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To Nidec Corporation:

Investigation Report – Supplement

(Version for Public Release)

Third-Party Committee

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Part 1. Introduction

On September 3, 2025, Nidec Corporation (“**Nidec**”) established a Third-Party Committee (“**Committee**”) for purposes of conducting fact-finding investigations into suspected improper accounting at the Nidec Group, calculating the amount of the impact of any improper accounting found, investigating the root causes of improper accounting, making recommendations for recurrence prevention measures, and examining other matters as deemed necessary.

On February 27, 2026, after performing an analysis of the causes to a certain extent and determining that the Committee had identified the facts necessary to recommend recurrence prevention measures, the Committee submitted an investigation report to Nidec, summarizing the results of its investigation as of that point in time (“**February 27, 2026 Investigation Report**”).

The Committee continued its investigation even after submitting the February 27, 2026 Investigation Report, and at this time, we are issuing this report (supplement) as a final report, to supplement the February 27, 2026 Investigation Report. Through this report (supplement), the Committee provides a report on representative examples, from among the additional instances of improper accounting that were discovered as a result of the investigation, and also a report on the amount of the impact of the improper accounting and other matters discovered as a result of the series of investigations on the consolidated financial statements.¹

It should be noted that the analysis of causes and the recommendations for recurrence prevention measures set forth in the February 27, 2026 Investigation Report remain unchanged.

Part 2. Additional Instances of Improper Accounting Discovered as a Result of Investigation (Overstatement of Sales at Nidec Drive Technology Corporation (NDTC) Group)

As a result of the investigation, the Committee identified a large number of instances of improper accounting across various operating bases of the Nidec Group. The amount of the impact thereof and examples of the methods of improper accounting, organized by accounting issue, as well as the amount of the impact by segment are set out in Part 3 below. The following introduces a representative example, from among the instances of improper accounting discovered during the continuing

¹ During the period from establishment of the Committee to the date of submission of this report (supplement), the Committee had a total of 60 meetings, and, in addition to meetings, the Committee members engaged in discussions on numerous occasions. During the period from establishment of the Committee to the date of submission of this report (supplement), the Committee also performed a total of 612 interviews with 337 persons, comprised of officers and employees of the Nidec Group and other relevant persons (including former officers and employees). A total of 129 persons (including former officers and employees) were subject to forensic investigations. It should be noted that Nidec ultimately performed self-inspections or financial analyses on 395 companies, including dormant companies, companies currently in liquidation, and companies that did not exist as part of the Nidec Group as of the end of the first quarter of fiscal 2025.

investigations conducted after the February 27, 2026 Investigation Report was submitted, specifically, an instance involving overstatement of sales at Nidec Drive Technology Corporation (NDTC) Group.

1. Overview

On May 24, 2024, Nidec stated with regard to Nidec Drive Technology Corporation (NDTC), “It was found that, with respect to a portion of the consolidated adjustments for net sales and other items involving transactions between consolidated subsidiaries, the items subject to adjustment were misidentified, resulting in the overstatement of net sales.” Therefore, Nidec submitted amended reports in connection with the securities report for fiscal 2022, the quarterly reports for the first quarter of fiscal 2022 through the third quarter of fiscal 2023, and the internal control report for fiscal 2022, and corrected its financial results for fiscal 2023. In addition, on the same day, Nidec also received an audit report under the Companies Act for fiscal 2023 from PricewaterhouseCoopers Japan LLC (“**PwC Japan**”). According to Nidec’s disclosures at that time, this overstatement of sales allegedly was attributable to a “misidentification,” that is, an “error,” but the investigation by the Committee found that this overstatement of sales was an instance of improper accounting performed at NDTC for the intentional purpose of manufacturing profits in order to make the company’s performance results appear better than they actually were.²

2. Recording Sales Through Consolidated Adjustments

Nidec Minster Corporation (“**Minster**”),³ which is one of the manufacturing bases for NDTC’s press machine business, entrusted the manufacturing of some of the press machines ordered by its North American customers to Nidec Arisa, S.L.U. (“**Arisa**”),⁴ another manufacturing base for NDTC’s press machine business, with the press machines manufactured by Arisa then being sold by Minster to those North American customers.

Previously, Arisa manufactured larger press machines, compared with those made by Minster, and

² “Misconduct” refers to intentional acts by management, directors, corporate auditors, employees, or third parties that involve deceiving others to obtain unjust or unlawful gains (ASCS 240, Misconduct in an Audit of Financial Statements, paragraph 10).

