



APR CORP.

REGULATIONS ON THE OPERATION OF THE AUDIT COMMITTEE

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REGULATIONS ON THE OPERATION OF THE AUDIT COMMITTEE

CHAPTER I GENERAL PROVISIONS

Article 1: Purpose

The purpose of these Regulations on the Operation of the Audit Committee (hereinafter referred to as these “Regulations”) is to prescribe matters necessary for the efficient operation of the Audit Committee (hereinafter referred to as the “Committee”) of APR Co., Ltd. (hereinafter referred to as the “Company”).

Article 2: Scope of Application

(1) Matters concerning the Committee shall be governed by these Regulations except as otherwise provided in applicable laws, the Articles of Incorporation, or the Regulations of the Board of Directors.

(2) These Regulations may also apply to the audits by the Committee over subsidiaries and affiliates.

Article 3: Operating Principles

(1) The Committee shall be operated in a fair manner, and the Company shall ensure the independence of the Committee’s activities.

(2) All executives and employees of the Company shall actively cooperate for the efficient operation of the Committee.

Article 4: Enactment and Amendment

The enactment and amendment of these Regulations shall be subject to a resolution of the Board of Directors (hereinafter referred to as the “BoD”).

CHAPTER II AUTHORITIES AND DUTIES

Article 5: Authorities

(1) The Committee shall audit the performance of duties by directors.

(2) The Committee may exercise the following authorities:

1. Request reports on business operations from directors and other relevant persons, and investigate the Company’s business and financial status;

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2. Request business reports from subsidiaries and investigate their business and financial status;
 3. Request the convening of an Extraordinary General Meeting (hereinafter referred to as “EGM”);
 4. Engage experts at the Company’s expense;
 5. State opinions regarding the removal of Committee members;
 6. Receive reports from directors;
 7. Demand the cessation of any unlawful acts by directors;
 8. Represent the Company in litigation between the Company and its directors;
 9. In the event of internal reporting or notification of accounting irregularities, verify the facts and measures taken, ensure the confidentiality of the whistleblower’s identity, and confirm whether any disadvantageous treatment has been imposed on the whistleblower;
 10. Consent to the BoD’s approval of financial statements (including consolidated financial statements);
 11. Approve any enactment and amendment of internal accounting control regulations and evaluate the status of their operation;
 12. Appoint an external auditor;
 13. Investigate the details of compensation payments to executives; and
 14. Other matters delegated to the Committee by applicable laws, the Articles of Incorporation, or resolutions of the BoD.

(3) The Committee may request the following, and any person receiving such request shall comply therewith unless there are justifiable grounds:

1. Provision of all data, information, and expense records within the Company necessary for the performance of duties;
2. Attendance and explanations of relevant personnel;
3. Access to warehouses, safes, accounting books, related documents, evidentiary documents, and goods; and
4. Other matters necessary for the performance of audit duties.

Article 6: Determination of Special Performance Bonus

(1) Members of the Committee shall perform their duties with the duty of care of a prudent manager toward the Company.

(2) The Committee shall examine the agenda items and documents to be submitted by directors to the General Meeting of Shareholders and shall state its opinion at the meeting as to whether such items violate applicable laws or the Articles of Incorporation or are materially unreasonable.

(3) Members of the Committee shall not disclose any trade secrets of the Company obtained in the course of their duties, either during their term of office or after leaving office.

(4) Where the Committee determines that a director has committed or is likely to commit an act in violation of applicable laws or the Articles of Incorporation, it shall report such fact to the BoD.

CHAPTER III COMPOSITION

Article 7: Composition of the Audit Committee

(1) The Committee shall be composed of three or more directors, and at least two-thirds of the members shall be outside directors.

(2) At least one member shall be an accounting or financial expert as required by applicable laws, and members who are not outside directors shall meet the qualifications prescribed by applicable laws.

Article 8: Appointment

(1) Members of the Committee shall be appointed by a resolution of the BoD by the attendance of a majority of the directors and the affirmative vote of a majority of the directors present.

(2) The term of office of a member shall expire upon the expiration of such member's term as a director; provided, however, that if a vacancy arises for reasons other than the expiration of the term and is filled, the term of the newly appointed member shall be the remaining term of the predecessor.

Article 9: Removal

(1) Members may be removed by a resolution of the BoD by the attendance of a majority of the directors and the affirmative vote of a majority of the directors present.

(2) In the event of a vacancy in the Committee due to removal, expiration of term, or personal reasons, including where the composition of the Committee falls below the requirements set forth in Article 4(1), such vacancy shall be filled without delay; provided, however, that where the appointment of a new director is required, such director shall be appointed at the first General Meeting of Shareholders held after the vacancy arises, and a new member shall thereafter be appointed at a BoD meeting.

Article 10: Chairperson

(1) The chairperson shall be elected from among the outside director members by a resolution of the Committee.

(2) The chairperson shall represent the Committee, convene its meetings, and preside over such meetings. The chairperson shall also oversee the overall affairs of the Committee.

