TSE Urgent Notice

Sep. 28, 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	Wel-Dish.Incorporated stock (Code: 2901, Market Segment: Standard Market)
2.	Date of Designation of Security on Special Alert	Sep. 29, 2026 (Tue.)
	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 28.8 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 Reason	Wel-Dish.Incorporated (hereinafter referred to as "the Company") disclosed on Apr. 22, 2026 the establishment of an independent investigation committee concerning, among other matters, the process for exercising subscription warrants by its representative director (who resigned as representative director on May 19, 2026 and subsequently resigned as a director on Aug. 31, 2026; hereinafter referred to as the "Former Representative Director"). The Company then disclosed the publication of the independent investigation committee's final investigation report on Aug. 10, 2026. In the midst of these events, on May 14, 2026, the Company submitted its semiannual securities report for the fiscal year ended Aug. 2026 with an attached interim review report containing a disclaimer of conclusion and disclosed this fact. These disclosures and submissions, as well as inquiries and interviews conducted by Japan Exchange Regulation (JPX-R), revealed the following facts: - In connection with the exercise of the Company's fourth issue of subscription warrants, for which the exercise price was JPY 140 per share, the Former Representative Director attempted to proceed with exercise at a price of JPY 5 per share without sufficiently confirming the official exercise price, the required payment amount, the existence of remuneration claims that he asserted he held, or whether such claims could be used for such a purpose. In addition, after submitting the request for exercise, the Former Representative Director falsely explained to the Company's directors and others who had raised questions regarding the exercise that he had obtained the consent of the audit firm and others. Furthermore, just before the independent investigation committee started its investigation, he instructed a Company employee to destroy documents that he had presented to the employee at the time he submitted the request for exercise. - The Former Representative Director and a former managing director (who resigned in Jun. 2025) were involved in, among other things, the post-facto preparation and alteration of minutes of board of directors' meetings, as well as documents issued in the name of external legal counsel, regarding the transfer of and other matters relating to the Company's third issue of subscription warrants. - In connection with a case of the Company making another unlisted company a subsidiary, the Former Representative Director failed to take appropriate measures to ensure that proper financial due diligence was conducted. He also failed to provide the Company's board of directors with important information, including information concerning the existence of transactions between that company and related parties, among others. Furthermore, although he recognized that a resolution of the board of directors was required to execute a memorandum of understanding in connection with making that company a subsidiary, he did not convene a board of directors meeting. - A director was appointed as a director (supervisory committee) of the Company in Jun. 2024 and became a director (not on the supervisory committee) in Nov. 2025. While serving on the supervisory committee, he did not obtain the prior approval of the Company's board of directors required under the Companies Act for the implementation of conflict-of-interest transactions, namely transactions between the Company and a company in which he served as representative director and the execution of a memorandum of understanding between the Company and an individual. - Numerous transactions existed between the Company group and a specific business partner group that are either difficult to deem as arm's-length transactions or for which there was undeniably a transaction, but the actual provision of services was questionable. In addition, documentation necessary to substantiate the appropriateness of these transactions was lacking. - With respect to transactions that were considered to account for a substantial portion of the Company group's sales from the fiscal year ended Mar. 2025 onward, sales should originally have been presented on a net basis because the

Company group acted as an agent. However, such sales were presented on a gross basis. In addition, the Former Representative Director did not provide the audit firm with important information that could have affected the accounting processing of these transactions.

- In connection with a past case of the Company making an unlisted company a wholly-owned subsidiary through a share exchange, the Company made disclosures and provided explanations to JPX-R concerning the shareholder composition, among other matters, of the company to be made a wholly-owned subsidiary that differed from the actual circumstances. As a result, this had a material impact on the conclusions of the examination previously conducted by JPX-R in deciding the appropriateness of delisting under the delisting criterion of “inappropriate mergers, etc.” (Rule 601, Paragraph 1, Item (5), a. of the Securities Listing Regulations).

In addition, the following points were mainly identified as the background and causes of these issues:

- The Former Representative Director lacked an awareness of the need to comply with laws and regulations and prioritized management that placed excessive emphasis on short-term increases in the Company’s stock price and his own interests. He also lacked the integrity and accountability required of a top executive of a listed company. There were also directors other than the Former Representative Director who did not sufficiently recognize the importance of compliance, as evidenced by their approval of inappropriate disclosures in connection with the share exchange and their conduct and statements toward the independent investigation committee that are difficult to consider cooperative.
- Insufficient attention was paid to the appropriateness of businesses that had a significant impact on sales and profits. In addition, in making important management decisions, such as implementing the share exchange, resolutions of the board of directors were adopted by written resolution without sufficient explanation, meaning that the board of directors did not adequately perform its management oversight function.
- Management systems in such areas as legal affairs, accounting, and internal audit were weak, while operational authority was increasingly concentrated in the Former Representative Director, creating an environment conducive to inappropriate conduct by the management.
- Due to its excessive dependence on transactions with a specific group and its personal and capital relationships with that group, the Company was unable to exercise sufficient oversight over those transactions.

As described above, this is a case where the auditor issued a disclaimer of conclusion in the interim review report attached to the interim consolidated financial statements included in the semiannual securities report, which serves as a basis for investors to make appropriate investment decisions, and where TSE deems that the 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); for these reasons, TSE deems that improvement of the internal management system, etc. is highly necessary. Therefore, TSE has decided to designate the Company's stock as a Security on Special Alert.

Furthermore, this case revealed various issues, including inappropriate conduct by the management. The background and causes of these issues included serious deficiencies in the internal management system, such as a lack of compliance awareness among management, insufficient management oversight by the board of directors, and weak management systems. TSE therefore deems that the Company has undermined the confidence of shareholders and investors in the TSE market and will impose a listing agreement violation penalty on the Company.

Note: TSE has today separately announced “Results of Examination of Substantial Survival (Ceasing to Be a Substantial Surviving Company) and Entry Into Grace Period” relating to the Company.