“Error” refers to the cause of misstatements in financial statements other than misconduct. ASCS 240, Misconduct in an Audit of Financial Statements, paragraph 2 states, “Misstatements in the financial statements can arise from either misconduct or error. The distinguishing factor between misconduct and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.”

³ A U.S. subsidiary of Nidec, which is considered to be under the umbrella of NDTC, despite having no capital ties with NDTC.

⁴ A Spanish subsidiary of Nidec, which is considered to be under the umbrella of NDTC, despite having no capital ties with NDTC.

recorded sales based on the degree of progress in manufacturing those large press machines via the percentage of completion method.⁵ However, with regard to the press machines for which Minster entrusted manufacturing to Arisa, Minster did not apply the percentage of completion method in recording its sales, but instead recorded sales at the time the machines were sold to its customers. Thus, sales of the press machines manufactured and delivered by Arisa to Minster were recognized by Arisa on a standalone basis, at a stage prior to Minster's sale of those machines to its customers. However, in the Nidec Group's consolidated accounting, sales of those machines by Arisa to Minster were eliminated as transactions within the Group, and, accordingly, the sales of those machines were not recognized at the NDTC Group level.

Subsequently, NDTC determined that, with regard to the press machines being manufactured and delivered by Arisa to Minster and then sold by Minster to outside customers, applying the percentage of completion method and recording sales on a consolidated basis reflected the actual situation more accurately, in light of Minster's and Arisa's roles and the actual details of such transactions. Therefore, in fiscal 2018, NDTC began submitting consolidated journal vouchers to the Nidec headquarters Accounting Department based on this approach, and since then, sales for those press machines have been recognized in the Nidec Group's consolidated accounting via the percentage of completion method (hereinafter referred to in this section as "**Consolidated Adjustments**").

As described above, these Consolidated Adjustments involved applying the percentage of completion method, which Arisa applied to the press machines manufactured and delivered to Minster, in the Nidec Group's consolidated accounting also. However, by around 2019 at the latest, as part of the profit adjustments intended to make NDTC's performance results appear better than they actually were, NDTC's CFO at the time, who was in charge of these Consolidated Adjustments until fiscal 2023, began to intentionally include amounts equivalent to sales for other press machines, namely those that already had been sold by Minster to its customers and those sold by Arisa to customers other than Minster, which were not supposed to be subject to Consolidated Adjustments, within the scope of Consolidated Adjustments. As a result, NDTC's CFO carried out improper Consolidated

⁵ The "percentage of completion method" is a method pursuant to which, in relation to construction contracts, the total construction revenue, total construction costs, and the degree of construction progress as of the closing date are estimated on a reasonable basis, and the construction revenue and the construction costs for the relevant term are recognized accordingly. The International Financial Reporting Standards (IFRS) include no revenue recognition method called the "percentage of completion method," nor do Japanese accounting standards include a revenue recognition method known as the "percentage of completion method" in any strict sense, since the Accounting Standard for Construction Contracts (Corporate Accounting Standard No. 15) was abolished following the adoption of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29). However, given that the "percentage of completion method" is a revenue recognition method similar to the recognition of revenue over a certain period of time upon the fulfillment of performance obligations, as set forth in IFRS No. 15, and that it is a generally and widely recognized term, it is referred to herein as the "percentage of completion method" for convenience.

Adjustments by recording sales twice in the Nidec Group's consolidated accounting.⁶

3. Corrections to Prior Fiscal Years

In the financial closing procedures at the end of fiscal 2023, the amount of sales recorded by applying the percentage of completion method at the NDTC Group increased, and therefore PwC Japan requested that NDTC submit evidence of the NDTC Group's sales based on the percentage of completion method, including the Consolidated Adjustment portions. PwC Japan reviewed the evidence of sales to which the percentage of completion method had been applied that was submitted by NDTC's CFO at the time, and it was discovered immediately, prior to the initially planned date of the audit report under the Companies Act (May 14, 2024), that transactions that were not supposed to be subject to Consolidated Adjustments had been included in the scope of Consolidated Adjustments, and that sales had been recorded twice in the consolidated accounting.

In response, the Nidec headquarters Corporate Administration & Internal Audit Department launched a fact-finding investigation, and as part of that effort, interviewed NDTC's CFO at the time, who was in charge of the Consolidated Adjustments until fiscal 2023. However, this CFO kept secret the fact that he/she had carried out improper Consolidated Adjustments and provided false explanations to the effect that transactions that were not supposed to be subject to the Consolidated Adjustments mistakenly had been included in the scope of Consolidated Adjustments.

