TSE Urgent Notice

Jul. 24, 2026
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.

1.	Issue Name	REVOLUTION CO.,LTD. stock (Code: 8894, Market Segment: Standard Market)
2.	Date of Designation of Security on Special Alert	Jul. 25, 2026 (Sat.)
	Reason (Related Clause)	Due to a disclaimer of conclusion being stated in the interim review report attached to the listed company's interim consolidated financial statements, and TSE deeming that improvement of the internal management system is highly necessary (Securities Listing Regulations, Rule 503, Paragraph 1, Item (2), b.) Due to falling under a case where TSE deems that the listed company has violated the provisions of the matters to be observed in the Code of Corporate Conduct (Development of System and Structure Necessary to Ensure Appropriateness of Business) and that the improvement of the internal management system of such listed company is highly necessary (Securities Listing Regulations, Rule 503, Paragraph 1, Item (4))
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 the matters to be observed in the Code of Corporate Conduct (Development of System and Structure Necessary to Ensure Appropriateness of Business) and has undermined the confidence of shareholders and investors in the TSE market (Securities Listing Regulations, Rule 509, Paragraph 1, Item (2))
4.	Details of	On Jun. 15, 2026, REVOLUTION CO.,LTD. (hereinafter referred to as “the

Reason

Company") made a disclosure regarding transactions in the real estate funds that are created and managed by its consolidated subsidiary Yamawake Estate Co., Ltd. (hereinafter referred to as "Yamawake Estate"). The Company had determined that inappropriate accounting of the transactions may have occurred in light of accounting standards, such as those for revenue recognition. Because of this, the Company disclosed that it would establish an independent internal investigation committee that would include external experts. The committee's purpose would include investigating factual relationships, such as those pertaining to the economic state of the transactions, and considering the transactions' effects, such as on the Company's financial statements.

Then, on the same day, after submitting its semiannual securities report for the fiscal year ending Oct. 2026 with an attached interim review report containing a disclaimer of conclusion, the Company disclosed that it had made such a submission.

The following matters were revealed as a result of the Company's disclosures and submission:

- The reason for the interim review report's disclaimer of conclusion pertains to the accounting of the real estate funds that are created and managed by the Company's consolidated subsidiary Yamawake Estate. Since, for example, it could not provide the audit firm with the materials and explanations necessary to conduct the audit, Yamawake Estate is deemed to have deficiencies in its internal management system, including deficiencies in its system for managing material and special-purpose transactions, in its system for managing contracts and related matters, and in its coordination with the audit firm.
- Yamawake Estate is an extremely important subsidiary that accounts for approximately 90% of the Company's consolidated sales. However, since the Company was too slow to recognize the serious risk that Yamawake Estate's accounting posed to the consolidated audit, it was unable to encourage Yamawake Estate to take appropriate corrective steps to respond to the audit firm within the required period. As a result, the Company submitted a semiannual securities report with an attached interim review report containing a disclaimer of conclusion. The Company is deemed to have deficiencies in its management of the subsidiary, including an insufficient understanding of its situation.
- In Oct. 2024, the Company made WeCapital Co., Ltd. (hereinafter referred to as "WeCapital") and Yamawake Estate into its consolidated subsidiaries. Since that time, a series of issues related to said subsidiaries has arisen. These include delays in the announcement of the Company's financial results and in the submission of its semiannual securities report in Jun. 2025; identification of a material deficiency in the Company's internal control system that warranted disclosure in Jan. 2026; and an administrative disposition that was imposed on Yamawake Estate in Feb. 2026 (a partial suspension of operations related to specified joint real estate ventures for 60 days). Although on each occasion, the Company had formulated measures to prevent a recurrence and announced that it would strengthen the management of its subsidiaries, the present disclaimer of conclusion resulted not only from deficiencies in the development of the subsidiaries' internal management systems as shown above but also from the Company's insufficient understanding and management of their situation. Accordingly, the Company's governance framework for its subsidiaries is still not deemed to be functioning adequately.
- As a factor underlying these circumstances, the Company's framework for considering M&As (e.g., acquisitions of subsidiaries) is also deemed to have deficiencies. When performing various due diligence on WeCapital before acquiring it as a subsidiary, the Company did not consider the appropriate scope of its investigation and completed the due diligence without including the contracts related to individual real estate transactions within the scope. As a result of its insufficient identification and consideration of risks, the Company ultimately acquired a company with various inherent risks.

In this case, the Company's audit firm gave a disclaimer of conclusion in its interim review report that was attached to the interim consolidated financial statements in the Company's semiannual securities report. Such documents are intended to serve as a basis for investors to make appropriate investment decisions. In addition, the Company is deemed to have violated the "Development of System and Structure Necessary to Ensure Appropriateness of Business" provision of the matters to be observed under the Code of Corporate Conduct. It is also deemed that improvements, such as to the Company's internal management system, are highly necessary. Therefore, TSE will designate the Company's stock as a Security on Special Alert.

Furthermore, as described above, this case involves material deficiencies in the internal management systems of the Company and its subsidiaries, including the Company's failure to respond in a timely and appropriate manner to material audit issues at Yamawake Estate and the Company's ineffective measures to address recurring issues at WeCapital and Yamawake Estate. Since the Company is deemed to have undermined shareholders' and investors' confidence in TSE, TSE will impose a listing agreement violation penalty on the Company.