



AUDIT COMMITTEE CHARTER

I. Overview

- A. This document shall be the formal written Charter (the "Charter") of the Audit Committee (the "Committee") of the Board of Directors (the "Board") Avadel Pharmaceuticals plc, a public limited company organized incorporated under the laws of Ireland (the "Company"). This Charter hereby replaces and supersedes all former charters of the Committee. Definitions of certain terms used in this Charter are included in Article VII hereof. The Company shall make this Charter available on the Corporate Governance page of the Investors section of its website at <http://investors.avadel.com>
- B. The responsibilities granted or delegated to the Committee in this Charter are in each case subject always to Irish law and the Company's Constitution, and the Committee is authorized to seek any clarifications or waivers from applicable U.S. securities laws and regulations and The Nasdaq Stock Market Rules (the "Nasdaq Rules"), as it deems appropriate with respect to the foregoing. To the extent required under applicable U.S. securities law and regulations and Nasdaq Rules, any such waivers or non-compliance shall be disclosed annually in the Company's annual report on Form 10-K or such other Form as may be applicable.
- C. The members of the Committee shall be appointed by the Board and shall be directly responsible for (a) overseeing the accounting and financial reporting process of the Company and the audits of the financial statements of the Company; (b) assisting in Board oversight of: (1) the integrity of the financial statements of the Company provided to any governmental body, the public, or any lender or other third party; (2) the adequacy of the Company's system of internal controls; (3) the compliance by the Company with accounting, auditing, financial reporting and related legal and regulatory requirements; (4) the qualifications and independence of the Company's independent auditors; and (5) the performance of the company's independent auditors, all as more particularly set forth elsewhere in this Charter; and (c) preparing the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

II. Committee Membership

- A. The Committee shall consist of at least three (3) members, which number shall be determined by the Board from time to time in its discretion. The composition of the Committee shall satisfy the applicable requirements of the SEC and the Nasdaq Rules.
- B. The Board annually shall elect the members of the Committee to serve for a term of one (1) year or other length of term, in the discretion of the Board, and such members shall serve until their successors are duly elected and qualified. Each member of the



Committee shall serve at the pleasure and discretion of the Board and may be replaced or removed by the Board at any time and from time to time in its discretion. At the time of each annual election of the Committee members, or at other times in the discretion of the Committee or the Board, the Committee shall designate one member of the Committee to be its Chairman; in the absence of such designation by the Committee, the Board shall designate the Chairman.

- C. Each member of the Committee shall (1) be an Independent Director (as defined by the applicable Nasdaq Rules), (2) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act, (3) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years and (4) have Financial Knowledge (as defined in Article VII hereof) at the time of his or her Page 2 of 8 appointment to the Committee, and shall be free from any relationship that, in the judgment of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. At least one (1) member of the Committee shall be an Audit Committee Financial Expert (as defined in Article VII hereof) at the time of his or her appointment to the Committee.
- D. Notwithstanding the foregoing, one director who is not "independent" as defined in Rule 5605(a)(2) under the Nasdaq Rules but satisfies the criteria for independence set forth in Section 10A(m)(3) of the Exchange Act and the rules thereunder and is not a current officer or employee or a Family Member (as defined in the Exchange Act) of such officer or employee, may serve on the Committee if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the director is required by the best interests of the Company and its stockholders, and the Board discloses, in the next annual proxy statement subsequent to such determination (or, if the Company does not file a proxy statement, in its Form 10-K or 20-F), the nature of the relationship and the reasons for that determination. A director serving on the Committee under this exception may not serve on the Committee for more than two years and may not chair the Audit Committee.

III. Compensation

In A member of the Committee may not, other than as a member of the Committee, the Board or any other committee established by the Board, receive directly or indirectly any consulting, advisory or other compensatory fee from the Company. A member of the Committee may receive additional directors' fees to compensate such member for the significant time and effort expended by such member to fulfill his or her duties as a Committee member.

IV. Committee Powers, Authority, Duties and Responsibilities



A. Meetings

- The Committee shall meet as often as it deems appropriate, but not less frequently than a quarterly basis. The Committee can meet in person or by telephone, video conference or other appropriate manner of communicating that enables all persons participating in the meeting to hear each other. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by vote of a majority of members present at a meeting. In lieu of a meeting, the Committee may act by unanimous written consent in accordance with the Company's Constitution.

B. Review of Charter

- The Committee shall review and reassess the adequacy of this Charter annually and recommend to the Board any amendments or modifications it deems appropriate.

