



# PharmaEngine, Inc.

## Audit Committee Charter

Amended and approved by the Board of Directors on February 29, 2024

### 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 this 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 Audit Committee is to supervise the following matters:

1. Fair presentation of the financial reports of the Company.
2. The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
3. The effective implementation of the internal control system of the Company.
4. Compliance with relevant laws and regulations by the Company.
5. Management of the existing or potential risks of the Company.

### Article 4

1. 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 convener, and at least one of whom shall have accounting or financial expertise.
2. The independent director members of the Committee shall serve a 3-year term, and may be re-elected to further terms. 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 all the independent directors are dismissed, 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.

### Article 5

1. 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 Article 14-4, paragraph 4 of the Securities and Exchange Act, shall be exercised by the

Committee.

2. The provisions of Article 14-4, paragraph 4 of the Securities and Exchange Act, regarding the Company Act as concerns the authority of supervisors or their role as representatives of a company, apply mutatis mutandis to the independent director members of the Committee.
3. Resolutions of the committee shall be adopted with the approval of one-half or more of the entire membership of the audit committee. The committee convenor shall represent the audit committee to the public.
4. Persons to represent the company in matters under Articles 213, 214, and 223 of the Company Act shall be selected by the committee by the procedure set out in the preceding paragraph. The committee may resolve for members to individually represent or jointly represent the company in such matters. If representatives are not selected by the procedure in the preceding paragraph, the entire membership shall jointly represent the company.
5. "The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

#### **Article 6 The contents of powers**

1. According to the first paragraph of Article 14-5 of the Securities and Exchange Act, each matter must be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution.
2. The powers of the Committee are as follow:
  - i. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
  - ii. Assessment of the effectiveness of the internal control system.
  - iii. The adoption or amendment, in accordance with Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  - iv. A matter involving the personal interest of a director.
  - v. A material asset or derivatives transaction.
  - vi. A material monetary loan, endorsement, or provision of guarantee.
  - vii. The offering, issuance, or private placement of any equity-type securities.
  - viii. The hiring, discharge, or compensation of a certified public accountant.
  - ix. The appointment or discharge of a financial, accounting, or internal auditing officer.
  - x. Annual financial reports signed or sealed by the chairperson, a manager or an accounting chief, and financial reports audited and attested by a certified public accountant.

- xi. Business report
  - xii. Other material matters specified by the Company or the competent authority.
3. The matters under the preceding paragraph shall be subject to the approval of one half or more of the entire membership of the Committee and shall be submitted to the board of directors for a resolution.
4. Any matter in the paragraph 1, with the exception of subparagraph 10, that has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors, not subject to the provisions of the preceding paragraph, the resolution of the audit committee shall be stated in the minutes of the board of directors meeting.

#### **Article 7**

1. The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.
2. In calling a meeting of the Committee, a notice of the reasons for convening the meeting shall be given to each independent director member at least 7 days in advance. In emergency circumstances, however, the meeting may be convened on shorter notice.
3. A committee meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to attendance by all committee members and suitable for holding a committee meeting.
4. A member of the Committee shall be elected as the convener and meeting chairperson by and from the entire membership of the Committee. However, if the committee members are unable to elect a convener, the independent director who received votes representing the largest share of the voting rights shall serve as the convener.
5. When the convener is on leave or unable to convene a meeting for any reason, the convener shall appoint another independent director member on the Committee as the acting convener; 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 the convener.
6. Independent directors constituting one-half or more of the entire membership of the committee may, by filing a written proposal setting forth the subjects for discussions and the reasons, request the convener to convene a meeting of the committee. If the convener fails to convene a committee meeting within 15 days from the filing of the request under the preceding paragraph, independent directors constituting one-half or more of the entire membership of the committee may convene a meeting on their own.
7. The Committee may request managers of relevant departments, internal audit

officers, certified public accountants, legal consultants, or other personnel of the Company to attend the meeting as non-voting participants and to provide relevant and necessary information. However, these personnel should recuse during discussions and voting. When the Committee calls a meeting, it shall furnish the members of the Committee present at the meeting with relevant materials for reference as necessary.

