

For Immediate Release  
To whom it may concern

## **Inappropriate transaction and its impact on the company's results**

### **1. Summary of survey results**

CTI Engineering Co., Ltd. (“the Company”) has recognized the suspicion of inappropriate transactions by one of its employees (“the Employee”) and has investigated the matter by an internal investigation committee chaired by Chief Compliance Officer (“the Internal Investigation Committee”).

As a result, the Company has confirmed that the Employee has engaged in inappropriate subcontracting transactions. Total amount of transactions is 141 million Japanese Yen to a company substantially controlled by the Employee during the period from February 2008 to April 2023. In addition, there are no internal participants other than the Employee concerned in this matter.

The above amounts are based on the factual basis on which the accounting procedures are based.

The Company will disclose the report in a timely manner which contains the details of the findings of the investigation by the Internal Investigation Committee after careful examination of countermeasures to prevent recurrence.

### **2. Internal Investigation Committee**

#### **(1) Purpose of the investigation**

- (i) Fact-finding on the case
- (ii) Investigation of similar cases
- (iii) Impact on financial numbers and corrective measures
- (iv) Analysis of the causes of the incident and recommendations on countermeasures to prevent recurrence

#### **(2) Investigation members**

Chairperson: Yoshiaki Nanami, Chief, Governance Management Headquarters  
(Chief Compliance Officer)

Committee members: Tatsuya Nishimura, Chief, Planning & Business Development Headquarters  
Naoto Suzuki, Chief, Administration Headquarters  
Tsuyoshi Ishikawa, Senior Partner, SAKURADADORI PARTNERS LAW OFFICE

### **3. Impact on financial results**

Estimated impact on net profit attributable to shareholders of the parent company between FY2008 to FY2022 is less than 1% for each year's net profit and will not be retrospectively adjusted as the impact for each accounting period is insignificant.

In the current financial year, the impact on results of financial results is expected to be negligible because the estimated impact on results of financial results is expected to be 47 million Japanese Yen, including 3 million Japanese Yen recorded under cost of sales as fraud-related losses in other non-operating expenses, consumption tax as a settlement of temporary consumption tax payments that were overstated in previous years and income tax for the previous years.