C. Approval of Audit and Non-Audit Services

- The Committee shall be directly responsible for the appointment, compensation, retention, termination (subject to the requirements of Irish company law) and oversight of the work of any registered public accounting firm engaged as auditors (including resolution of disagreements between management and such auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm shall report directly to the Committee.
- The Committee shall approve in advance the provision by the independent auditors of all services to the Company whether or not related to the audit (other than non-audit services if the "de minimus" provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied and non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board (the "PCAOB")). The Committee may delegate authority to pre-approve non-audit services to its Chair, who shall report all pre-approval decisions to the Committee at its next scheduled meeting.

D. Independent Auditor Evaluation



- The Committee shall receive from, and discuss with, the independent auditors, formal, written periodic reports, at least annually, consistent with PCAOB Rule 3526 regarding the matters below and the requirements of the Irish Statutory Audits Regulations: the auditors' independence; the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 any such issues; and all relationships between the independent auditors and the Company. The Committee shall review any disclosed relationships or services that may impact the objectivity and independence of the auditor and take any other appropriate action deemed necessary or desirable to provide reasonable assurances that the Company has an auditor that is in fact independent. "Irish Statutory Audits Regulations" means the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016.
- The Committee shall evaluate the performance of the independent auditors at such times as are appropriate.
- The Committee will oversee hiring policies for employees or former employees of the independent auditors.
- The Committee shall require that the independent auditors provide to the Committee written affirmation that the independent auditor is, as of the date of the affirmation, independent in compliance with PCAOB Rule 3520.

E. Planning and Reviewing Auditing Activities

- Committee shall meet with the independent auditors prior to the commencement of the auditor's work, to review the planning and staffing of the audit and other examinations or reviews of the Company's quarterly, annual and other financial information.
- The Committee shall also review with management and the independent auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of external audit resources.
- In connection with the annual audit, the Committee shall review with the independent auditors its evaluation, which shall include (a) any problems or difficulties the auditors may have encountered and any management letter



provided by the auditors and management's response to any such problems or difficulties and to any management letter and (b) any material issues raised by its most recent internal quality-control review or peer review or by any inquiry or investigation by government or professional authorities, within the preceding five years, regarding one or more independent audits it has conducted, and any steps it has taken to address any issues that were identified.

- The Committee shall review major changes to the Company's auditing and accounting principles and practices suggested by the independent auditors or management.
- The Committee shall inquire of management and the Company's independent auditors concerning any deficiencies in the Company's policies and procedures that could adversely affect the adequacy of internal controls and the financial reporting process and review the timeliness and reasonableness of proposed corrective actions.

F. Review of Unaudited and Audited Financial Statements, Earnings Releases, and Information Provided to Analysts and Rating Agencies; Preparation of Proxy Disclosure

- The committee shall review the overall audit plan and annual audited financial statements with management and the independent auditors, including major issues regarding accounting and auditing principles and practices, the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and Financial Condition," the adequacy of internal controls that could significantly affect the Company's financial statements, any material correcting adjustments that have been identified by the independent auditors, any material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities and other matters related to the conduct of the audit which are to be communicated to the Committee under Statement on Auditing Standards No. 61, Communications with Audit Committees.
- The Committee shall determine whether to recommend to the Board that the annual audited financial statements and the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and Financial Condition" be included in the Company's annual report on Form 10-K.
- The Committee shall review analyses and reports prepared by management and the independent auditors of significant financial reporting issues and judgments and critical accounting policies and practices in connection with the preparation of the Company's financial statements and the ramifications



of the use of alternative disclosures and treatments, the treatment preferred by the independent auditors, and other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.

- The Committee shall meet periodically with management and the independent auditors to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Committee shall also review and evaluate the Company's processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas; including issues as may be brought to the Committee's attention by the independent auditors pursuant to Statement on Auditing Standards No. 100.
- The Committee shall review with management and the independent auditors the Company's quarterly financial statements and the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in the Company's 10-Q's for quarterly results.
- The Committee shall review with management and the independent auditors, as appropriate, earnings press releases and financial information and earnings guidance provided to analysts and to rating agencies, including, in general, the types of information to be disclosed and the types of presentations to be made (paying particular attention to the use of "pro forma" or "adjusted" non- generally accepted accounting principles information).

G. Review of Conflicts of Interest

- The Committee shall review Company policies and procedures with respect to Company transactions in which officers or directors have an interest; where appropriate, including when their review is requested by management or the independent auditors, review policies and procedures with regard to officer use of corporate assets and consider the results of any review of these areas by the independent auditors.
- The Committee shall review all Related Party Transactions (as defined in Article VII hereof) and similar matters to the extent required by Nasdaq's listing standards to be approved by an audit committee or comparable body.

