

Status of Internal Investigation into Inappropriate Cost Management

As announced in the "Notice of Postponement of Financial Results of FY2023 and Establishment of an Internal Investigation Committee" dated February 9, 2024, inappropriate cost management has occurred at the Company.

We would like to inform you the outline of this matter that has been found by today and the internal investigation structure.

1. Overview of this matter

(1) How this matter was discovered

On February 6, 2024, there was a report from an employee that personnel expenses, etc. incurred in the execution of the order received work were not recorded in the said work but replaced to another work, and this was shared with the officer in charge of the Company on the same day.

Upon receiving the above report, the Company immediately conducted a summary investigation. As a result, it was determined that a more detailed investigation was necessary, and an Internal Investigation Committee was established on the 9th of the same month, and the investigation is still ongoing.

(2) Progress of Investigation

Under the direction of the Internal Investigation Committee, the Company conducts interviews with the relevant parties, conducts digital forensics, and conducts other investigations in cooperation with external organizations.

At present, it has become clear that the Company has changed the cost of a reported business by, for example, recording in the monthly business report a business different from the business for which the original cost should be recorded.

In addition, an additional investigation is underway to confirm the existence of other similar cases.

2. Internal Investigation Committee

(1) purpose

- (i) ascertaining the facts of the matter
- (ii) investigating similar cases
- (iii) assessing the financial impact and implementing corrective action
- (iv) analyzing the causes of this matter and exploring measures to prevent recurrence

(2) Investigation structure

Chairperson: Yoshiaki Nanami, Chief, Governance Management Headquarters (compliance officer)

Committee Member: Naoto Suzuki, Chief, Administration Headquarters

Keizo Mitsuke, Auditor

Go Ishikawa, Lawyer, Senior Partner, Sakurada Dori Sogo Law Office

3. Results of the Investigation and Schedule for Notice of Financial Results of FY2023

The Company is currently in the process of investigating similar cases, and it is expected that a certain amount of time will be required to finalize the financial figures. Therefore, no decision has been made at this time regarding the results of the investigation and the schedule for the notice of the financial results for the fiscal year ended December 31, 2023. An announcement will be made as soon as the notice date has been determined.