

# Bora Pharmaceuticals Co., Ltd.

## Audit Committee Charter

- Article 1 This Charter is adopted pursuant to Article 3 of the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.”
- Article 2 Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Audit Committee (the “Committee”) exercises its powers shall be handled in accordance with this Charter.
- Article 3 The main function of the Committee is to supervise the following matters:
- I. Fair presentation of the financial reports of the Company.
  - II. Selection (discharge) of CPAs, and their independence and performance.
  - III. Effective implementation of the Company’s internal control.
  - IV. Compliance with relevant laws and regulations by the Company.
  - V. Management of the existing or potential risks of the Company.
  - VI. Mergers and acquisitions handled by the Company in accordance with the Business Mergers and Acquisitions Act.
- Article 4 The Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, one of whom shall have residence domestically, and at least one of whom shall have accounting or financial expertise.
- The independent director members of the Committee shall serve a three-year term, and may be re-elected to further terms. Notwithstanding, in order to enable independent directors to exercise their powers objectively and to avoid loss of independence due to prolonged tenure, it is advisable that at least two independent directors not serve a consecutive term of more than nine years.
- When the number of the independent director members on the Committee falls below that prescribed in the preceding paragraph or in the articles of incorporation due to an independent director’s dismissal for any reason, a by-election shall be held at the next shareholders’ meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders’ meeting shall be called within 60 days from the date of the occurrence to hold a by-election to fill the vacancies.
- The qualifications of the Committee members shall comply with Articles 2 and 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and shall not be related parties with the counterparties of mergers and acquisitions or be interested in such a way as to affect their independence.
- The related parties referred to in Paragraph 2 herein and Paragraph 2 of Article 6 are determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 5 Powers conferred by the Securities and Exchange Act, the Company Act, and any other law to be exercised by supervisors,

excepting those set forth in Paragraph 4, Article 14-4 of the Securities and Exchange Act, shall be exercised by the Committee.

The provisions of Paragraph 4, Article 14-4 of the Securities and Exchange Act, in regard to the Company Act as concerns the powers of supervisors, apply mutatis mutandis to the independent director members of the Committee.

A resolution of the Committee shall require the consent of at least one-half of all members of the Committee. The convener of the Committee shall represent the Committee to the public.

The Committee shall elect the Company's representatives pursuant to Article 213, Article 214, and Article 223 of the Company Act. The Committee may resolve to have the members represent the Company individually or jointly. If a representative is not elected in accordance with the procedure referred to in the preceding paragraph, the Company shall be jointly represented by all the members.

## Article 6

The functions and powers of the Committee are as follows:

- I. Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Evaluation of the effectiveness of the internal control system.
- III. The procedures for the acquisition or disposal of assets, derivative transactions, loaning of funds to others, endorsements or guarantees for others stipulated or amended in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Matters in which a director is an interested party.
- V. Asset transactions or derivatives trading of a material nature.
- VI. Loans of funds, endorsements, or provision of guarantees of a material nature.
- VII. Offering, issuance or private placement of equity-type securities.
- VIII. Appointment, dismissal or remuneration of CPAs.
- IX. Appointment and dismissal of financial, accounting or internal auditing officers.
- X. Annual and quarterly financial reports signed or sealed by the Chairman, manager, and accounting officer.
- XI. Proposal for earnings distribution or loss compensation.
- XII. Other important matters regulated by the Company or the competent authority.

Any matter in the preceding paragraph approved by one half or more of the members of the Committee and submitted to the Board of Directors for resolution.

Matters under the subparagraphs of Paragraph 1, except for subparagraph 10, if they are not approved by more than one-half of the members of the Committee, may be adopted with the consent of more than two-thirds of all directors.

Pursuant to the Business Mergers and Acquisitions Act, the Committee shall review the fairness and reasonableness of the M&A plan and transaction before convening the Board of Directors' meeting to resolve M&A matters, and report the review results to the Board of Directors and the shareholders' meeting. However, if it is not necessary to convene a shareholders' meeting to decide on a merger or acquisition under the Business Mergers and Acquisitions Act, it may not be reported to the shareholders' meeting.

