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Press release on November 9, 2023

Takamiya Co., Ltd.

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Listed on: Tokyo Stock Exchange Prime Market

Stock code: 2445

Notice regarding postponement of announcement of  
Second Quarter financial results for the Fiscal Year Ending March 31, 2024  
and expected delay in submission of Second Quarter Report for the 56th fiscal year

We expect that we will not be able to submit the Second Quarter Report for the 56th fiscal year (Fiscal Year Ended March 31, 2024) by November 14, 2023, which is the deadline for submission. In conjunction with this, we have decided to postpone the announcement of the financial results for the Second Quarter of Fiscal Year Ending March 31, 2024, which was scheduled for November 9, 2023. We hereby announce the following.

1. Reasons for postponing earnings announcements

We have been preparing to announce our financial results for the second quarter of the fiscal year ending March 31, 2024, on November 9, 2023. In the process, it was discovered that one of our employees was suspected of recording fictitious sales.

Specific methods known at this time are as follows.

- (1) This matter was executed by our employee, hereinafter referred to as "Employee A." We received a purchase order from our client, hereinafter referred to as "Company B," indicating an intention to make purchases from April of the next fiscal year onwards. However, the purchase order was not a formal order for immediate delivery.
- (2) Employee A believed that it would be able to increase sales, and as of the end of March 2022, Employee A booked up-front sales without any actual shipments. At this point, the merchandise that corresponds to the cost of sales is stored as an item that is not subject to inventory counting as an off-book inventory. Employee A had communicated to the inventory taker that the inventory outside the relevant ledger was not to be counted during the inventory.
- (3) The accounts receivable booked as upfront sales was changed to billing the next month by utilizing the account processing function of the sales management system to prevent problems from arising in the management of accounts receivable within the company.
- (4) Separate from the aforementioned orders not accompanied by actual shipments from Company B, Employee A delivered to the product purchase order from Company B, issued a hand-written invoice containing the product without accounting sales booking, and delivered in conjunction with the product that had been an off-book asset.
- (5) Payments for hand-written invoices were used for accounts receivable that were recorded in advance sales.
- (6) At the end of March 2023, Employee A carried out the same processing and booked up-front sales.

(7) After that, Employee A repeatedly prepared a hand-written invoice in line with actual shipments and appropriated the amount received on the payment date after the shipment to the other party. However, a discrepancy in the amount occurred and it became impossible to determine the amount, and as of the end of October 2023, the company had not yet received 23 million yen. In addition, as of September 30, 2023, it was confirmed that the actual shipment of our Equipment Base was not completed.

As a result of this incident, there is doubt about material misstatements due to fraud regarding sales, cost of sales, and the presentation of the financial statements and the consolidated financial statements for the items associated with such items, as well as the financial statements and the consolidated financial statements for the past fiscal years necessary to determine the balances at the beginning of the current fiscal year and the current fiscal year. Accordingly, it is necessary to conduct in-house examinations of such details and follow-on auditing procedures by the accounting auditor.

On November 2, 2023, we established the Internal Investigation Committee, chaired by an outside director (Audit and Supervisory Committee member) who is qualified as an attorney, in order to thoroughly investigate whether this case has been clarified and whether there are similar cases. The investigation period by the Internal Investigation Committee is planned from November 2 to December 13, 2023. We plan to investigate (1) Impact on the financial statements, (2) Transactions with other customers of the relevant business site, (3) Other transactions of the relevant business site, (4) Similar transactions across the company, and (5) Similar transactions retroactive to the past.

The investigation report, including the discovery of this case and the existence of similar cases, requires procedures to confirm whether there are any misstatements due to other misconduct. The investigation also assumes that it will take a considerable amount of time to recover and verify the data damaged by the system failure that occurred in December 2022. Therefore, at this point, the Company has decided to postpone the announcement of the financial results because it is not possible to finalize the financial results for the second quarter.

## 2. Future plans

At the present time, the impact of this incident on consolidated results is considered to be limited, but details are currently under investigation. The date of the announcement of the financial results for the quarter has not been determined, and the filing of the quarterly report is also under consideration, including an application for extension of the filing deadline. We will announce the policy as soon as it is decided.

We sincerely express our sincere apologies to our shareholders, investors, and other stakeholders for their concerns and inconveniences.

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