(3) In cases where the chairperson is unable to perform his/her duties, the member appointed earlier shall act on his/her behalf; provided, however, that if the appointment dates are the same, the senior member by age shall assume such duties.

CHAPTER IV OPERATION

Article 11: Types of Meetings

(1) The Committee shall hold regular meetings and extraordinary meetings.

(2) Regular meetings shall, in principle, be held once every quarter.

(3) Extraordinary meetings may be convened as necessary.

Article 12: Authority to Convene

(1) The Committee, in principle, shall be convened by the chairperson; provided, however, that in cases where the chairperson is unable to perform his/her duties, a substitute shall act on his/her behalf in the order prescribed in Article 7(3).

(2) Each member may, where deemed necessary for the performance of their duties, convene a Committee meeting with the consent of the chairperson.

Article 13: Convocation Procedure

A member convening a meeting shall notify each member of the date, time, place, and agenda of the meeting at least one

(1) day prior to the meeting date; provided, however, that the convocation procedure may be waived with the unanimous consent of all members.

Article 14: Methods of Resolution

(1) Resolutions of the Committee shall be adopted by the attendance of a majority of the incumbent members and the affirmative vote of a majority of the members present. In such cases, the Committee may allow all or some of the members to participate in resolutions by means of remote communication that enable all members to simultaneously transmit and receive voice, in lieu of attending the meeting in person.

(2) A member having a special interest in a matter to be resolved may attend the meeting and state his/her opinion, but shall not participate in voting. In such a case, the voting rights of the member who is not entitled to participate shall not be counted in the total number of incumbent members.

Article 15: Hearing of Opinions from Relevant Persons

Where deemed necessary, the Committee may request the attendance of relevant executives, employees, or external experts to hear their opinions.

Article 16: Minutes

(1) The Committee shall prepare minutes of its proceedings.

(2) The minutes shall include the agenda, the course of proceedings and the results thereof, and the names of any dissenting members and the reasons therefor, and shall be signed or sealed by the chairperson and the members present.

(3) The Committee shall distribute copies of the minutes to each director and Committee member within seven (7) days.

Article 17: Matters to be Submitted

(1) With respect to the General Meeting of Shareholders, the Committee shall submit the following matters in accordance with applicable laws:

1. Request for convening an EGM; and

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2. Statement of opinions regarding agenda items and documents for the General Meeting of Shareholders.

(2) With respect to directors and the BoD, the Committee shall submit the following matters:

1. Reporting obligations to the BoD;
2. Preparation and submission of audit reports;
3. Demand for the cessation of any unlawful acts by directors;
4. Requests for business reports from directors; and
5. Matters delegated by the BoD.

(3) With respect to audits, the Committee shall submit the following matters:

1. Investigation of the Company's business and financial status;
2. Investigation of subsidiaries;
3. Receipt of reports from directors;
4. Representation of the Company in litigation between the Company and directors;
5. Determination of whether to initiate litigation upon request from minority shareholders;
6. Appointment of and request for removal of the external auditor;
7. Enactment and amendment of matters concerning audit fees, audit hours, personnel required for the audit, and auditor selection standards and procedures;
8. Post-evaluation of the external auditor's audit activities;
9. Receipt of reports from the external auditor regarding material facts of misconduct or violations of applicable laws or the Articles of Incorporation related to the performance of duties by directors;
10. Receipt of reports from the external auditor on the Company's violations of accounting standards, investigation of the relevant violations, and requests for corrective measures with respect to the Representative Director;
11. Audit plans and results;
12. Review of the appropriateness of significant changes in accounting policies or estimates;
13. Evaluation of internal control systems (including the internal accounting control system and anti-money laundering system);
14. Verification of corrective actions taken following the results of the audit; and
15. Consent to the appointment or dismissal of the head and members of the internal audit department.

(4) The Committee may review the following matters and, if necessary, designate them as matters for submission:

1. Supervision of the operational status of compliance standards and the compliance control system, and evaluation of their effectiveness;
2. Consultation on and review of compliance inspections conducted by the Compliance Officer;
3. Review and support for the establishment of risk management plans;
4. Establishment of detailed implementation plans for the Company's risk management and response plans, strategies, and policies, and the execution and supervision of measures for the dissemination and promotion of a company-wide risk management culture; and

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5. Selection of financial risk items subject to management in accordance with the Risk Management Regulations.

Article 18: Matters for Reporting

The Committee may, by resolution, require relevant members, executives, and employees to report to the Committee on matters other than those matters for submission set forth in Article 17, within the scope prescribed by applicable laws, the Articles of Incorporation, or the Regulations of the Board of Directors.

Article 19: Provision of Information and Support by the Company

- (1) The Company shall provide members with information necessary for decision-making prior to Committee meetings.
- (2) The Committee may inspect important documents related to the execution of business in a timely manner, and may request explanations from directors or employees where necessary.
- (3) The Committee may examine the status of management, such as the maintenance and preservation of important records and other material information including matters concerning executive compensation, and may request explanations from directors or employees where necessary.
- (4) The Company shall not refuse to provide any materials or explanations requested under this Article without justifiable grounds.