The deliberations in the preceding paragraph shall be subject to the consent of one-half or more of the members of the Committee, and an independent expert shall be appointed to assist in advising on the reasonableness of the share exchange ratio or allotment of cash or other assets to shareholders.

Independent experts refers to CPAs, attorneys-at-law, or securities underwriters. They shall not be related parties with the counterparties of mergers and acquisitions or be interested in such a way as to affect their independence.

The appointment of independent experts shall be subject to the consent of one-half or more of all members of the Committee.

All members referred to herein shall be counted as actual incumbents.

The convener of the Committee shall represent the Committee externally.

#### Article 7

The Committee shall convene a meeting at least once per quarter, and may convene a meeting at any time as needed.

The reason for convening the Committee meeting shall be specified and notified to each independent director seven days in advance. Except in case of emergency.

The notice of the meeting referred to in the preceding paragraph may be given by electronic means with the consent of the counterparty.

The Committee shall convene the meeting at the business place of the Company during regular business hours, or at a place and time convenient for the Committee members to attend.

The Committee shall have one person elected from among the members to act as the convener and the chairperson of the meeting. However, where the first meeting of each newly elected Committee is convened by the independent director who receives votes representing the largest portion of voting rights at the shareholders' meeting in which the directors are elected, the meeting shall be chaired by that director. If there are two or more directors so entitled to convene the meeting, they shall choose one person by and from among themselves to chair the meeting. When the convener is on leave or for any reason unable to convene a meeting, the convener shall designate another independent director to serve as the deputy. If the convener does not make such an appointment, one independent director member of the Committee shall be elected by and from the other independent director members of the Committee to serve as convener.

Independent directors who constitute more than one half of all members of the Committee may request that the convener convene the Committee meeting by stating in writing the matters to be proposed and the reasons therefor. If the convener fails to convene the meeting within 15 days after requesting the meeting, the independent directors who comprise more than one-half of the members of the Committee may convene the meeting on their own initiative.

The Committee may invite managers from relevant departments, internal auditors, CPAs, legal advisors, or other personnel of the Company to attend meetings and provide necessary information. provided that they shall leave the meeting when deliberation or voting takes place.

When convening the Committee meeting, the Committee shall prepare relevant information for the review of participating Committee members at any time.

#### Article 8

At the meeting of the Committee, the Company shall provide an attendance book for the attending independent directors to sign and for reference.

The independent directors of the Committee shall attend all meetings of the Committee in person. If a specific Director cannot attend a session in person, he/she may appoint a proxy to attend the meeting on behalf of him/her. Directors participating in a video conference shall be deemed attending the meeting in person.

In case a member of the Committee appoints another independent director member to attend the Committee meeting on behalf of him/her, he/she shall, in each case, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

When M&A matters are discussed, a member of the Committee shall attend the Committee meeting in person, not by proxy. The members of the Committee presenting at the meeting shall express their approval or disapproval of the members' opinions in the meeting and shall not abstain. Members participating in a video conference shall be deemed attending the meeting in person.

A resolution of the Committee shall require the consent of at least one-half of all the members. The results of the voting shall be announced on the spot and recorded. The review results together with the members' opinions expressing their approval or dissent and the reasons for dissent shall be submitted to the Board of Directors.

If the Committee is unable to convene a meeting with justified reasons, the meeting may be convened with the consent of two-thirds of all the directors of the Board of Directors. However, for the matters referred to in subparagraph 10, Paragraph 1 of Article 6, the independent directors shall issue an opinion in agreement.

The proxy as referred to in Paragraph 2 shall accept the authorization of only one other Director.

In the event of a merger or acquisition, the Company shall, within two days from the date of the resolution of the Board of Directors, publish the resolution of the Board of Directors and the deliberation result of the Committee on the website designated by the competent authority of securities. The names of the directors expressing dissent and the Committee members, and the reasons for their holding, shall be specified.

Article 8-1           When the meeting time is due and the present members fail to attain one-half of all of the Committee members, the chairperson may announce that the meeting time will be postponed on the same day, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chairperson may re-convene the meeting following the relevant procedures referred to in Paragraph 2, Article 7 herein.

Article 8-2           The Committee meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, a change may be made with the consent of one-half or more of all the members of the Committee.

