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June 30, 2025

To whom it may concern

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Name of representative Hozumi Yoda, President and
Representative Director
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Notice Concerning Submission of Amendment Report to Internal Control Report

As announced in the "Notice Concerning Partial Correction of Financial Results and Annual Securities Report for the Previous Fiscal Year" released today, Nissei Plastic Industrial Co., Ltd. (the "Company") has submitted to the Kanto Local Finance Bureau the amendment report to its annual securities report for the previous fiscal year, and has also corrected the financial results for the previous fiscal year and disclosed the details thereof.

Along with this, pursuant to Article 24-4-5, Paragraph 1 of the Financial Instruments and Exchange Act, the Company submitted today an "Amendment Report to Internal Control Report" to the Kanto Local Finance Bureau, as described below.

1. Internal control report to be corrected

Internal Control Report for the 67th Fiscal Year (From April 1, 2022 to March 31, 2023)

Internal Control Report for the 68th Fiscal Year (From April 1, 2023 to March 31, 2024)

2. Details of corrections

Of the matters described in the above Internal Control Reports, 3 [Matters concerning evaluation results] has been revised as follows.

(1) Internal Control Report for the 67th Fiscal Year (From April 1, 2022 to March 31, 2023)

3 [Matters concerning evaluation results]

(Before correction)

As a result of the above evaluation, the Company's internal controls over financial reporting were judged to be effective as of the end of the fiscal year under review.

(After correction)

As the deficiencies in internal controls over financial reporting described below have a material impact on financial reporting and fall under the category of material deficiencies to be disclosed, the Company has determined that the Company's internal controls over financial reporting are not effective as of the end of the fiscal year under review.

In the course of the settlement of accounts for the year ended March 2025, an error in the elimination of unrealized gains included in inventories acquired through transactions within the consolidated group was discovered due to differences in the application of exchange rates.

In order to correct this error, the Company has corrected its previous financial statements and submitted the amendment reports to its annual securities reports for the years ended March 2023 and March 2024, quarterly reports for the first quarter of the year ended March 2023 through the third quarter of the year ended March 2024, and semiannual report for the year ended March 2025.

The Company has identified the following as the cause of the error and deficiencies in internal controls.

(Material Deficiencies to be Disclosed in Internal Controls over the Settlement of Accounts and Financial Reporting Processes)

Deficiencies in Internal Controls over the Application of Exchange Rates in the Calculation of Unrealized Gains in the Company

In calculating the elimination of unrealized gains in consolidated financial statement preparation, the Company used a different management accounting exchange rate for certain foreign currency transactions rather than the exchange rate prevailing at the time the transactions occurred, resulting in an error in the elimination of unrealized gains. The cause of this error was the insufficient monitoring system in the Finance Division regarding the application of exchange rates.

The Company determined that these deficiencies had a material impact on its financial reporting and constituted material deficiencies to be disclosed.

With respect to the above material deficiencies to be disclosed in internal controls over financial reporting, the Company was not able to correct the deficiencies by the end of the current fiscal year because the facts were discovered after the end of the current fiscal year. All necessary adjustments resulting from the above material deficiencies to be disclosed are reflected in the consolidated financial statements and financial statements.

(Recurrence Prevention Measures)

The Company strongly recognizes the importance of the establishment and operation of internal controls over financial reporting. In order to correct material deficiencies in internal controls over financial reporting to be disclosed, the Company will implement the following recurrence prevention measures and work to establish and operate internal controls appropriately.

Addressing deficiencies in internal controls over the application of exchange rates in the Company

- Simplifying operations in the Finance Division
- Elimination of personalization of work in the Finance Division
- Review of internal controls over the application of exchange rates in the Finance Division
- Strengthening the monitoring system in the Finance Division
- Strengthening internal audit functions

(2) Internal Control Report for the 68th Fiscal Year (From April 1, 2023 to March 31, 2024)

3 [Matters concerning evaluation results]

(Before correction)

As a result of the above evaluation, the Company's internal controls over financial reporting were judged to be effective as of the end of the fiscal year under review.

