

TSE Urgent Notice



Nov. 21, 2025
Listing Department
Tokyo Stock Exchange, Inc.

Designation of Security on Special Alert and Imposition of Listing Agreement Violation Penalty

TSE has designated the stock as a Security on Special Alert and imposed a listing agreement violation penalty as follows.

* This decision is based on the results of the examination by Japan Exchange Regulation.

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| 1. | Issue Name | TOSHIN HOLDINGS CO.,LTD stock
(Code: 9444, Market Segment: Standard Market) |
| 2. | Date of Designation of Security on Special Alert | Nov. 22, 2025 (Sat.) |
| | Reason (Related Clause) | <p>Due to falling under a case where opinions are not expressed in audit reports, interim audit reports, or interim review reports attached to the listed company's financial statements or interim financial statements and TSE deems that the improvement of the internal management system of said listed company is highly necessary (Securities Listing Regulations, Rule 503, Paragraph 1, Item (2), b. and c.)</p> <p>Due to falling under a case where TSE deems that the listed company has violated the provisions of timely disclosure and that the improvement of the internal management system of such listed company is highly necessary (Securities Listing Regulations, Rule 503, Paragraph 1, Item (3))</p> |
| 3. | Listing Agreement Violation Penalty Total | JPY 14.4 million |
| | Reason (Related Clause) | Due to falling under a case where TSE deems that the listed company has violated the provisions of timely disclosure and has undermined the confidence of shareholders and investors in the TSE market (Securities Listing Regulations, Rule 509, Paragraph 1, Item (1)) |
| 4. | Details of Reason | On Aug. 29, 2025, TOSHIN HOLDINGS CO., LTD. (hereinafter "the Company") disclosed that it had received a third-party committee's investigation report regarding the Company's inappropriate accounting. Then, on Oct. 31, 2025, the Company disclosed corrections to its past financial results (hereinafter referred to as the |

"Current Corrections").

These disclosures revealed that inappropriate accounting had been taking place at the Company and its group companies, including the overstatement of sales figures and inventory amounts in its settlement of accounts with authorized resellers in its Mobile Sales Business (i.e., calculating the difference between the sales figures for devices and related goods that one of the Company's subsidiaries sold to authorized resellers and the amount that the subsidiary paid the resellers in sales commissions and related fees). It was acknowledged that the former director in charge of accounting was deeply involved in said inappropriate accounting, and the former Representative Chairman also had significant involvement in certain aspects.

Consequently, it was found that the Company's earnings reports and other documents from the first quarter of the fiscal year ended Apr. 2020 to the third quarter of the fiscal year ended Apr. 2025 contained disclosures that have been deemed to be false and in violation of the listing rules. Following the Company's corrections, it was found that the Company had considerably falsified its financial results. For instance, it had recorded operating losses, ordinary losses, and negative net income attributable to owners of the parent company for the fiscal year ended Apr. 2023 as operating profits, ordinary profits, and positive net income attributable to owners of the parent company.

The backstory leading up to the Current Corrections is as follows. The Company had disclosed corrections to its past earnings reports on Feb. 14, 2025 (hereinafter referred to as the "Previous Corrections"). A third-party committee's investigation, which had been conducted prior to the Previous Corrections (hereinafter referred to as the "Previous Investigation"), had revealed the influence of the former Representative Chairman, the existence of a results-oriented corporate culture, an insufficient awareness of compliance throughout the entire organization, and the ineffectiveness of the board of directors and board of auditors. In addition to those points, in this case, the following points were identified as the main reasons that led the Company to make the Current Corrections.

- The former Representative Chairman's attitude, words, and actions lacked the ethics and integrity that one would expect from the head of a listed company; for example, he made no statements acknowledging his own responsibility with respect to the inappropriate accounting that he was found to have taken part in. As a result, the governance of the Company and its group companies failed to function properly.
- The Company's internal controls failed to function properly. For example, serious deficiencies were identified in the development and implementation of internal controls over the financial reporting process, specifically in controls over journal-entry approvals and in the segregation of duties. In addition, deficiencies were observed in the development and implementation of internal controls over business processes, and there were also serious issues in the internal controls of the entire organization.
- The Company acted inappropriately both during and after the Previous Investigation and made no apparent efforts to improve compliance awareness following that investigation.

Furthermore, the auditors wrote either a disclaimer of opinion or a disclaimer of conclusion in the audit reports and quarterly review reports that were attached to the Company's corrected Annual Securities Reports and Quarterly Securities Reports for the fiscal years ended Apr. 2020 through Apr. 2024, as well as to its Annual Securities Report, corrected Semiannual Report, and corrected Quarterly Earnings Reports for the fiscal year ended Apr. 2025.

These disclosures, submissions, and other materials revealed the following facts:

- The Company has received such disclaimers over an extended period of six consecutive fiscal years.
- The Company was unable to complete its own verification of the accuracy and

completeness of the Current Corrections by the extended filing deadline for the Annual Securities Report for the fiscal year ended Apr. 2025.

- The Company had not finished formulating and implementing recurrence prevention measures nor dealt with the former Representative Chairman, whose attitude, words, and actions were criticized by the third-party committee for lacking the ethics and integrity that one would expect from top management, before the extended filing deadline for the Annual Securities Report for the fiscal year ended Apr. 2025.
- In addition to the above, the third-party committee's investigation report also identified a wide range of issues concerning the Company's internal management system and governance.

As described above, in this case, the governance of the Company and its group companies had failed to function properly, partially due to the former Representative Chairman's lack of ethics and integrity, and the Company had been conducting inappropriate accounting over an extended period. These factors resulted in a series of disclosures that had a serious impact on investors' investment decisions and have been deemed to be false. In addition, the auditors wrote disclaimers of opinion/conclusion in the reports that were attached to the Company's Annual Securities Reports and other statutory filings, which investors rely on as a basis for making appropriate investment decisions. Because TSE deems it highly necessary for the Company to make improvements to its internal management system and related areas, TSE will designate the Company's stock as a Security on Special Alert.

Moreover, because in this case, the Company had been disclosing incorrect financial information over an extended period, and the information was highly important for making investment decisions, TSE deems that the Company has undermined the confidence of shareholders and investors in TSE's markets and will impose a listing agreement violation penalty on the Company.

Please note that although the Company has submitted an improvement report to TSE on May 16, 2025, since the Company will again be required to make improvements to its internal management system and related areas after being designated as a Security on Special Alert, TSE will not require the Company to submit an improvement status report that describes the status of the implementation of the improvement measures set out in said improvement report.

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