



July 31, 2026

Company name: Nippon Air Conditioning Services Co., Ltd.
Representative: Toshiaki Yorifuji, President & Representative Director
Securities code: 4658 (TSE Prime Market and NSE Premier Market)
Inquiries: Go Kitagawa
Executive Officer and General Manager of Corporate Planning Div.
Tel: +81-52-773-2875

Notice Regarding Misconduct by an Employee

Nippon Air Conditioning Services Co., Ltd. (the “Company”) hereby announces that the Company has discovered misconduct by an employee (the “Misconduct”).

The Company sincerely apologizes for the inconvenience and concern this incident may cause to all of its stakeholders, including its customers, business partners, shareholders, and investors, and will thoroughly implement measures to prevent recurrence in order to restore the trust of its stakeholders.

1. Overview of the Misconduct

The Company has discovered that the following misconduct had occurred between 2013 and 2026 at a sales office supervised by one of the Company’s designated branches (the “Sales Office”), relating to the maintenance and inspection work for the air conditioning and ventilation systems at a facility entrusted to the Company by its customer (the “Customer”).

Regarding the third-party-issued calibration certificates and inspection certificates (the “Third-Party Calibration Certificates”) that evidence the traceability of measuring instruments, the issuance dates, management numbers, and other information were altered (falsified) without authorization, and such documents were attached to inspection reports and submitted to the Customer. The agreement with the Customer stipulated the use of measuring instruments accompanied by Third-Party Calibration Certificates (the “Measuring Instruments”). However, equipment maintenance inspections and pass/fail determinations were performed using measuring instruments that were not accompanied by Third-Party Calibration Certificates, and the results were reported to the Customer.

(notes) The measuring instruments subject to the Misconduct comprise five types used during equipment maintenance and inspections, including ohmmeters, ammeters, thermometers, manometers, and tension meters.

Traceability refers to the fact that calibrated measuring instruments conform to national measurement standards and that traceability is ensured (the ability to trace back to those standards is secured).

A calibration certificate is a document certifying that calibration has been properly performed using designated standard instruments.

An inspection certificate is a document providing objective data certifying that measuring instruments meet specified quality standards.

2. How the Misconduct was discovered

On June 23, 2026, the Company received an indication from the Customer's representative that there were suspicious points regarding the Third-Party Calibration Certificates attached to the inspection report submitted to the Customer. From June 23 to 24, 2026, the branch overseeing the Sales Office conducted interviews with the relevant employees and an investigation of the inspection report data. As a result, the Misconduct was discovered.

3. Background and causes of the Misconduct

(1) Background

During the inspection of the ventilation systems in 2012, the Customer requested that equipment maintenance inspections be conducted using the Measuring Instruments. However, as the Company did not possess the Measuring Instruments at that time, it responded by using leased measuring instruments from a measuring instrument manufacturer that met the Customer's requirements. Unfortunately, during the equipment maintenance inspections in 2013, despite the Measuring Instruments not being prepared, the Head of the Sales Office at the time and the representative (the "Representative") prioritized the schedule and conducted the equipment maintenance inspections using measuring instruments owned by the Company that were not accompanied by Third-Party Calibration Certificates. Thereafter, for the purpose of concealing this fact, the contents of the Third-Party Calibration Certificates attached to the measuring instruments leased from the measuring instrument manufacturer in 2012 were falsified and submitted to the Customer. The Company has also confirmed that, thereafter, the Representative continued to commit similar misconduct either independently or by instructing other employees under the Representative's supervision (a total of seven employees were involved over the past 14 years).

*Of the seven employees involved, one employee has already resigned.

(2) Causes

(a) Excessive workload and lack of compliance awareness from the Representative

The initial cause of the Misconduct was the pressure felt by the Head of the Sales Office at the time and the Representative, who were facing tight schedules and excessive workloads while being required to avoid operational delays, which led to a lack of compliance awareness. Thereafter, the Misconduct continued due to factors such as self-preserving actions taken to avoid detection and a disregard for calibration procedures, reflecting a severe lack of compliance awareness.

(b) Fixed personnel assignments and reliance on on-site staff for calibration

The Misconduct continued at the Sales Office because the Representative remained in the same position without being transferred. Furthermore, even after being promoted to Head of the Sales Office, the Representative persistently engaged in the Misconduct. Although there were opportunities for oversight by the supervising branch and the headquarters' Quality Control Division during this period, such oversight did not function effectively because calibration was left entirely to on-site staff.

(c) Failure of the regular reporting line

Some of the employees involved had concerns about the compliance violations and felt ethical resistance to the Misconduct. However, due to pressure arising from the Representative's instructions and concerns about damaging workplace relationships, they were unable to report or consult with the supervising branch through the regular reporting line.

(d) Ineffective internal training and education and whistleblowing system (Compliance Hotline)

Although compliance training and education, including document management, are conducted every year, they did not function effectively. In addition, the Company recognizes that the failure of the whistleblowing system (Compliance Hotline), which is intended to enable the early detection of issues and promote self-correction, was also a factor that prevented the Misconduct from being discovered over an extended period.

