November 14, 2024

To whom it may concern:

Company name: SCREEN Holdings Co., Ltd.
Representative: Toshio Hiroe, President & CEO
(Code #: 7735, Tokyo Stock Exchange Prime Market)

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Notice: Filing of an Application for Approval for Extension of Submission Deadline of the 84th Interim Securities Report for the Fiscal Year Ending March 2025 and the Establishment of a Special Investigation Committee

On November 14, 2024, SCREEN Holdings Co., Ltd. decided to file an application for approval for extension of submission deadline of the interim securities report stipulated in Article 18-2, paragraph (1) of the Cabinet Office Order on Disclosure of Corporate Affairs. The details are as follows.

I. Interim securities report in question

84th Interim Securities Report for the fiscal year ending March 2025, covering the period from April 1, 2024 to September 30, 2024

II. Deadline before extension

November 14, 2024

III. Deadline after extension (pending approval)

January 14, 2025

IV. Reasons for extension

We have received a comment from the auditing firm concerning the appropriateness of the timing of revenue recognition for shipped equipment on the part of SCREEN Semiconductor Solutions Co., Ltd., our consolidated subsidiary. As a result of the internal investigation on this matter, we have discovered that a certain part of the revenue recorded for shipped equipment might have been handled improperly.

Although we have already started investigating the causes and the implications of this matter, it is expected to require a certain amount of time to thoroughly investigate the facts and determine the impact on our revenues. Consequently, as we have judged that it would be difficult to complete the interim review by the accounting auditor by November 14, the stipulated deadline for submission of the 84th Interim Securities Report for the fiscal year ending March 2025, we have decided to apply for the extension of the said deadline.

Although we have not found any material mishandling so far, we are carefully investigating the matter as it concerns revenue recognition.

The overview of the matter is as follows:

(1) Events leading to the application for deadline extension

In the process of interim auditing procedures by the accounting auditor, as part of auditing for the fiscal year ending March 2025, we have found an event that needs to be examined concerning the timing of satisfying the performance obligation for revenue recognition, i.e. the timing of recording sales, in the fiscal year ended March 2024, as a result of the internal investigation conducted in response to a comment from the accounting auditor.

While we have started investing this matter in tandem with preparing for the interim financial results announcement, in light of the limited monetary impact and the erroneous nature of the incident attributed to a misconception on the part of persons in charge, we have initially judged that it will not require a revision of the securities report of the previous fiscal year after confirming with the accounting auditor about the monetary impact of the possible error, and announced the latest interim financial results on October 31, 2024 via the Tokyo Stock Exchange's Timely Disclosure network (TDnet). However, in the process of the interim auditing procedures by the accounting auditor that followed, we have found a possibility of improper accounting procedures—possibility of intentionally adjusting the timing of satisfying the performance obligation for revenue recognition, i.e. the timing of recording sales. Further investigation is needed to determine the impact on the current and past fiscal year security reports, leading to the decision to continue the internal investigation. After consulting with the accounting auditor, KPMG AZSA LLC, about the time needed to complete additional investigation and auditing procedures, we have judged it would be difficult to meet the deadline of the interim securities report submission and decided to apply for deadline extension.

Although the investigation is ongoing already, and based on the evidence gathered internally so far, we perceive the incident to be erroneous in nature due to a misconception on the part of persons in change, the said evidence needs to be verified in an objective manner. The investigation by outside experts to this end will require about a month, to be followed by additional actions based on the investigation result and procedures by the accounting auditor. Due to the extended period of delay that cannot be avoided, we will apply for two-month extension.

Timeline of the investigation is as follows.

- Mid-November to mid-December: investigation by outside experts
- Mid-November to early January: fact-finding, searching for similar incidents, internal control assessments, actions in response to the investigation report from the outside experts on the part of the special investigation committee
- Mid-November to early January: discussion of the scope, method, and outcome of the above investigation on the part of the auditing firm, followed by auditing procedures, assessments, and publication of the interim review report
- January 14, 2025: submission of the interim securities report by SCREEN to Kanto Local Finance Bureau upon the receipt of the interim review report from the auditing firm

(2) Establishment of a special investigation committee

As soon as we received a comment from the accounting auditor about the possibility of improper accounting procedures, we judged that it would require an objective and independent investigation by experts. A formal decision was made on November 14 to establish a special investigation committee.

i. Members

- Chair: Mr. Seiji Yokoyama, Outside Corporate Auditor, Certified Public Accountant
- Member: Mr. Tetsuo Kikkawa, Outside Corporate Auditor, Attorney-at-Law
- Member: Mr. Yasunori Sato, Deloitte Tohmatsu Financial Advisory LLC, Certified Public Accountant
- Member: Mr. Yoshifumi Matsumoto, Miyake & Partners, Attorney-at-Law

ii. Objectives

- Fact-finding
- Searching for similar incidents
- Determining the monetary impact
- Analyzing the causes and proposing measures for preventing reoccurrence
- Other matters deemed necessary by the committee

We have judged that it would be best to have our outside corporate auditors, who have deep knowledge of SCREEN's business, collaborate with outside experts to complete the investigation expeditiously while ensuring objectivity, independence, and professionality. While it does not adopt the structure of a third-party committee recommended in the guideline issued by the Japan Federation of Bar Associations, we have included independent outside experts as members in light of the said guideline.

V. Upcoming schedule

We will promptly make an announcement as soon as the approval is obtained for deadline extension.

We sincerely apologize for the concerns and confusion this has caused to our stakeholders, including our shareholders and investors.