

October 16, 2026

To: All Concerned Stakeholders

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**Notice Regarding the Results of the Investigation into Misconduct by a Former Employee of the ID Group
and Measures to Prevent Recurrence (Interim Report)**

Regarding the matter disclosed in our “Notice and Apology Concerning Misconduct by an Employee of the ID Group” dated September 15, 2026, we have been investigating the facts, examining whether any similar incidents have occurred, and analyzing the causes of the misconduct, while receiving input from the “Advisory Committee Composed of External Experts” established on September 30, 2026.

Based on the results of these investigations and analyses, at a meeting held today, the Board of Directors resolved to implement various measures to prevent recurrence, as described below.

Our Group will steadily implement the measures formulated to prevent recurrence and will strive to restore the trust of all stakeholders. We will promptly disclose any matters that are currently under review once they are confirmed.

We once again sincerely apologize for the significant inconvenience and concern caused to our customers, shareholders and investors, business partners, and all other stakeholders.

1. Overview of the Misconduct and Investigation Results Regarding Organizational Involvement

(1) Overview of the Misconduct

The misconduct in question involved a former employee of our Group who, by exploiting their position, removed office supplies and other equipment owned by a corporate client without authorization and sold them to a dealer.

The investigation revealed that the former employee received a total of approximately 128 million yen through this misconduct over a period of about 10 years.

We will continue to investigate the total amount of damage incurred by the client and will responsibly proceed with compensation and other necessary measures.

(2) Organizational Involvement in the Misconduct

No organizational involvement in the misconduct or involvement by any other officers or employees was confirmed. Furthermore, it was not confirmed that the former employee had provided or sold the personal information or other information assets of the client or its related parties to third parties.

2. Overview and Results of the Company-wide Emergency Investigation into Similar Incidents

(1) Overview of the Company-wide Emergency Investigation

Immediately after the discovery of this misconduct through an internal report, our Group conducted an emergency investigation at 10 business locations where the risk of similar incidents was considered particularly high.

Furthermore, beginning on September 8, 2026, we conducted a risk management investigation targeting all 319 business locations and 1,951 employees to determine whether there were any cases similar to this misconduct or other operational risks.

Based on the responses from all employees surveyed, we screened for risks and conducted on-site investigations at business locations falling into the following two categories:

- (i) Business locations where problems might arise in operations involving office supplies similar to those involved in this misconduct
- (ii) Business locations where problems might arise in operations involving business information, IT equipment and storage media, company-issued equipment, cash, valuables, etc.

(2) Results of the Investigation into Similar Incidents

The investigation found no indications of suspected misconduct similar to this incident or any serious management issues at any of the business locations.

Regarding areas where improvements in management and operations are desirable, we will discuss necessary measures with our business partners and implement initiatives to further strengthen our management systems and business operations.

3. Analysis of the Causes of This Misconduct

Based on the concept of the “Fraud Triangle,” we analyzed the causes of this incident. As a result, we determined that the primary reason we were unable to prevent this misconduct was that there were deficiencies in certain aspects of our Group’s operational management system—including inventory control, segregation of duties, checks and balances, and monitoring—which prevented us from eliminating the “opportunity” for misconduct.

4. Initiatives to Prevent Recurrence

(1) Formulation of Measures to Prevent Recurrence

As shown in the Appendix, our Group has long been committed to preventing misconduct and raising compliance awareness. We recognize that our failure to prevent this misconduct despite these efforts constitutes a serious management issue.

Therefore, based on the results of our analysis of the causes of this misconduct using the “Fraud Triangle” concept, we have re-examined the effectiveness of the relevant business processes and internal controls without assuming that our existing management methods are adequate. Furthermore, to ensure that no new “opportunities” for misconduct arise in the future, we have formulated the following measures to prevent recurrence.

- (i) Strengthening asset management and inventory control of customer-owned property and goods
(Ensuring continuity of records and approvals within management workflows)
- (ii) Improving work environments that may create opportunities for misconduct
(Avoiding situations where motive and opportunity intersect and may lead to misconduct, strengthening checks and balances, and strictly enforcing the rotation of employees who have been engaged in the same duties for an extended period)

Strengthening anomaly detection and supervisory functions

(Inspections by the Business Risk Management Department and strengthened audits during on-site visits)

(iii) Strengthening systems and governance

(Improving the effectiveness of training and the internal reporting system; regular monitoring of the recurrence prevention measures by management)

Furthermore, we will introduce an AI-based risk management system.

