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Press release on November 14, 2023

Takamiya Co., Ltd.

Representative Director, President and Chairman: Kazumasa Takamiya

Listed on: Tokyo Stock Exchange Prime Market

Stock code: 2445

Notice regarding Submission of Application for Approval to Extend the Deadline for the Submission of the Second Quarter Report for the 56th Fiscal Year (Fiscal Year Ending March 31, 2024)

We have decided today to submit an application for approval to extend the deadline for the submission of the quarterly report as stipulated in Article 17-15-2, Paragraph 1, of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. We will be submitting the application to KINKI LOCAL FINANCE BUREAU. Please see the details below for your information.

1. The relevant quarterly report

The Second Quarter Report for the 56th Fiscal Year (Fiscal Year Ending March 31, 2024) covering the period from July 1, 2023, to September 30, 2023.

2. Original Submission Deadline before the Extension

November 14, 2023

3. Extended Submission Deadline if Approved

December 14, 2023

4. Reasons for Requesting an Extension of the Submission Deadline

We have discovered, as announced in the notice dated November 9, 2023, titled "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" that one of our employees is 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.

In addition, to confirm the absence of fraudulent misrepresentations due to other fraudulent activities, a procedure is required, including a detailed investigation report on the clarification of this case and the presence of similar cases. The investigation also involves the recovery and verification of data damaged by a system failure that occurred in December 2022, and it is anticipated that this process will require a substantial amount of time.

Our company's auditor, Ernst & Young ShinNihon LLC, has determined that, in order to confirm the absence of fraudulent misrepresentations due to other fraudulent activities and to clarify the details of this case through the investigation and investigation report, certain procedures are necessary. We anticipate that we will not receive the quarterly review report from the auditor by the statutory submission deadline.

Due to the above, We have submitted an application for approval to extend the submission deadline for the Second Quarter Report for the 56th Fiscal Year (Fiscal Year Ending March 31, 2024) to the KINKI LOCAL FINANCE BUREAU today. We have requested an extension of the submission deadline to December 14, 2023, for the quarterly report.

5. Future plans

If the application for an extension of the submission deadline for this quarter's report is approved, we will promptly disclose it. Regarding the financial results brief for the quarter in question, we plan to disclose it by December 14, 2023, the same deadline as the extended submission deadline for the quarterly report if approved.

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

(End)