



October 18, 2024

(TRANSLATION FOR REFERENCE ONLY)

To Our Shareholders:

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE Prime, NSE Premier )

Contact: Takehito Suzuki, Executive Officer

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## **Notification on the establishment of a special investigation committee and the postponement of announcement of the financial results in the second quarter of the fiscal year ending March 2025**

As our company has proceeded with an internal investigation into improper transactions conducted by our employee, we have resolved to establish a special investigation committee as described below at the meeting of the board of directors held today, in order to conduct a more thoroughgoing and comprehensive investigation, while considering the impact on our financial results.

Accordingly, we have decided to postpone the announcement of the financial results in the second quarter of the fiscal year ending March 2025.

We would like to express our profound apology for causing significant worries and inconvenience to our shareholders, investors, market players, business partners, and all other stakeholders.

### **1. Background of the establishment of a special investigation committee**

In May 2024, accounts receivable remained uncollected in some transactions dealt with by our employee. Then, we tried to confirm the situation with said employee, but said employee was out of contact. In July, we were able to have direct contact with said employee, and have been checking the fact. As a result, it was revealed that said employee had conducted false deals (transactions in which money was sent to or received from business partners or the like without confirming the provision of services) since around 2016, and our company had recorded certain amounts of false sales toward business partners and false costs of sales (hereinafter referred to as “this case”).

Our company has carried out an internal investigation into this case to clarify the whole picture, but it took time to confirm with said employee, business partners, suppliers, and others, because the period of this case was long and the number of such transactions was large. The outline of this case has become clear, but it is still necessary to elucidate the details of this case and check whether there has been the same or similar case, so we have resolved to establish a special investigation committee composed of lawyers and certified public accountants who do not have a stake in our company at the meeting of the board of directors held today, in order to investigate this case more thoroughly and comprehensively.

At this time, we recognize that the period of this case is from July 2016 to March 2024, and false sales and false costs of sales related to this case are 1,831 million yen and 1,978 million yen, respectively.

### **2. Composition of the special investigation committee and purposes of the investigation**

Chair	Hidetaka Miyake	Lawyer	Anderson Mōri & Tomotsune
Member	Mihoko Nasu	Certified public account	PwC Risk Advisory LLC.
Member	Ryohei Onishi	Lawyer	Anderson Mōri & Tomotsune

<Purposes of the investigation>

- (1) To confirm the fact of this case (while checking whether there has been the same or similar case)
- (2) To assess the impact of this case on the consolidated financial statements, etc. of our company
- (3) To analyze the cause of this case and propose measures for preventing the recurrence of such cases
- (4) Other purposes recognized by the special investigation committee as necessary

3. Regarding the impact on our business performance

If it is found that there is some impact through the investigation by the special investigation committee, which is to be established, we will disclose said matter immediately.

4. Regarding future measures

Our company will extend all-out cooperation to the special investigation committee, so that their investigation, etc. will be conducted effectively while securing transparency and swiftness. The results of the investigation by the special investigation committee will be announced as soon as we receive their investigative report.

5. Regarding the announcement of the results in the second quarter of the fiscal year ending March 2025

The results in the second quarter of the fiscal year ending March 2025 were scheduled to be announced on November 5, 2024, but we have decided to put off the announcement of the results in the second quarter of the fiscal year ending March 2025, because the investigation by the special investigation committee would take time.

We will announce the rescheduled date of announcement of the results as soon as it is determined, while checking the progress of the investigation.