The chairperson shall not declare the meeting adjourned without the consent of more than one-half of all the members of the Committee.

If at any time during the proceedings of a meeting of the Committee the members sitting at the meeting are not more than half of the whole members of the Committee, upon motion by the independent directors sitting at the meeting, the

chairperson shall declare a suspension of the meeting, in which case the preceding article shall apply *mutatis mutandis*.

During the proceedings of the Committee meeting, if the chairperson is unable to chair the meeting or fails to declare the meeting closed as provided in Paragraph 2, the provisions of Paragraph 5, Article 7 shall apply *mutatis mutandis* to the selection of the deputy to act on behalf of him/her.

#### Article 9

Minutes shall be prepared of the discussions at the Committee meeting. The meeting minutes shall record the following:

- I. Term, time and place of the meeting.
- II. Name of the chairperson.
- III. Attendance of independent directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Matters reported on.
- VII. Matters for discussion: the method of resolution and the result for each proposal; a summary of the comments made by independent director members of the Committee, experts, or other persons; the name of any independent director that is an interested party as referred to in Paragraph 1, Article 11, an explanation of the important aspects of the relationship of interest, the reasons why the independent directors were required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting.
- VIII. Extemporaneous motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by independent director members of the Committee, experts, or other persons; the name of any independent director member that is an interested party as referred to in Paragraph 1, Article 11, an explanation of the important aspects of the relationship of interest, the reasons why the independent director is required or not required to enter recusal, the status of their recusal, and opinions expressing objections or reservations.
- IX. Other matters required to be recorded.

The attendance book forms a part of the minutes for each meeting of the Committee and shall be well preserved during the existence of the Company.

The meeting minutes shall be signed or sealed by the meeting chairperson and minutes taker, and distributed to each independent director member of the Committee within 20 days after the meeting. They shall be included in the important files of the Company and retained permanently and properly during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in an electronic form.

#### Article 9-1

The Company shall record on audio or video tape the entire proceedings of the Committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a meeting of the

Committee, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

If a video conference is convened, the video and audio data shall be an integral part of the meeting minutes and shall be properly kept by the Company during the existence of the Company.

Article 10 The convener shall set forth the agenda of the Committee. Other committee members may also submit proposals for discussion by the Committee.

Article 11 Independent director members of the Committee shall explain the important contents of the stake in the agenda of the meeting. If it is harmful to the interest of the Company, they shall not participate in the discussion and voting, and shall recuse themselves during the discussion and voting. They are not allowed to exercise voting rights on behalf of other independent director members.

Where the spouse or a relative by blood within the second degree of kinship of an independent director is an interested party with respect to an agenda item, such independent director shall be deemed to be an interested party with respect to that agenda item.

If the Committee is unable to make a decision due to Paragraph 1, the Committee shall report it to the Board of Directors for a resolution.

Article 12 The Committee may, by resolution, appoint attorneys-at-law, CPAs or other professionals to conduct necessary inspections or provide consultations on the matters stipulated in Article 6, and the expenses incurred shall be borne by the Company.

The Committee may invite independent experts, managers from relevant departments, internal auditors, CPAs, attorneys-at-law, or other personnel of the Company to attend meetings and provide necessary information.

Article 13 The Committee members shall exercise the due care of a good administrator, faithfully perform their duties under the Charter, be accountable to the Board of Directors, and submit proposals to the Board of Directors for resolution.

Article 14 The Committee shall periodically review matters related to the Charter and submit them to the Board of Directors for amendment.

For matters resolved by the Committee, the convener or other members of the Committee may be authorized to continue the work related to the implementation of the matters. A written or oral report shall be reported to the Committee during the implementation period, and if necessary, it shall be submitted to the Committee at the next meeting for ratification or report.

Article 15 All persons involved in or aware of the Company's M&A plans shall issue a written commitment of confidentiality, and be prohibited also from disclosing the contents of the plans before the information is made public, and also from trading, in their own names or in the name of another person, any stock or other equity securities related to the M&A plans and their derivatives.

Article 16 The Charter, and the amendments hereto, shall be implemented after the approval resolved by the Board of Directors.