Eternal Precision Mechanics Co., Ltd.

2025 Operation of the Audit Committee

In 2025, the Audit Committee held a total of 7 meetings:

Annual focus of the Audit Committee:

1. Review of financial reports: Review of the annual and second-quarter financial reports, and communication with the certifying CPAs regarding the audit (review) results and the impact of significant accounting adjustment entries or accounting estimates on the financial reports.
2. Assessment of the effectiveness of the internal control system: Evaluation of the design and implementation of the Company's internal control system, review of internal audit reports and tracking of improvement results, including review of the annual "Internal Control System Statement."
3. Review of material financial and business actions: Review of the compliance and necessity of material cases such as the acquisition or disposal of assets, derivatives trading, lending of funds to others, and endorsements and guarantees for others.
4. Assessment of the competence and independence of certifying CPAs: Periodic assessment of the independence, competence, and audit fees of certifying CPAs to ensure the impartial performance of their duties.

Summary of Meeting Proposals and Resolutions:

1. Matters required to be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution, pursuant to Article 14-5 of the Securities and Exchange Act:

Term of the Audit Committee	Date of Audit Committee Meeting	Content of Proposals	Resolution	Independent Directors with Dissenting or Reserved Opinions	Company's Handling of Audit Committee Opinions
1st Term, 1st Session	2025.03.12	1. 2024 Business Report and Financial Statements 2. 2024 earnings distribution and cash distribution from capital surplus. 3. Assessment of the effectiveness of the Company's internal control system for 2024 and Internal Control System Statement. 4. Appointment, remuneration, and assessment of independence and competence of the Company's CPAs. 5. Additions and amendments to the internal control system and regulation management procedures.	All passed as proposed	None	Approved by Board resolution

Term of the Audit Committee	Date of Audit Committee Meeting	Content of Proposals	Resolution	Independent Directors with Dissenting or Reserved Opinions	Company's Handling of Audit Committee Opinions
		6. Acquisition of right-of-use assets from a related party. 7. Proposal for lifting non-competition restrictions on Directors			
1st Term, 2nd Session	2025.05.07	1. The Company's Q1 2025 consolidated financial statements. 2. Appointment, remuneration, and assessment of independence and competence of the Company's CPAs, and pre-approval of non-assurance services for 2025. 3. Statement on the Company's internal control system special audit. 4. Additions and amendments to the regulation management procedures and the internal control system.	All passed as proposed	None	Approved by Board resolution
1st Term, 3rd Session	2025.08.06	1. The Company's Q2 2025 consolidated financial statements. 2. The Company's "Employee Subscription Rules for the Cash Capital Increase for the Initial Public Offering." 3. Amendments to the regulation management procedures.	All passed as proposed	None	Approved by Board resolution
1st Term, 4th Session	2025.09.05	1. Royalty-free licensing of patent rights from subsidiary Nikko-Materials Co., Ltd. for use by the Company.	All passed as proposed	None	Approved by Board resolution
1st Term, 5th Session	2025.10.02	1. Proposal for a cash capital increase and new share issuance prior to the initial listing on the stock exchange. 2. Land acquisition capital expenditure by subsidiary Nikko-Materials Co., Ltd.	All passed as proposed	None	Approved by Board resolution
1st Term, 6th Session	2025.11.12	1. The Company's Q3 2025 consolidated financial statements. 2. Report on the allocation of pre-IPO cash capital increase shares to non-manager employees of the Company and its subsidiaries. 3. Appointment of the Internal Audit Supervisor.	All passed as proposed	None	Approved by Board resolution
1st Term, 7th Session	2025.12.24	1. Proposal for the renewal of the endorsement and guarantee contract with subsidiaries.	All passed as proposed	None	Approved by Board resolution

Term of the Audit Committee	Date of Audit Committee Meeting	Content of Proposals	Resolution	Independent Directors with Dissenting or Reserved Opinions	Company's Handling of Audit Committee Opinions
		2. Provision of endorsement and guarantee for subsidiaries to obtain bank credit lines. 3. Amendments to the regulation management procedures. 4. 2026 audit plan.			

2. In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.