

## Unapproved change relating to manufacturing process

We have launched an initial investigation of the issue (hereinafter referred to as “the Incident”) that some companies of CMK Group changed the manufacturing process without making applications for the approval of such change to some of the customers, though we had agreed with the customers that when the manufacturing process is changed we should make prior application to customers to whom our products are delivered.

Now, taking the incident seriously, we understand that what we should do first is to identify the cause of the Incident and take necessary measures to prevent recurrence. We have decided, therefore, to put the investigations into the case to the hands of the neutral and independent outside law firm in order to proceed with objective and fair investigations, clarify all the facts, analyze the cause and work out measures to prevent recurrence accordingly. We expect the result of investigations by the outside law firm will be released by the end of this fiscal year.

We deeply apologize to all concerned as well as our customers for all the inconvenience caused by the Incident.

### 1. Summary of the Incident

We have made agreements with customers that when the manufacturing process already agreed by our customers has to be changed we need to get prior approval of the customers by making applications for such change. However, we have been informed of the fact by internal and outside persons that our manufacturing process had been changed without customers’ approval. Our new management took the matter seriously and conducted an initial investigation from May through July this year, involving lawyers. The investigation revealed that some companies in CMK Group had changed the site of manufacturing process and/or used outsourcing for the products to be delivered to some of our customers, without making applications for such change to get the approval of such customers.

In response to the above result, we have taken possible measures to sort out the issue so far. In view of the seriousness of the issue, however, we thought it necessary to proceed with an objective and fair investigations by the outside experts in considering the measures to be taken to prevent the recurrence of the Incident, and asked the outside law firm to investigate into the Incident this

November. At the same time, we believe our company's urgent mission is to devote ourselves entirely to working on the Incident.

Products and our related sites relevant to the Incident identified at the moment are as follows

Content of the Incident (identified as of today):

Products	PWB All of the products based on each customer's specifications are delivered to each customer by companies of CMK Group and used by being equipped to the customer's products.
Related sites	Japan: 2 sites CMK Niigata Factory CMK Kanbara Factory Overseas: 3 sites China     CMKC (DONG GUAN) LTD. China     CMK ELECTRONICS(WUXI)LTD Thailand  CMK CORPORATION (THAILAND) CO.,LTD.

## 2. Impact on products

In the internal investigation, we have inspected the products relevant to the Incident (hereinafter referred to as "the Products") following the regulations of our company but have not found any specific problem that may cause concern over the quality of the Products so far.

We have explained to the customers to whom the Products had been delivered about the fact and the investigated details identified so far and still keep in touch with them, consulting about what actions should be taken further. We will continue to have a discussion with our customers regarding the issue of getting approvals for the change of manufacturing process and so forth.

## 3. Impact on the financial results

As far as the impact of the Incident on our financial results of the fiscal year ended on March 2019 is concerned, we expect at the moment that the impact would be insignificant. However, we will immediately make an announcement when it becomes clear that there will be a significant impact on the results.

We sincerely apologize to our customers, stakeholders, investors and all others concerned for all the inconvenience caused by the Incident.