

April 11, 2019

Notice of Establishment of Special Investigation Committee

As announced in the press release titled "Notice of Discovery of Inappropriate Accounting at our Consolidated Subsidiary and Postponement of Announcement of Financial Results for the Fiscal Year Ended February 2019" dated April 5, 2019, it was discovered that there is a possibility of inappropriate accounting made at our consolidated subsidiary KAJITAKU CO., Ltd. (hereinafter referred to as "KAJITAKU"). In response, we have decided to establish a special investigation committee that includes outside experts who do not have an interest in us. Details are as follows.

1. Background to the establishment of the special investigation committee

In the process of the settlement of accounts for the fiscal year ended February 2019, we pointed out that figures of the KAJITAKU's balance sheet and cash flow statements were disproportionate. As a result of an internal investigation conducted by KAJITAKU, it was discovered in late March that inappropriate accounting had been carried out. Since the outbreak of doubt about the incident, we have been conducting internal investigations, mainly of KAJITAKU's financial statements, with the support of external experts. As a result of these internal investigations, it was discovered that there were errors in processes of inventory disposals, etc. in the used copy machine resale service of the KAJITAKU's Store Operation Support Business, which could have an impact on our business results.

We take this situation very seriously, and today we established a special investigation committee, including external experts and lawyers who do not have an interest in us, with the purpose of investigating the cause of the incident, determining the impact on the consolidated financial statements. In addition, in order to become a company trusted by stakeholders, we will strengthen the group governance, conduct highly transparent investigations, and formulate highly effective measures to prevent recurrence.

2. Composition of the special investigation committee

Yoshikazu Noma, Chairman of Committee (Attorney, TMI Associates)
Tomotaka Iwata, Member (Attorney, Certified Public Accountant, Showa Law Office)
Keishiro Tashiro, Member (Attorney, TMI Associates)

3. Purpose of investigation

- (1) Investigation of errors in inventory disposal procedures in the used copy machine resale service of the KAJITAKU's Store Operation Support Business (including investigation of the presence of any other inappropriate accounting) and the determination of the impact of such errors on our consolidated financial statements.
- (2) Investigation of the background of the above inventory disposal procedures and KAJITAKU's corporate culture.
- (3) Investigation of causes based on the results of the above-mentioned surveys, and suggestions for measures to prevent recurrence and measures to strengthen governance (including measures to strengthen governance within our group)

4. Future action

Our company and KAJITAKU will fully cooperate with the investigation by the Special Investigation Committee. The investigation period has not yet been decided, but we will disclose the results of the investigation by the special investigation committee as soon as it becomes known. In addition, we will also announce the impact of this matter on the consolidated financial statements, the date of the announcement of the financial results, and measures to prevent recurrence based on this survey, as well as measures to strengthen group governance, as soon as the decisions are made.