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Listing: Tokyo Stock Exchange  
Securities code: 2874  
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Notice Concerning Formulation of Measures to Prevent Recurrence  
(Tightening the Process for Business Investments)

As announced on January 6, 2025, in the Notice Concerning Material Deficiencies that Should Be Disclosed in Internal Control Over Financial Reporting and the Submission of the Revision Report on Internal Control Reports, and in the Notice of the Establishment of the Risk Management Committee on January 29, 2025, we have established initiatives for corrective measures to address deficiencies in internal control over financial reporting and a Risk Management Committee as measures to prevent recurrence.

Currently, we are developing and implementing these initiatives. In order to make preventive measures more effective, we have resolved at the Board of Directors meeting held today to formulate measures to prevent recurrence aimed at tightening the process for business investments. We hereby notify you as follows:

1. Results of verification leading to the formulation of measures to prevent recurrence  
We conducted a comprehensive verification of our business investment system in relation to our investments and loans to our business partners. As a result, the following issues were identified in our investment decision-making process and risk management system.
  - (1) Unclear review criteria
  - (2) Insufficient information provided to the Board of Directors and others
  - (3) Inadequate monitoring
2. Outline of measures to prevent recurrence  
In light of the above issues, we have formulated measures for tightening the process for business investments in order to prevent the recurrence of the same or similar events in the future to strengthen our system for preventing recurrence. In addition, going forward, we will clarify the criteria for the investment decision-making process and develop various internal regulations. At the same time, by continuously monitoring after investment, we will work to establish, develop, and operate highly effective measures to prevent recurrence.

(1) Clarification of review criteria

In order to unify application items at the time of application for business investment and to clarify the review divisions (Business Planning Sector and Corporate Management Sector) for reviewing applications, we will establish review criteria. The review division works closely with relevant internal divisions and utilizes outside experts and evaluation organizations as necessary to enhance the effectiveness of reviews.

(2) Improving information-sharing to the Board of Directors

The review division collects and analyzes accurate information, and submits the cases of applications that have passed this review process to the Board of Directors.

(3) Strengthening the monitoring system

After the business investment is executed following a resolution of the Board of Directors, the business division that has proposed regularly submits the progress report to the review division. The review division not only receives progress reports but also conducts detailed review and analysis of the reports, which are then submitted to the Board of Directors.

We will also clarify the criteria for reporting and responding in the event of a change in the business investment plan, the recognition of the credit risk of the investee, or other emergency events.

Going forward, with regard to the establishment of criteria related to the above, we will develop related regulations and establish new criteria in an integrated manner after ascertaining the status of the development and operation of the related current regulations.

3. Status of initiatives for measures to prevent recurrence

The measures to prevent recurrence we have already announced have been implemented on an ongoing basis and we are making efforts to restore trust. The status of initiatives for measures to prevent recurrence is as follows.

(1) Status of initiatives regarding the Notice Concerning the Submission of Revision Reports on Securities Reports, etc. for Past Fiscal Years and Revision of Financial Results, etc. for Past Fiscal Years announced on January 6, 2025

We recognize the importance of developing and operating internal control over financial reporting, and we strive to correct important deficiencies that should be disclosed. To this end, we are working to secure human resources and expand specialized knowledge, develop and operate manuals that are more practical and comprehensive, utilize external experts, and strengthen our risk management system through the Risk Management Committee.

(2) Status of initiatives regarding the Notice of the Establishment of the Risk Management Committee announced on January 29, 2025

The meetings were held in February and April 2025 to discuss countermeasures against identified risks and their progress and to receive consultations from outside experts. We will continue to hold meetings of the Risk Management Committee to manage the risks of our entire group.