

For Immediate Release
To whom it may concern

Notice of receipt of Internal Investigation Committee investigation report and our response

As stated in the "Announcement of the postponement of the announcement of financial results and the establishment of an internal investigation committee" dated 4 August 2023 and the "Inappropriate transaction and its impact on the company's results" dated 14 August 2023, we have been investigating an inappropriate transaction (hereinafter referred to as the "Transaction") by one of its employees (hereinafter referred to as the "Employee"). The internal investigation committee has been working to confirm the facts relating to the Transaction, investigate similar cases, determine the impact on financial figures and corrective measures, analyse the causes of the Transaction and consider measures to prevent a recurrence.

The results of each of these points, including the confirmation of the facts relating to the transaction, the investigation of similar cases, the impact on the financial figures and the corrective action taken, are described in the section "Inappropriate transaction and its impact on the company's results" in the attached "Investigation Report on inappropriate transactions".

The investigation into the analysis of the causes of the transaction and measures to prevent a recurrence has now also been completed and the investigation report was received today from the internal investigation committee. In addition, following receipt of the investigation report, we have decided on the following actions to be taken.

1. Report of the internal investigation committee

The transactions in question involved the employee in question using our subcontracting system to place inappropriate orders, which sent funds directly to the company he effectively runs (hereinafter referred to as the 'Subject Company'), as well as sent funds back to the Subject Company via a company close to him. The details of this are described in the attached "Investigation report on inappropriate transactions".

2. Our response

(1) Measures for the person concerned

It has been decided that the employee concerned, who carried out the transaction in question, will be dismissed on disciplinary grounds. We intend to file a claim for damages against the employee in question. The company is also consulting with the judicial authorities on this matter.

Furthermore, in order to clarify management responsibility, the Board of Directors resolved to make the following recommendations

Mr. Tetsumi Nakamura, Representative Director and President, CEO
(subject to measures: Representative Director and President, CEO)
30% claw back in director's remuneration for two months

Mr. Hiroshi Kiuchi, Director and Senior Managing Executive Officer
(subject to measures: Head of Business Office)
20% claw back in director's remuneration for two months

Mr. Naoto Suzuki, Director and Managing Executive Officer
(subject to measures: Chief, Administration Headquarters)
10% claw back in director's remuneration for two months

(2) Measures to prevent recurrence

The Internal Investigation Committee has recommended thorough compliance training, strengthening of the actual status of business partners, strengthening of the effectiveness of inspections and acceptance checks, strengthening of the effectiveness of internal controls and other measures to prevent recurrence. We will promptly take concrete measures to improve our system.

【Attachment: “Investigation Report on inappropriate transactions”】

Translated version to be provided at our HP (<https://www.ctie.co.jp/english/>)