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November 4, 2021

## NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: 1<sup>st</sup> Section Tokyo Stock Exchange  
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### Notice regarding Misconduct by a Former Employee of a Sales Office in Japan

Tokyo, Japan - On November 4, 2021, Nihon Kohden hereby announces that the Company has discovered that a former employee of a sales office of Nihon Kohden was involved in acts of misconduct in business transactions in Japan. While the Company aims at ensuring strict compliance and strengthening Group governance, Nihon Kohden sincerely regrets and apologizes to our customers, shareholders, and all related parties for any concern caused by this matter.

#### 1. Summary of Misconduct

According to the internal investigation, one former employee engaged in acts of misconduct in business transactions as follows: this former employee procured more network devices and other goods than necessary, delivered the proper quantity of those goods to the customers, and then illegally obtained money by reselling surplus goods for personal use, causing damage to the Company. The internal investigation confirmed that this former employee had illegally acquired goods worth a total of approximately ¥40 million.

As a result of the unauthorized acquisition of goods by the above-mentioned method, etc., most of the financial damage has been incurred by the Company, but some customers have suffered damage. The Company will apologize and reimburse the affected customers.

#### 2. Response to this Case

After the misconduct was confirmed, Nihon Kohden dismissed this former employee on November 4, 2021. The Company is consulting with the police about filing a criminal complaint against this former employee.

Following the discovery of this case, Nihon Kohden immediately established an internal investigation committee and has conducted a thorough investigation. The Company will make every effort to prevent recurrence after clarifying the facts of this case and investigating the causes.

#### 3. Impact on Financial Results

As far as its internal investigation is concerned, the Company expects that the impact of this case on the consolidated results of FY2021 ending March 31, 2022 is to be minor. The Company will immediately announce if new facts are discovered by further investigations.