



September 17, 2025

(Translation)

To Whom It May Concern,

Company name	and ST HD Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
Inquiries	Masatake Hayashi, Group Executive Officer, General Manager of Corporate Planning Office (TEL:03-5466-2060)

Notice Regarding Misappropriation of Funds by Former Employee of Consolidated Subsidiary

and ST HD Co., Ltd. (the "Company," "we") announced that we have identified misappropriation of funds (the "Incident") by a former employee of our consolidated subsidiary, zetton, inc. ("zetton"). The employee was responsible for the finance and accounting division while employed at zetton.

We take this matter very seriously and apologize sincerely for the considerable inconvenience and concern caused to our customers, investors, clients, and other related parties.

1. Overview of the Incident

We confirmed that the former employee of zetton responsible for the Accounting and Finance Department misappropriated company funds on multiple occasions between 2020 and 2025. The individual withdrew cash from zetton bank accounts for personal use and concealed the misconduct through fraudulent accounting entries.

The Incident was uncovered in late July 2025 following an internal whistleblower report at zetton and a subsequent investigation. The Company estimates the total amount misappropriated at approximately ¥170 million between 2020 and 2025.

zetton has been a consolidated subsidiary of the Group since the fiscal year ended February 2022.

2. and ST HD Response

Immediately following the discovery of the Incident, we established an internal investigation team and, with advice from attorneys and other outside experts, conducted interviews with the former employee and reviewed fund transfers. The individual admitted to the misappropriation and was dismissed for cause in accordance with internal regulations. The Company is working with attorneys to take action to recover damages from the former employee to the maximum extent possible, and has initiated criminal proceedings.

At this time, we have not identified involvement by any other employees in the Incident.

3. Impact on Business Performance

The Company determined that the misappropriation did not have a material impact on the financial statements of the fiscal years in which the Incident occurred. Therefore, we will not restate past financial results. The Incident has a limited impact on the and ST HD consolidated results for the current fiscal year, and does not affect the earnings forecast already announced for the current fiscal year.

4. Measures to Prevent Recurrence

zetton segregated duties among accounting staff and reinforced internal control rules. We confirmed that no similar cases have occurred at other Group companies. Going forward, we will continue investigating the underlying causes of the Incident and strengthen internal controls further by reviewing business processes, implementing compliance training, and improving post-M&A management frameworks, while working to restore the trust of stakeholders.

5. Disciplinary Measures for Executives

The Company resolved to implement the following measures to clarify supervisory responsibility for the Incident.

and ST HD Co., Ltd.

Osamu Kimura, President and CEO – 10% reduction in monthly compensation for three months

Michio Fukuda, Chairman and Representative Director – 10% reduction in monthly compensation for three months

Taiki Fukuda, Senior Managing Director – 10% reduction in monthly compensation for three months

zetton inc.

Shinsuke Suzuki, Chairman and Representative Director – Resigned as Representative Director and demoted to Director

Daisuke Kikuchi, President and CEO – 10% reduction in monthly compensation for three months

Ryo Shintani, Senior Managing Director – 10% reduction in monthly compensation for three months

End