CHAPTER V EXTERNAL AUDITOR

Article 20: Appointment and Removal

- (1) Prior to appointing an external auditor, the Committee shall receive a report on the external audit plan from the candidate auditor(s) and review the relevant matters. Following the appointment, the Company shall disclose such information through means such as public announcements on its website so that shareholders are informed.
- (2) When appointing an external auditor, the same auditor shall be appointed for three (3) consecutive fiscal years prior to the commencement of the first fiscal year.
- (3) Where the external auditor violates applicable laws or professional duties, the Committee may remove the auditor, and in such a case, a new external auditor shall be appointed within two (2) months from the date of removal.

Article 21: Engagement

- (1) When entering into an engagement agreement with an external auditor, the Committee shall review the appropriateness of the engagement terms (including audit hours, audit fees, independence, and expertise, such as audit experience in the same industry, experience as auditor, and key audit focus areas) and confirm whether such terms are consistent with those presented at the time of appointment.
- (2) After entering into the audit engagement, the Committee shall consult with the external auditor regarding the detailed audit plan.

Article 22: Inspection and Evaluation

- (1) The Committee shall verify whether the audit performed by the external auditor conforms to the agreed terms of engagement.
- (2) The Committee shall monitor whether the audit is conducted in accordance with the audit engagement.
- (3) Upon completion of the external audit, the Committee shall evaluate the external auditor and reflect such evaluation in the formulation of the next year's audit plan and auditor appointment.
- (4) Where the audit opinion is modified, the Committee shall receive a report from the external auditor on the key matters affecting such opinion and evaluate the appropriateness of their handling.
- (5) Where the Committee receives warnings from the external auditor during the audit process, it shall review such matters and, if necessary, conduct internal audits and notify the results to the external auditor for reference in future audit procedures and forming audit opinions.

Article 23: Communication

The Committee shall communicate with the external auditor from time to time regarding matters related to the external audit, including holding discussions on key audit issues without the presence of management, and reflect such matters in its audit activities.

Article 24: Independence of External Auditor

The Committee shall review key matters relating to the relationship between the auditor and the Company, as well as any factors that may affect the independence of the external audit, and may present appropriate opinions to the BoD to ensure such independence.

CHAPTER VI REPORTING

Article 25: Preparation of Audit Records

- (1) The Committee shall prepare and maintain audit records with respect to audits conducted.
- (2) The audit records shall include the audit procedures and the results thereof, and shall be signed or sealed by each Committee member who conducted the audit.

Article 26: Preparation and Submission of Audit Reports

- (1) The Committee shall prepare an audit report on the audit results. If the Company is a consolidated parent company, the Committee shall also prepare an audit report on such consolidated financial statements.
- (2) The audit report shall state the date of preparation and shall be signed or sealed by the chairperson of the Committee.
- (3) The Committee shall submit the audit report to the Representative Director.
- (4) The preparation and contents of the audit report shall comply with applicable laws and regulations.

Article 27: Reporting to the General Meeting of Shareholders

(1) The Committee shall examine the agenda items and documents to be submitted by directors to the General Meeting of Shareholders and shall state its opinion at the meeting as to whether such items violate applicable laws or the Articles of Incorporation or are materially unreasonable.

(2) The Committee shall faithfully respond, within the scope of its duties, to questions raised by shareholders at the General Meeting of Shareholders.

Article 28: Evaluation and Reporting of Operation of Internal control Accounting Control System

(1) The Committee shall evaluate the operation of the internal accounting control system and report the results to the BoD each fiscal year, and shall keep such evaluation reports at the head office of the Company for five (5) years.

(2) Any suggestions for corrective action regarding the management and operation of the internal accounting control system shall be included in such report.

(3) The evaluation report on the internal accounting control system shall include the following:

1. Results of the evaluation on whether the Company's internal accounting control system substantially contributes to the preparation and disclosure of reliable financial information, along with corrective recommendations;
2. Results of the review of whether the operational status report on the internal accounting control system contains any false statements or omissions, along with corrective actions; and
3. Results of the review of whether corrective action plans in the operational status report on the internal accounting control system substantially contribute to improving the Company's internal accounting control system, along with alternative measures.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 29: Support for the Audit Committee

(1) The Committee may utilize the internal audit department for efficient performance of its duties or, if necessary, request the Company to establish a dedicated department to support the Committee.

(2) The operation of the internal audit department shall be governed by the internal audit regulations.

(3) Where such a dedicated department is established, separate standards may be set forth regarding its establishment, operation, appointment of experts, and operating expenses, and any other necessary matters.

(4) Where an audit is conducted at the request of the Company in connection with the Committee's audit duties, the details thereof shall be reported to the Committee.

ADDENDA

ADDENDUM <Version 1.0, March 29, 2023>

Article 1: Enforcement Date

These Regulations shall be established and enter into force on March 29, 2023.

ADDENDUM <Version 2.0, December 7, 2023>

Article 1: Enforcement Date

These Regulations shall enter into force on December 7, 2023.

ADDENDUM <Version 3.0, April 7, 2025>

Article 1: Enforcement Date

These Regulations shall enter into force on April 7, 2025.