

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



May 15, 2026

Company name: TOKAI RIKA CO., LTD.
Name of representative: Hiroyoshi Ninoyu, Representative Director and President
(Securities code: 6995; Tokyo and Nagoya Stock Exchanges)
Inquiries: Keishiro Ota, Manager, Audit Division
(Telephone: +81-587-95-5211)

Notice Regarding Submission of Amendments to Internal Control Reports for Prior Fiscal Years and Material Weaknesses in Internal Control over Financial Reporting

TOKAI RIKA CO., LTD (the “Company”) hereby announces that it has filed amendments to its internal control reports for prior fiscal years with the Kanto Local Finance Bureau pursuant to Article 24-4-5, Paragraph 1 of the Financial Instruments and Exchange Act. These amendments disclose material weaknesses that should have been reported, as detailed below.

1. Details of Material Weaknesses to be Disclosed

The Company has established retirement benefit systems including a defined benefit corporate pension plan, a lump-sum retirement benefit plan, and a defined contribution pension plan. Temporary differences subject to deferred tax accounting arise in connection with the defined benefit corporate pension plan and the lump-sum retirement benefit plan. In addition, retirement benefit trusts have been established for each of these plans, which also generate temporary differences.

Accurate identification of these temporary differences and proper application of deferred tax accounting require advanced accounting expertise and judgment.

The Company had established and operated internal controls whereby procedures manuals and checklists were prepared, and the responsible personnel performed closing procedures in accordance with them, followed by verification by their supervisors.

However, the Company identified deficiencies in the design of internal controls because the procedures manuals and checklists for deferred tax accounting did not accurately and sufficiently describe the procedures required under the “Implementation Guidance on Recoverability of Deferred Tax Assets.” In particular, procedures for scheduling temporary differences by their nature and offsetting them by expected reversal periods were not clearly defined. Furthermore, in applying deferred tax accounting, sufficient verification and review were not performed, despite the need for advanced accounting expertise to properly understand the nature of temporary differences related to retirement benefits and assess their recoverability. As a result, errors occurred. Accordingly, the Company identified deficiencies in the operation of internal controls.

Since these deficiencies had a material impact on financial reporting, they were determined to constitute material weaknesses in internal control over financial reporting in the closing and financial reporting process related to deferred tax accounting.

2. Reason Why the Material Weaknesses Were Not Remediated by the End of Each Fiscal Year

Because the aforementioned material weaknesses in internal control over financial reporting were discovered after the end of each of the relevant fiscal years, they could not be remediated by the end of each fiscal year.

3. Remediation Policy for Material Weaknesses

The Company recognizes the importance of establishing and operating internal controls over financial reporting and will implement the following measures to remediate the identified material weaknesses:

- Review and revise procedures manuals and checklists, including those related to deferred tax accounting, to ensure they adequately reflect the complexity and specific characteristics of the relevant accounting treatments.
- Enhance employees' expertise through continuous training, particularly in deferred tax accounting, and ensure thorough verification and review during financial closing procedures.
- Conduct careful analysis of significant accounting issues arising from changes in the business environment or new transactions and engage in more timely and frequent discussions with the Company's audit firm.

4. Internal Control Reports Subject to Amendment

74th Fiscal Year (April 1, 2020 – March 31, 2021)

75th Fiscal Year (April 1, 2021 – March 31, 2022)

76th Fiscal Year (April 1, 2022 – March 31, 2023)

77th Fiscal Year (April 1, 2023 – March 31, 2024)

78th Fiscal Year (April 1, 2024 – March 31, 2025)

5. Details of Amendments

Regarding the items described in the internal control reports above, "3. Matters relating to the results of the assessment" will be corrected as follows. Corrections are indicated by underlines.

(Before Amendment)

The Company concluded that internal control over financial reporting of the Company Group was effective.

(After Amendment)

The deficiencies in internal control over financial reporting described below have a material impact on financial reporting and constitute material weaknesses.

As a result, the Company concluded that its internal control over financial reporting was not effective as of March 31, 2025.

During the financial closing process for the fiscal year ending March 31, 2026, it was discovered that there were errors in deferred tax accounting related to retirement benefits in prior periods, resulting in an overstatement of deferred tax assets. Consequently, the Company filed amendments to the securities reports for the fiscal years from March 31, 2021 through March 31, 2025, as well as amendments to quarterly and semiannual reports.

The causes of these issues are as follows:

The Company has established retirement benefit systems including a defined benefit corporate pension plan, a lump-sum retirement benefit plan, and a defined contribution pension plan. Temporary differences subject to deferred tax accounting arise in connection with the defined benefit corporate pension plan and the lump-sum retirement benefit plan. In addition, retirement benefit trusts have been established for each of these plans, which also generate temporary differences.

Accurate identification of these temporary differences and proper application of deferred tax accounting require advanced accounting expertise and judgment.

The Company had established and operated internal controls whereby procedures manuals and checklists were prepared, and the responsible personnel performed closing procedures in accordance with them, followed by verification by their supervisors.

However, the Company identified deficiencies in the design of internal controls because the procedures manuals and checklists for deferred tax accounting did not accurately and sufficiently describe the procedures required under the "Implementation Guidance on Recoverability of Deferred Tax Assets." In particular, procedures for scheduling temporary differences by their nature and offsetting them by expected reversal periods were not clearly defined.

Furthermore, in applying deferred tax accounting, sufficient verification and review were not performed, despite the need for advanced accounting expertise to properly understand the nature of temporary differences

related to retirement benefits and assess their recoverability. As a result, errors occurred. Accordingly, the Company identified deficiencies in the operation of internal controls.

Since these deficiencies had a material impact on financial reporting, they were determined to constitute material weaknesses in internal control over financial reporting in the closing and financial reporting process related to deferred tax accounting.

The complexity of deferred tax accounting related to multiple retirement benefit schemes and trusts required advanced expertise, which was not sufficiently reflected in internal control documentation and review processes. As a result, both design and operational deficiencies existed.

These deficiencies materially impacted financial reporting and were determined to constitute material weaknesses. As they were identified in April 2026, they could not be remediated by March 31, 2025.

The Company will implement the remediation measures described above.

- Review and revise procedures manuals and checklists, including those related to deferred tax accounting, to ensure they adequately reflect the complexity and specific characteristics of the relevant accounting treatments.
- Enhance employees' expertise through continuous training, particularly in deferred tax accounting, and ensure thorough verification and review during financial closing procedures.
- Conduct careful analysis of significant accounting issues arising from changes in the business environment or new transactions and engage in more timely and frequent discussions with the Company's audit firm.

6. Impact on Financial Statements

All necessary corrections arising from these material weaknesses have been reflected in the amended financial statements included in the securities reports, quarterly reports, and semiannual reports.

7. Audit Opinions on Financial Statements

The audit opinions on the financial statements for the relevant fiscal years were unqualified.