4. Response to the Misconduct

- (1) In response to the discovery of the Misconduct, the Quality Control Division and the Corporate Governance Management Division, in cooperation with a legal counsel, conducted an internal investigation to determine the facts. At the same time, the Company reported the Misconduct to the Customer, offered its sincere apologies, and explained the measures to prevent recurrence. In addition, the Company decided to conduct re-inspections of all affected equipment using measuring instruments accompanied by Third-Party Calibration Certificates.

The Company also reported the Misconduct to the measuring instrument manufacturer and the issuer of the Third-Party Calibration Certificates, offered its sincere apologies, explained the measures to prevent recurrence, and has received their understanding.

- (2) Regarding the employees involved, the Company is currently proceeding with deliberations by the Disciplinary Committee in accordance with its internal regulations, and will consider taking strict action, including legal measures. In addition, the Company takes its management responsibility seriously regarding the fact that the Misconduct by the relevant employees went undetected for an extended period, and is considering the necessary deliberations going forward.
- (3) With respect to whether any falsification activities similar to the Misconduct had been conducted, the Company confirmed that, as a result of a group-wide investigation conducted across all companies in the Group by July 29, 2026, no other falsification activities had occurred.

5. Future actions and measures to prevent recurrence

The Company takes the occurrence of the Misconduct very seriously and, with all executives working together, will steadily implement the following measures to prevent recurrence, led by the Compliance Committee and the Risk Management Committee.

- (1) Rebuilding the corporate culture

The Company will work to rebuild a corporate culture that prioritizes sincerity by ensuring that all officers and employees reaffirm the Company's corporate motto, "Sincerity is the fundamental attitude for everything," and thoroughly incorporate it as the foundation of all corporate activities. In addition, by having all executives and employees once again internalize and embrace their personal responsibility regarding the Company's mission of "Bringing together the technological capabilities and human resources to maintain optimal environments and give our clients peace of mind through top quality service," the Company will work to enhance compliance awareness, thoroughly implement measures to prevent recurrence, and restore the trust of its stakeholders.

- (2) Strengthening monitoring functions and review process

The Company will revise the structure in which calibration of measuring instruments was left entirely to on-site staff and thoroughly instill an awareness of the importance of calibration. When submitting inspection reports to the Customer with Third-Party Calibration Certificates attached, the Company will require a secondary review process by quality control personnel and ensure its thorough implementation. In addition, the management status of Third-Party Calibration Certificates will be subject to regular internal inspections (once a year) conducted by the Quality Control Division.

- (3) Enhancing the effectiveness of internal training and education and strengthening the reporting line and Compliance Hotline functions
 - (a) The Company will promptly provide compliance training and education to all executives and employees, incorporating lessons from the Misconduct. In addition, by continuously conducting such training and education every year, the Company will foster higher risk awareness and thoroughly implement measures to prevent recurrence.
 - (b) By creating a workplace environment that encourages open communication, including through appropriate personnel transfers, the Company will establish a structure that ensures the regular reporting line to function properly. Furthermore, in order to strengthen the functions of the Compliance Hotline, the Company will promote understanding of the purpose and the protection

of whistleblowers, and work to enable the early detection of issues and enhance self-correction through its proper operation.

6. Other management-related deficiencies

The Company has established an internal calibration procedure (the “Internal Calibration”) as a voluntary standard for measuring instruments used during equipment maintenance inspections, under which the accuracy of such instruments is reviewed using internal calibration reference instruments accompanied by Third-Party Calibration Certificates, in order to ensure the accuracy of measured values.

As a result of an additional investigation conducted in connection with the Misconduct, the Company identified that, in certain contracts with the Customer involving other facilities, despite using measuring instruments that had undergone Internal Calibration were required, equipment maintenance inspections and pass/fail determinations were performed using measuring instruments that had not undergone Internal Calibration, and the results thereof were reported.

In light of the above, the Company conducted a comprehensive inspection of the Company Group's measuring instruments as of July 17, 2026, to determine whether Internal Calibration has been performed. As a result, some measuring instruments were found to have not undergone Internal Calibration; however, Internal Calibration for all such instruments was completed as of July 30, 2026. Although over 96% of the measuring instruments that underwent comprehensive inspections met the required measurement accuracy limits (internal standards), for all customers where equipment maintenance and inspections were performed using non-compliant instruments, the Company plan to re-inspect using instruments that have undergone Internal Calibration.

Going forward, Internal Calibration of measuring instruments will require the attendance of quality control personnel, and the Company will ensure the proper preparation and retention of Internal Calibration records. In addition, the status of Internal Calibration implementation for measuring instruments and the management status of Internal Calibration records will be subject to regular internal inspections (once a year) conducted by the Quality Control Division, in the same manner as Third-Party Calibration Certificates.

(notes) The measuring instruments subject to the comprehensive inspection were four types of instruments that are frequently used during equipment maintenance inspections, which are ammeters, voltmeters, ohmmeters, and thermometers.

Allowable measurement accuracy (internal standard) for ammeters and voltmeters: within $\pm 5.0\%$ of the standard instrument value

Allowable measurement accuracy (internal standard) for ohmmeters: within $\pm 10.0\%$ of the standard resistor value

Allowable measurement accuracy (internal standard) for thermometers: within $\pm 0.5^{\circ}\text{C}$ of the standard instrument value

7. Impact on financial results

The Company currently believes that the impact of this matter on its consolidated financial results will be immaterial. However, if any matters requiring disclosure arise, the Company will promptly announce them.