(2) Establishment of the Business Risk Management Department

The implementation of the above recurrence prevention measures will be led by the Business Risk Management Department, which was newly established on September 15, 2026.

This department will assess and analyze deficiencies in asset management systems and related frameworks, as well as misconduct risks in outsourced operations involving customer assets. By monitoring operations and locations with high misconduct risks, conducting unannounced on-site inspections, and issuing corrective instructions, the department will work to prevent recurrence and further strengthen our operational management framework.

5. Activities of the Advisory Committee Composed of External Experts

With the aim of further enhancing the objectivity and transparency of the analysis of the causes of this misconduct and measures to prevent recurrence, the Company established an Advisory Committee Composed of External Experts effective September 30, 2026.

(1) Dates of the Committee Meetings

(i) October 7 (Wed)

(ii) October 13 (Tue)

(iii) October 15 (Thu)

(2) Matters Considered by the Committee

(i) The reasonableness of the calculation of the amount of damages resulting from this misconduct and the calculated amount

(ii) Whether there was any organizational involvement in this misconduct

(iii) The appropriateness and adequacy of the root cause analysis and measures to prevent recurrence

(iv) The appropriateness of decisions regarding management responsibility

While receiving expert input from the Committee, the Company is working to clarify the facts and responsibilities, as well as formulate measures to prevent recurrence and ensure their thorough implementation.

6. Impact on the Group's Consolidated Financial Results

We are continuing to assess the impact of this matter on the Group's consolidated financial results for prior fiscal years and the current fiscal year.

Should any revisions to earnings forecasts or other matters requiring disclosure arise in the future, we will promptly announce them.

7. Management Responsibility

Our Board of Directors and management take extremely seriously the fact that we were unable to prevent this misconduct or detect it at an early stage, thereby causing significant inconvenience and concern to our customers, shareholders, investors, business partners, and all other stakeholders.

Regarding management responsibility, we will make a considered and solemn determination regarding accountability for the consequences once the impact of this misconduct on our consolidated financial results has been determined. We will promptly announce the details once a decision has been made.

DISCLAIMER

This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

This English translation is an automated translation using AI.

[Appendix] Existing Initiatives Regarding Internal Controls and Compliance

Category	No.	Initiative / Activity Name	Purpose / Main Content	Implementation Status	Target
Internal Control	1	Internal Control Reporting System (J-SOX)	Development, operation, evaluation, and improvement of internal controls to ensure reliability of financial reporting	Ongoing	Entire Group
	2	Internal Reporting System	Establishment and operation of internal and external reporting channels for early detection and correction of misconduct	Permanently available	All Group Employees & Stakeholders
	3	Risk Management Committee	Company-wide risk assessment, deliberation on response policies, and monitoring	Twice a year and as needed	Entire Group
	4	Management Audit	Operational audits, improvement recommendations, and follow-up to ensure appropriateness and effectiveness of operations	Ongoing	Entire Group
Education & Training	5	Compliance and CSR Training	Education on compliance, internal control, information security, etc. to raise compliance awareness and prevent misconduct	Twice a year	All Group Employees & Partner Staff
	6	Management Training (Human Resource Management)	Education on performance evaluation, talent development, harassment prevention, etc. for appropriate management practices	Upon promotion, etc.	Managers of Applicable Group Companies
	7	New Employee Compliance Training (Including Mid-career Hires)	Education to enhance compliance awareness for those who have newly joined our Group	Upon joining	All New Employees of the ID Group
	8	Harassment Prevention Training	Harassment prevention education to maintain and improve a healthy workplace environment	As appropriate	All Group Employees & Managers
Communication Enhancement & Workplace Environment Improvement	9	Stress Check	Stress surveys and workplace environment improvement through group analysis to maintain employees' physical and mental health	Once a year	All Group Employees
	10	ID Salon (Employee Networking Event)	Building relationships and promoting mutual understanding among employees	Once a month	All Group Employees
	11	Dialogue with the President	Fostering a corporate culture that promotes open and transparent communication	At least six times a year	All Group Employees
	12	Town Hall Meeting	Improving employee engagement through direct dialogue with management	As appropriate	All Group Employees