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Notice Regarding Progress of Previously Disclosed Matter: Measures to Prevent Recurrence of Misconduct by an Employee and Management Responsibility

Nippon Air Conditioning Services Co., Ltd. (the "Company") published the "Notice Regarding Misconduct by an Employee" dated July 31, 2026. The Company hereby announces that it has decided the specific measures to prevent recurrence and the measures to be taken in relation to management responsibility, as described below.

The Company once again sincerely apologizes for the substantial inconvenience and concern caused to all of its stakeholders, including its customers, business partners, shareholders, and investors. The Company will continue to thoroughly implement measures to prevent recurrence and work to restore the trust of its stakeholders.

1. Specific measures to prevent recurrence

On the premise that all officers and employees will continuously work to enhance their compliance awareness, the Company will establish a framework designed to prevent misconduct by implementing the following measures to prevent recurrence.

(1) Rebuilding the corporate culture

(a) Elevating the corporate motto into consistent words and actions
The Company will eliminate the risk of inconsistency between words and actions by rebuilding a corporate culture that prioritizes sincerity. To this end, all officers and employees will reaffirm the Company's corporate motto, "Sincerity is the fundamental attitude for everything," and thoroughly incorporate it as the foundation of all corporate activities.

(b) Elevating the management philosophy from a mere formality to genuine understanding and internalization
All officers and employees will once again take personal ownership of, genuinely understand, and internalize 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." Through these efforts, the Company will enhance compliance awareness, thoroughly implement measures to prevent recurrence, and work to restore the trust of its stakeholders, thereby eliminating the risk of management based on the corporate philosophy becoming a mere formality.

(2) Strengthening monitoring functions and review process

(a) Strengthening monitoring functions

For the purpose of properly managing the calibration status of measuring instruments, third-party calibration certificates and related documents (the "Calibration Certificates"), and Internal Calibration Records, the Company will introduce an Integrated Measuring Instrument and Calibration Certificate Management System (the "System"). Through the System, the Company will eliminate the risks of overlooking expiration dates, management being dependent on particular individuals, and lack of transparency in audit trails.

(notes)Third-party calibration certificates and related documents refer to third-party calibration certificates, inspection certificates, and traceability hierarchy diagrams that evidence the traceability of measuring instruments.

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).

Internal Calibration Records are documents recording the results of internal calibration procedures under which the accuracy of measuring instruments is verified using internal calibration reference instruments accompanied by Calibration Certificates (the "Internal Calibration Reference Instruments"), as a voluntary standard for ensuring the accuracy of measured values.

(b) Strengthening review process

The Company will revise the structure in which the calibration of measuring instruments was left entirely to on-site staff and will thoroughly instill an awareness of the importance of calibration. The Company will incorporate into its core system a function that visualizes the check of whether the applicable customer contract requires the use of measuring instruments accompanied by Calibration Certificates or Internal Calibration Records, as well as an alert function. Through these measures, the Company will eliminate the risk of breach of contract.

In addition, when submitting inspection reports to customers with Calibration Certificates attached, the Company will require and thoroughly enforce both the attachment of the certificates and a secondary review by the Central Quality Control Committee Member (the "Committee Member"). The originals of the Calibration Certificates will be centrally managed by the Committee Member. The Quality Control Division will conduct regular internal inspections of their management status once a year, thereby eliminating the risk of misconduct such as falsification.

(3) Enhancing the effectiveness of internal training and education and strengthening the reporting line and Compliance Hotline functions

(a) Enhancing the effectiveness of internal training and education

The Company has held emergency meetings concerning the Misconduct for all officers and employees, including discussions and self-inspections. The Company is also currently conducting compliance training and education that addresses situations such as the Misconduct. By continuously conducting such training and education every year, the Company will foster higher risk awareness and eliminate the risk of compliance awareness becoming a mere formality.

(b) Strengthening the reporting line and Compliance Hotline functions

Recognizing that extended assignments at the same location can create a risk of misconduct and reduce organizational self-correction, the Company will establish a workplace environment that encourages open communication, including through appropriate personnel rotations. Through these measures, the Company will establish a structure that ensures that the regular reporting line functions properly.

Furthermore, to strengthen the functions of the Compliance Hotline, the Company will promote understanding of the purpose of the system and the protection of whistleblowers. Through the early detection of issues and the enhancement of organizational self-correction by means of proper operation of the system, the Company will eliminate the risk of early signs of misconduct going unaddressed.

(4) Ensuring proper calibration

(a) Establishing a calibration framework

For measuring instruments owned by the Company, the Company will perform either calibration by an external calibration laboratory or internal calibration by comparative measurement against Internal Calibration Reference Instruments calibrated at a frequency of once a year. Such calibration or internal calibration will be performed within one year of the previous calibration date. To manage calibration timing, the Company will establish a mechanism under which the System issues alerts, thereby eliminating the risk of failure to perform calibration.

(b) Ensuring the proper performance of internal calibration

To ensure that measuring instruments are calibrated from an objective standpoint, quality control personnel from a location other than the location concerned will verify the calibration. Through this measure, the Company will eliminate the risk of arbitrary internal calibration.

2. Management responsibility

In view of management's responsibility for the Company's failure to discover the Misconduct over an extended period, and based also on the results of deliberations by a Management Responsibility Investigation Committee composed of outside officers, the Company has decided to accept the proposal for the voluntary return of a portion of executive compensation as set forth below:

President & Representative Director: Voluntary return of 10% of monthly executive compensation for two months, starting October 2026
Executive Directors, 2 persons: Voluntary return of 5% of monthly executive compensation for two months, starting October 2026
Senior Executive Officer, 1 person: Voluntary return of 5% of monthly executive compensation for one month, starting October 2026

3. Disciplinary action against the employees involved

With respect to the employees involved (the “Subject Employees”), the Disciplinary Committee is proceeding with its deliberations so that strict disciplinary action may be taken in accordance with the Company’s internal regulations. Although the procedures concerning some of the Subject Employees are taking time due to their health conditions and other circumstances, the Company will take strict disciplinary action as soon as the relevant procedures have been completed.

4. 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.