H. Compliance with Law and the Procedures for Handling Complaints about Accounting Matters



- The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding material violations of applicable law, unethical conduct, or breaches of the Company's Code of Business Conduct and Ethics (the "Code") for all employees of the Company and the Board of Directors regarding accounting, internal accounting controls or auditing matters. Such procedure shall provide for the confidential and anonymous submission by employees of the Company of such concerns, as may be required by the Sarbanes- Oxley Act of 2002 or other applicable law (collectively, "Audit Compliance Matters"). The Committee shall have the authority to oversee, investigate and take remedial action with respect to any and all complaints regarding Audit Compliance Matters.
- The Company's General Counsel or Corporate Compliance Officer shall report directly to the Committee as to the receipt by the Company of any complaints relating to Audit Compliance Matters on a quarterly basis. In addition, at least annually, the General Counsel or Corporate Compliance Officer shall report to the Board as to the status of all complaints relating to Audit Compliance Matters of which the Committee has been made aware.
- The Committee shall review with the Board as necessary in the Committee's judgment the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Code if any.
- The Committee shall obtain reports from management and the independent auditors as to whether the Company's foreign affiliates and subsidiaries, if any, are in conformity with applicable legal requirements.
- The Committee shall discuss with the independent auditors any information brought to its attention by the auditors regarding potential illegal acts and shall take action with respect to such information as required by applicable law.
- The Committee shall review with the Company's General Counsel legal and regulatory matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from external counsel, regulators or governmental agencies.

I. Periodic Reports to the Board, Executive Sessions and Annual Review



- The Committee shall make a report available to the Board at the next regularly scheduled meeting following a meeting of the Committee accompanied by any recommendations to the Board.
- The Committee shall meet at least annually with the Chief Financial Officer, the senior internal auditing executive, if any, the other senior members of management designated by the Committee, and the independent auditors, each in separate executive sessions.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee shall annually review its own performance.
- The Committee shall prepare the Audit Committee Report required by the SEC to be included in the Company's annual proxy statement.

J. Conducting or Authorizing Investigations

- The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
- The Committee shall be empowered to retain independent counsel, accountants or others to assist in the conduct of any investigations.
- The Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

K. Process and Organizational Improvement

- Here The Committee, following the completion of the annual audit, shall review separately with each of management, the independent auditors and the Company's internal auditors any problems and difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and management's response.
- The Committee shall review and resolve any significant disagreement among management and the independent auditors or the Company's internal auditors in connection with the preparation of the financial statements.
- The Committee shall review with the independent auditors, the company's internal auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.



- The Committee shall perform any other activities consistent with this Charter, the Company's Constitution and governing law, as the Committee or the Board may request or deems necessary or appropriate.
- The Committee shall be authorized to retain outside counsel, experts, consultants and other advisors and to agree to fees and other terms of engagement of such retention, as it deems necessary to carry out its duties.
- The Committee may establish and delegate authority to carry out its responsibilities to one or more subcommittees consisting of one or more of its members.
- The Committee shall designate a person (who need not be a member of the Committee) to keep minutes of its meetings. The minutes shall be retained by the Secretary of the Company.

V. Responsibilities of Others

- A. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of the Board, management and the independent auditors. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to assure compliance with laws and regulations and the Company Code of Business Standards, if any.

VI. Funding

- A. The Committee shall have the authority to engage, and obtain advice and assistance from, outside legal, accounting and other advisers, and the Company shall provide appropriate funding thereof as determined by the Committee.
- B. The Company shall provide for appropriate funding, as proposed by the Committee, for payment or compensation to any 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, including, but not limited to, the independent auditors.
- C. The Company shall provide for appropriate funding, as proposed by the Committee, for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.



- D. The Committee is authorized to incur ordinary administrative expenses in performing its duties.

VII. Definitions

In the event the applicable rules and requirements of the SEC or The Nasdaq Stock Market (“Nasdaq”) are amended from time to time to revise their defined terms, the corresponding definitions herein shall be automatically amended to conform to such definitions as revised by the SEC or Nasdaq, as applicable.

Audit Committee Financial Expert means a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements, (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves, (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities, (iv) an understanding of internal control over financial reporting, and (v) an understanding of audit committee functions. In addition, the person shall have acquired such attributes through: (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions, (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions, (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements, or (iv) other relevant experience.

Financial Knowledge means a working familiarity with basic finance and accounting practices, including the ability to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements. Persons who will become so qualified within a reasonable period of time after his or her appointment to the Audit Committee also comply with this provision. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

Related Party Transaction means any transaction required to be disclosed pursuant to Securities and Exchange Commission Regulation S-K, Item 404.

Adopted by the Avadel Pharmaceuticals plc Board of Directors on August 14, 2020.