#### **Article 8**

1. When a meeting of the Committee is held, an attendance book shall be made available for sign-in by the independent director members in attendance for reference.
2. Independent director members shall attend meetings of the Committee in person; if an independent director member is unable to attend in person, the independent director member may appoint another independent director member as proxy to attend the meeting. Attendance via video conferences is deemed as attendance in person.
3. A member of the Committee that appoints another independent director member as proxy to attend a meeting of the Committee shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.
4. Resolutions at meetings of the Committee shall be adopted with the consent of one half or more of the entire membership. The result of the vote shall be made known immediately and recorded in writing.
5. If for a legitimate reason it is impossible to hold a meeting of the Committee, matters on the meeting agenda shall be adopted with the consent of two thirds or more of the entire board of directors. Nevertheless, a written opinion indicating approval or disapproval shall be obtained from each independent director member with respect to the matters under Article 6, paragraph 1, subparagraph 10.
6. The proxy, as stated in Paragraph 2, may only be entrusted by one person.

#### **Article 8-1**

When the time of a meeting has arrived, if the committee members present do not reach one-half of the entire membership, the chairperson may announce that the meeting time will be postponed to later on the same day, provided that only two postponements may be made. If the quorum is still not met after two postponements, the chair may re-call the meeting following the procedures provided in Article 7, paragraph 2.

#### **Article 8-2**

1. The committee shall follow the prescribed agenda and procedures as outlined in the meeting notice. However, with the consent of one-half or more of the

- committee members, changes may be made.
2. The chairperson cannot unilaterally adjourn the meeting without the approval of one-half or more of the committee members.
  3. During the proceedings of the board meeting, if the number of directors present at the meeting does not constitute one-half or more of the directors, then upon motion by the directors present at the meeting, the chairman shall declare a suspension of the meeting and apply the aforesaid provisions.
  4. When the meeting of this committee is in progress and the convener fails to preside over the meeting or the chairperson has directly declared the meeting adjourned without following the provisions of the second paragraph, the appointment of the acting person shall be in accordance with the provisions of Article 7, paragraph 2.

#### **Article 9**

1. An independent director member of the Committee shall explain the material aspects of the interest he or she has when he or she is an interested party with respect to a given agenda item. When such a relationship is likely to prejudice the interests of the Company, the director shall not participate in the discussion and voting and shall recuse himself or herself therefrom. Also, they shall not exercise the voting right for and on behalf of another independent director member.
2. Where the spouse or a blood relative within the second degree of kinship of an independent director has interests in the matters under discussion in the meeting of the preceding paragraph, such independent director shall be deemed to have a personal interest in the matter.
3. If, for the reason stated in the first paragraph, an agenda item cannot be resolved at a meeting of the Committee, it shall be reported to the board of directors to make resolution.

#### **Article 10**

1. Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:
  - i. The session, time, and place of the meeting.
  - ii. The name of the meeting chairperson.
  - iii. Attendance of independent director members, including the name and the number of members present, excused, and absent.
  - iv. The names and titles of those attending the meeting as non-voting participants.
  - v. The name of the minute taker.
  - vi. The matters reported at the meeting.
  - vii. Agenda items: For each proposal, the method of resolution and the result, a summary of the comments of the independent director

members of the Committee and experts and other persons present at the meeting, the names of independent directors who are interested parties as specified in Paragraph 1 of Article 11, an explanation of the important details of the interested parties, the reasons for their recusal or non-recusal, and the actual recusal situation, and any objections or reservations expressed.

- viii. Extraordinary motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting, the names of independent directors who are interested parties as specified in Paragraph 1 of Article 11, an explanation of the important details of the interested parties, the reasons for their recusal or non-recusal, and the actual recusal situation, and any objections or reservations expressed.
  - ix. Other matters required to be recorded.
2. The attendance book constitutes part of the minutes for each meeting of the Committee and shall be preserved for the duration of the company in operation..
  3. The minutes must be signed or stamped by the meeting chairperson and the minute taker, and shall be distributed to each independent director member within 20 days after the meeting. They shall also be included in the important files of the Company and be properly preserved throughout the life of the Company.
  4. The preparation and distribution of the minutes referred to in Paragraph 1 may be done electronically.

#### **Article 10-1**

1. The Company shall record on audio or video tape the entire proceedings of an audit committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.
2. If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of an audit committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.
3. Where an audit committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the company.

#### **Article 11**

The Committee may resolve to retain the service of an attorney, a certified public accountant, or other professionals to conduct a necessary audit or to provide advice with respect to matters in connection with Article 6. The costs of their services shall



be borne by the Company.

**Article 12**

The Charter shall come into effect upon approval by the Board of Directors, and when amended, shall be reviewed by the Audit Committee before being submitted to the Board of Directors for approval and implemented.

The Charter was adopted on June 27, 2016.

The first amendment was made on December 26, 2019.

The second amendment was made on November 2, 2020.

The third amendment was made on February 29, 2024.