

August 4, 2025

Company name: Nikkiso Co., Ltd.
Representative: Koichi Kato,
Representative Director, President & CEO
(Code No. 6376, TSE Prime Market)
Contact: Masaharu Murakami,
Executive Officer, Head of Corporate Unit
(Tel. +81-3-3443-3717)

Notice Regarding Establishment of Recurrence Prevention Measures following the Investigation Results from the Special Investigation Committee

Nikkiso Co., Ltd. (the “Company”) has received the investigation report from the special investigation committee, as previously announced in “Notice Regarding Receipt of the Investigation Report from a Special Investigation Committee” dated August 1, 2025. The Company has sincerely accepted recommendations for recurrence prevention measures based on the fact-finding and cause analysis identified by the Special Investigation Committee, and has analyzed what the quality assurance operations and business management systems should be. Based on the recommendations above, the Company has formulated recurrence prevention measures and will organize an improvement project team to execute the measures, with the goal of completing implementation by the end of this year. The details are hereby announced as follows.

The Company will steadily implement the following recurrence prevention measures and will devote its full efforts to restoring the trust of our shareholders, investors, our customers, and everyone else concerned.

1 Improvement of organizational structure

(1) Transforming the organizational structure of manufacturing factories to ensure effective governance

By separating functions of Manufacturing Department and Inspection Department, the Company establishes an independent Quality Control Department, separate from both Manufacturing and Inspection Departments, and enhances internal control functions, aiming to transform the organization into one that fulfills checks and balances functions.

(2) Clarifying responsibilities for quality assurance and control

The Company will review the roles of Quality Assurance Department and Quality Control Department, and clarify the departments responsible for product quality and quality management system.

2 Improvement of business processes

(1) Review of operational workflows and production control procedures

The Company will reconstruct operational workflows truly necessary for product quality assurance, review procedures for production planning, communication, progress management and response to issues in order to ensure adherence to established workflows, and implement process progress visualization.

(2) Review procedures for recording and storing operation and inspection records

The Company will establish procedures to ensure that products manufactured according to individual specifications are reliably documented with supporting evidence, and that inspection records are created based on inspection results and properly stored.

3 Improvement of quality management system

(1) Amendment of and compliance with regulations

The Company will revise related internal regulations, operational standards, and work procedures to align with actual practices in a clear and comprehensible manner. Through compliance with these regulations, the Company will prevent verbal knowledge transfer and over-reliance on specific individuals

(2) Enhancement of process monitoring and internal process audits

The Quality Control Department within manufacturing factories will regularly conduct monitoring of processes to check that operations are properly performed according to established procedures and that records are appropriately created. Additionally, internal process audits will be conducted by departments outside the manufacturing factories to strengthen internal checks and balances functions.

(3) Education related to product safety and quality assurance

The Company will conduct education programs for employees related to product safety and quality assurance (QMS), and will establish rules to implement such educational programs on a regular basis, aiming to cultivate awareness regarding product safety and quality assurance.

The incident was found in a limited and particular division; however, in the Company's effort to emphasize awareness of quality and overall governance, the Company takes this opportunity to re-emphasize these values by sending a message to all the executives and employees regarding the code of conduct for product and service quality and safety.

The Company is firmly committed to promoting company-wide awareness and understanding of quality assurance, and will continue sustained efforts to strengthen quality control systems and prevent recurrence.

All executives and employees stand united in our determination to restore stakeholder trust through concrete actions and ongoing governance improvements. The Company remains committed to earning your trust through the actions.