(After correction)

As the deficiencies in internal controls over financial reporting described below have a material impact on financial reporting and fall under the category of material deficiencies to be disclosed, the Company has determined that the Company's internal controls over financial reporting are not effective as of the end of the fiscal year under review.

In the course of the settlement of accounts for the year ended March 2025, an error in the elimination of unrealized gains included in inventories acquired through transactions within the consolidated group, and errors in the Company's advance payments to suppliers, accounts receivable, accounts payable - trade and cost of sales for certain overseas consolidated subsidiaries were identified due to differences in the application of exchange rates.

In order to correct these errors, the Company has corrected its previous financial statements and submitted the amendment reports to its annual securities reports for the years ended March 2023 and March 2024, quarterly reports from the first quarter of the year ended March 2023 through the third quarter of the year ended March 2024, and semiannual report for the year ended March 2025.

The Company has identified the following as the cause of the error and deficiencies in internal controls.

(Material Deficiencies to be Disclosed in Internal Controls over the Settlement of Accounts and Financial Reporting Processes)

(1) Deficiencies in Internal Controls over the Application of Exchange Rates in the Calculation of Unrealized Gains in the Company

In the calculation of the elimination of unrealized gains in consolidated financial statement preparation, the Company translates certain foreign currency transactions using a management accounting exchange rate at the time of transaction, and reconverts them at the time of settlement of accounts using the exchange rate prevailing at the time of such transaction. However, such reconversions were not performed for certain foreign currency transactions with overseas consolidated subsidiaries, resulting in an error in the elimination of unrealized gains. The cause of this error was the insufficient monitoring system in the Finance Division regarding the application of exchange rates.

(2) Deficiencies in internal controls over reconciliation of advance payments to suppliers, accounts receivable, and accounts payable - trade to overseas consolidated subsidiaries in the Company

Although the Company reconciles advance payments to suppliers, accounts receivable and accounts payable - trade at the time of closing the accounts on a non-consolidated basis, the reconciliation of advance payments to suppliers, accounts receivable and accounts payable - trade was not properly performed to some of its overseas consolidated subsidiaries. In addition, as in (1) above, foreign currency transactions with some of its overseas consolidated subsidiaries were translated using a management accounting exchange rate rather than the exchange rates prevailing at the time the transaction occurred. As a result, errors in the Company's advance payments to suppliers, accounts receivable, accounts payable - trade and cost of sales with respect to its overseas consolidated subsidiaries occurred. Said errors occurred due to the facts that the transactions were denominated in foreign currencies, and that they were complicated transactions, including paid supply arrangements, and that task handover between responsible persons in the Finance Division was insufficient, and that the monitoring system regarding reconciliation of advance payments to suppliers, accounts receivable, and accounts payable - trade in the Finance Division, was insufficient.

The Company determined that these deficiencies had a material impact on its financial reporting and constituted material deficiencies to be disclosed.

With respect to the above material deficiencies to be disclosed in internal controls over financial reporting, the Company was not able to correct the deficiencies by the end of the current fiscal year because the facts were discovered after the end of the current fiscal year. All necessary adjustments resulting from the above material deficiencies to be disclosed are reflected in the consolidated financial statements and financial statements.

(Recurrence Prevention Measures)

The Company strongly recognizes the importance of the establishment and operation of internal controls over financial reporting. In order to correct material deficiencies in internal controls over financial reporting to be disclosed, the Company will implement the following recurrence prevention measures and work to establish and operate internal controls appropriately.

(1) Addressing deficiencies in internal controls over the application of exchange rates in the Company

- Simplifying operations in the Finance Division
- Elimination of personalization of work in the Finance Division
- Review of internal controls over the application of exchange rates in the Finance Division
- Strengthening the monitoring system in the Finance Division
- Strengthening internal audit functions

(2) Addressing deficiencies in internal controls over reconciliation of advance payments to suppliers, accounts receivable and accounts payable - trade to overseas consolidated subsidiaries in the Company

- Simplifying operations in the Finance Division
- Elimination of personalization of work in the Finance Division and securing time for handover
- Refinement of reconciling advance payments to suppliers, accounts receivable and accounts payable - trade in the Finance Division
- Strengthening the monitoring system in the Finance Division
- Strengthening internal audit functions