

February 5th, 2021

Notice regarding misconduct at Tokyo Seimitsu's Consolidated Company

Company name: TOKYO SEIMITSU CO., LTD.

(Stock code: 7729, Tokyo Stock Exchange 1st Section)

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TOKYO SEIMITSU CO., LTD. (the Company) has confirmed that there were misconducts at the Company's consolidated company. The Company is now investigating for clarification of the whole truth including details of such misconducts and impacts to the financial results, and current situation is as set out below.

The Company expresses its most sincere apologies to shareholders, suppliers, customers, and all other stakeholders for any concern or inconvenience caused on this occasion.

1. Background of discovery of the misconducts and its overview.

Suspicious transactions at a consolidated subsidiary was found during a periodic tax audit commenced from late January this year, therefore the Company immediately started an internal investigation.

(Overview of misconducts found)

- Embezzlement by former president of the consolidated company through kickback from purchasing transaction with a domestic designing company over several years
- Inappropriate transaction at the aforementioned consolidated company through collection of long overdue trade and accounts receivable

2. Actions

While an internal investigation to clarify the whole truth and ensure that there are no more misconducts continues, to ensure expertise and objectivity, the Company will establish a Special Investigation Committee (the Committee) consisting of external experts (lawyers and certified public accountants) who have no interest with the Company group.

3. Impacts to the Company's business results.

Impacts to the Company's business results are now under investigation. The Company will immediately announce them once the Committee's investigation results are confirmed and discussion with our auditing firm is completed.

Depending on the investigation results, there is a possibility of revising the previously announced Financial Statements retroactively, including the one for 3rd quarter of Fiscal Year ending March, 2021 (FY2021/3Q) previously announced on February 2nd, 2021.

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