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June 30, 2025

To whom it may concern,

Company name: NISSEI PLASTIC INDUSTRIAL CO., LTD.
Name of representative: Hozumi Yoda, President and Representative Director
(Code: 6293; TSE Prime/NSE Premier)
Person responsible for inquiries: Akihiko Imai, Managing Director
(TEL +81-268-82-3000)

Notice Concerning Material Inadequacies of Internal Control over Financial Reporting

NISSEI PLASTIC INDUSTRIAL CO., LTD.(the “Company”) hereby announces as below that the Company's financial report for the fiscal year ended March 2025 submitted to the Kanto Local Finance Bureau today in accordance with Article 24, 4-4, Paragraph 1 of the Financial Instruments and Exchange Act described that there were material inadequacies which should be disclosed and that the internal control over financial reporting is not effective.

1. Details of material inadequacies to be disclosed

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

The Company has identified the followings as the cause of the error and the inadequacies of internal control.

(Material inadequacies to be disclosed in internal control over the processes of settlement of accounts and financial reporting)

(1) Inadequacies 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 statements, the Company converts certain foreign currency transactions at the management accounting rate at the time of transaction and reconverts them at the time of closing to the exchange rate prevailing at the time of the transaction. However, such a conversion for foreign currency denominated transactions with certain overseas consolidated subsidiaries were not performed, resulting in an error in the amount of 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) Inadequacies in internal controls related to the reconciliation of advance payments, accounts receivable, and accounts payable to overseas consolidated subsidiaries in the Company

The Company reconciles advance payments, accounts receivable, and accounts payable at the time

of closing the accounts on a non-consolidated basis; the reconciliations of advance payments, accounts receivable, and accounts payable with some of its overseas consolidated subsidiaries were not performed properly. In addition, as in (1) above, foreign currency transactions with some of its overseas consolidated subsidiaries were converted at the exchange rates used in management accounting rather than at the exchange rates prevailing at the time of the transactions; as a result, errors in the Company's advance payments, accounts receivable, accounts payable, and cost of sales with respect to its overseas consolidated subsidiaries occurred. This error occurred due to the fact that the transactions were denominated in foreign currencies and complicated, including transactions for payment, and that the handover of business between persons in charge in the Finance Division was insufficient, and the monitoring system in the Finance Division regarding the application of advance payments, accounts receivable, and accounts payable was insufficient.

2. Reason for failure to rectify by the end of the fiscal year

With respect to the above material inadequacies, to be disclosed, in internal control over financial reporting, the Company was not able to correct the inadequacies by the end of the fiscal year because the facts were discovered after the end of the fiscal year.

3. Policy for correcting material inadequacies to be disclosed

The Company strongly recognizes the importance of the development and operation of internal control over financial reporting. In order to correct the material inadequacies in internal control over financial reporting that should be disclosed, the Company will implement the following recurrence prevention measures and work to develop and operate internal control appropriately.

(1) Addressing inadequacies in internal control over the application of exchange rates in the Company
- Simplifying operations in the Finance Division
- Elimination of personalization of operations in the Finance Division
- Review of internal control over exchange rate application in the Finance Division
- Strengthening the monitoring system in the Finance Division
- Strengthening internal audit functions

(2) Addressing inadequacies in internal controls related to the reconciliation of advance payments, accounts receivable, and accounts payable to overseas consolidated subsidiaries in the Company
- Simplifying operations in the Finance Division
- Elimination of personalization of operations in the Finance Division and securing time for handover
- Refinement of reconciliation operations for advances payments, accounts receivable, and accounts payable in the Finance Division
- Strengthening the monitoring system in the Finance Division
- Strengthening internal audit functions

4. Effect on consolidated financial statements and financial statements

All necessary adjustments resulting from the above material inadequacies to be disclosed are reflected in the consolidated and financial statements.

5. Audit opinion in the audit report on the consolidated financial statements and financial statements

The audit opinion is an unqualified opinion.