January 14, 2025

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: Publication of the Summary of the Investigation Report from the Special Investigation Committee

As announced in the timely disclosure dated January 10, 2025, "Receipt of the Investigation Report from the Special Investigation Committee," after receiving the report, we summarized it considering the protection of individual privacy, confidentiality of business partners, and timeliness. We hereby publish the summary of said report as below.

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

Summary of the investigation report by the special investigation committee

I. Overview of the investigation

(1) Main investigation

The SCREEN Group generally recognizes revenue for equipment in the semiconductor production equipment business upon installation at the location specified by the client, fulfilling the performance obligation. However, for equipment with a side letter (hereinafter referred to as "SL") received from the client that indicates that installation is unnecessary, revenue is recognized upon delivery to the client based on individual judgment.

In this regard, it was found that some equipment, each with an SL indicating that installation was unnecessary in the fiscal year ended March 2024, had installation work performed in the fiscal year ending March 2025. Furthermore, despite receiving the SL, emails and documents were discovered indicating that there was an agreement with the client to perform installation work free of charge if requested by the client.

In the fiscal year ended March 2024, there were 23 transactions using this method at our wholly owned domestic subsidiary, SCREEN Semiconductor Solutions Co., Ltd. (hereinafter referred to as "SPE"), and an investigation was conducted into the transactions with SLs that occurred at SPE during the fiscal year ended March 2024.

(2) Extra investigation

An extra investigation was also conducted to determine whether similar transactions with SLs occurred at other group companies besides SPE.

(3) Purpose of the investigations

The purpose is to uncover the facts and identify the causes of the inappropriate actions that occurred. Additionally, we analyze the causes and propose measures to prevent recurrence.

(4) Investigation methods

Review of documents, digital forensics and interviews with relevant parties, etc.

II. Investigation results

(1) Main investigation

The 23 transactions subject to the main investigation were deemed to be inappropriate actions, and the impact on the accounting for the fiscal year ended March 2024 has been calculated.

The impact on the consolidated income statement for the fiscal year ended March 2024 is an overstatement of net sales by 5,967 million yen. This is the difference between the amount that should be recognized as revenue in the fiscal year ending March 2025 and beyond, but was recognized in the fiscal year ended March 2024, and the amount that should be recorded in the fiscal year ended March 2024, but was recognized as revenue in the fiscal year ended March 2023.

(2) Extra investigation

No other similar transactions with SLs were identified in group companies other than SPE.

III. Cause analysis

- Discrepancy between revenue recognition standards and actual conditions
- Insufficient awareness of business processes
- Ineffectiveness of internal check functions
- Inadequate compliance awareness and risk recognition

IV. Proposed preventive measures

- Review and update revenue recognition standards
- Thoroughly disseminate and enforce business processes
- Strengthen internal check functions
- Implement comprehensive compliance education