



(TRANSLATION FOR REFERENCE ONLY)

November 13, 2024

To Our Shareholders:

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE Prime, NSE Premier)

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Notification on the discussion on the application for the extension of the deadline for submission of an interim report for the fiscal year ending March 2025

We hereby notify that we are discussing the extension of the deadline for submission of an interim report for the fiscal year ending March 2025, as the current statutory deadline is November 14, 2024.

1. Discussion on the application for approval for the extension of the deadline for submission of an interim report

As mentioned in “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” dated October 18, 2024, it was revealed that an employee of our company 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) from July 2016 to March 2024, and our company is suspected of recording certain amounts of false sales toward business partners and false costs of sales (hereinafter referred to as “this case”). In response, our company established a special investigation committee composed of lawyers and certified public accountants, who do not have a stake in our company, in order to carry out a thoroughgoing, comprehensive investigation to elucidate the entire picture of this case, check whether there have been the same or similar cases, and estimate the impact on our consolidated financial statements, etc. Then, we are proceeding with the investigation.

The special investigation committee has already started the interviews with related people, delving into related documents, digital forensics, in-company questionnaire surveys, and the analysis to check whether or not there have been the same or similar cases. The committee plans to analyze the cause and discuss measures for preventing recurrence. It is projected that the investigation of the special investigation committee will take some time. This case is projected to produce some effects on our accounting for the interim period of the fiscal year ending March 2025 and previous years, so before submitting an interim report for the fiscal year ending March 2025, we will need to produce reports on revisions to the interim report for the fiscal year ending March 2025 and previous financial statements and quarterly reports that need to be revised based on the results of the investigation of the special investigation committee, and then complete the procedures for the audit and review of the auditing corporation, after the investigation of the special investigation committee. Accordingly, our company has concluded that it is difficult to complete these procedures and receive the reports on audits and reviews from the auditing corporation by November 14, 2024, which is the statutory deadline for submission, and decided to consider the application for approval for extension of the deadline for submission of an interim report for the fiscal year ending March 2025.

2. Future outlook

Regarding an interim report for the fiscal year ending March 2025, the statutory deadline for submission is November 14, 2024. As soon as we confirm with related organizations and determine a policy, we will notify you.

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