proceedings and actions by written consent, which minutes and actions by written consent will be filed with the minutes of the meetings of the Board.

The Committee shall meet periodically with members of management and the independent auditor in separate executive sessions as the Committee deems appropriate.

The Committee may invite to its meetings any director, officer or employee of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities, including non-management directors who are not members of the Committee.

The Committee shall report regularly to the Board with respect to the Committee's activities, determinations and recommendations, including (i) management's activities with respect to the design and implementation of the internal audit function; (ii) financial and enterprise risk assessment and risk management and (iii) any significant issues that arise with respect to the quality or integrity of the Company's financial statements, internal controls, disclosure controls and procedures, the Company's compliance with legal or regulatory requirements or the performance and independence of the Company's independent auditor, as applicable.



V. INVESTIGATIONS; ACCESS

In the course of its duties, the Committee shall have authority, at the Company's expense, to investigate any matter brought to its attention.

The Committee shall receive and, if appropriate, respond to attorneys' reports of evidence of material violations of securities laws and breaches of fiduciary duty and similar violations of foreign, U.S., state or local law. The Committee shall establish procedures for the confidential receipt, retention and consideration of any attorney report.

The Committee shall be given full access to the chairperson of the Board, management and the independent auditor, as well as the Company's books, records, facilities and other personnel.

VI. ADVISORS

The Committee shall have the authority, in its sole discretion, to select and retain any internal or outside legal counsel and such other advisors (each, an "Advisor") as it deems necessary or appropriate to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation and oversee the work of any such Advisors. The Company will provide appropriate funding, as determined by the Committee, to pay any such Advisors hired by the Committee and any administrative expenses of the Committee that the Committee determines are necessary or appropriate in carrying out its activities. The authority granted to the Committee pursuant to this Charter to retain Advisor shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

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