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A&D HOLON Holdings Company, Limited
Yasunobu Morishima, President & CEO
(Securities code: 7745 TSE Prime Market)
Inquiries: Koji Takahashi, Director and Managing Executive Officer
Tel: +81-48-593-1590

Disclosure Regarding Inappropriate Expenditures at a Consolidated Subsidiary

A&D HOLON Holdings Company, Limited (the “Company”) hereby reports that it has identified a matter involving inappropriate expenditures at the Company’s consolidated subsidiary in Korea, A&D SCALES CO., LTD. (the “Subsidiary”). Following an internal investigation and confirmation with relevant parties, the Company provides below a summary of the facts currently known, the actions taken, and the impact on its consolidated financial results.

1. Overview of the Matter

On April 29, 2026, the Company’s auditor identified discrepancies between the bank deposit balance and the book balance at the Subsidiary. In response, the Company commenced an internal investigation.

As a result of the investigation, the Company determined that one employee of the Subsidiary had made inappropriate withdrawals in connection with the management of funds.

Between February 2026 and April 2026, the employee withdrew funds from the Subsidiary’s bank accounts on multiple occasions without obtaining the prescribed approvals, and the Company believes that such funds were used for personal purposes.

The total amount of the inappropriate expenditures is currently estimated to be KRW 2.5 billion Korean Won (approximately JPY 270 million).

2. Actions Taken and Ongoing Measures

The Subsidiary conducted interviews with the employee and other relevant parties and verified the flow of funds. Based on these procedures, the Company currently believes that the involvement in this matter is limited solely to the employee concerned.

On April 29, 2026, the Subsidiary consulted with and filed a report to the competent police station in North Chungcheong Province, Republic of Korea, regarding this matter as a suspected case of embezzlement. The report has been formally accepted by the authorities.

The Company and its group regard this matter as a serious compliance issue. The Company has already initiated a review of its fund management framework and internal control systems. The Company will continue to implement measures to prevent recurrence and to further strengthen internal controls and governance across the group.

The investigation is ongoing, and there remains a possibility that the total amount of the inappropriate expenditures may change.

3. Impact on Consolidated Financial Results

The Company estimates the total loss related to this matter to be approximately JPY 270 million. Of this amount, losses totaling JPY 243 million, which were incurred through March 31, 2026, have been reflected in the Company’s consolidated financial results for the fiscal year ended March 31, 2026. As of

the date of this disclosure, the Company does not recognize any additional material impact on its consolidated financial results that would require further disclosure.

While the Company is continuing to assess the impact of this matter on its business plans, the Company currently believes that such impact will be limited. Accordingly, this matter has not been reflected in the revision of the Company's medium-term management plan announced concurrently.

This disclosure contains statements regarding management's current assessments and expectations. Actual results may differ depending on the outcome of the ongoing investigation and other factors.

We sincerely apologize to our shareholders, investors, and all other stakeholders for the significant inconvenience and concern caused by this matter.