Nidec headquarters Corporate Administration & Internal Audit Department also conducted an investigation that involved checking the emails of NDTC's CFO at the time, who was in charge of the Consolidated Adjustments until fiscal 2023, and those of the Management Department's general manager and the Accounting Department's general manager. However, no evidence was discovered indicating that NDTC's CFO at the time, who was in charge of the Consolidated Adjustments until fiscal 2023, had carried out improper Consolidated Adjustments.

Based on the aforementioned investigations, the Nidec headquarters Corporate Administration & Internal Audit Department concluded that transactions that were not supposed to be subject to the Consolidated Adjustments mistakenly had been included in the scope of Consolidated Adjustments, reported this to PwC Japan, and corrected the recording of sales for the prior fiscal year.

⁶ NDTC's CFO at the time personally received Arisa's sales order lines and selected transactions from among them to be subject to the Consolidated Adjustments, but on those occasions, he/she also included transactions that were not supposed to be subject to Consolidated Adjustments in the scope of Consolidated Adjustments, and then created supporting materials to be used in preparing consolidated journal vouchers. This CFO shared the supporting materials with NDTC's Accounting Department and instructed that department to prepare NDTC's consolidated journal vouchers. Based on the supporting materials, NDTC's Accounting Department prepared consolidated journal vouchers that included transactions that were not supposed to be subject to Consolidated Adjustments, and then submitted them to the Nidec headquarters Accounting Department.

4. Amount of the Impact

The amount of the impact of the improper Consolidated Adjustments on the profit and loss of the NDTC Group⁷ is set forth in the table below.⁸

(Unit: 100 million yen)

	FY2019 and earlier	FY2020	FY2021				FY2022				FY2023			
			Q1 cumul ative	Q2 cumul ative	Q3 cumul ative	Q4 cumul ative	Q1 cumul ative	Q2 cumul ative	Q3 cumul ative	Q4 cumul ative	Q1 cumul ative	Q2 cumul ative	Q3 cumul ative	Q4 cumul ative
A. Prior to Improper Consolidated Adjustments														
Net sales	669	643	194	411	634	908	214	470	719	982	254	531	794	1,062
Operating profit	64	54	27	50	76	113	9	18	23	36	41	69	91	108
B. Improper Consolidated Adjustment Amounts														
Net sales	25	48	6	6	11	▲0	22	40	47	55	6	2	11	11
Operating profit	18	24	3	7	9	4	13	30	46	55	▲1	0	3	3
C. After Improper Consolidated Adjustments														
Net sales	694	691	200	417	645	908	236	511	767	1,036	260	533	805	1,073
Operating profit	82	78	30	56	85	117	21	48	68	91	39	69	94	111

As stated in Part 2-1 above, on May 24, 2024, Nidec headquarters submitted amended reports in connection with the securities report for fiscal 2022, the quarterly reports for the first quarter of fiscal 2022 through the third quarter of fiscal 2023, and the internal control report for fiscal 2022, and corrected its financial results for fiscal 2023. At that time, the amount of the impact set forth in the table above already had been subject to correction, and the Committee's investigations found no points requiring revision in the amount of the impact reflected in the respective amended reports or the amended financial results at that time.

⁷ Companies, which are considered to be under the umbrella of NDTC, despite having no capital ties with NDTC, are referred to collectively herein as the "NDTC Group."

⁸ In the amended reports, the cumulative impact on profit and loss up to the end of fiscal 2021 were reflected in the profit and loss for fiscal 2022 (the impact on profit and loss up to fiscal 2021 was determined to be of low importance, in terms of both quality and amount), and other matters requiring correction were amended as well, but the table below indicates only the impact of the improper Consolidated Adjustments made at NDTC, and thus the figures in the table do not necessarily match those in the amended reports.
In addition, the table below summarizes the accounting figures of the NDTC Group alone, compiled based on internal company materials obtained in the course of our investigation from employees of Nidec headquarters Performance Management Department and the current CFO of NDTC, and reflects amounts prior to taking into account the amount of the impact discovered as a result of the Committee's investigation and the amount of the impact resulting from the Nidec Group's self-inspections, which are described in Part 3 below.

Part 3. Amount of Impact on Consolidated Financial Statements

1. Overview

In this section, we describe additional matters discovered through the continuing investigations conducted by the Committee after the submission of the February 27, 2026 Investigation Report, and we explain the amount of impact on the Nidec Group's consolidated financial statements for each fiscal year, broken down by issue and segment, with these figures having been refined from those that were reported provisionally.

The following are points to note with regard to the calculation of the amount of the impact in this section:

- The amount of the impact listed in this section includes not only that identified through the Committee's investigation but also that identified through the Nidec Group's self-inspection. With regard to each item discovered during the self-inspection process, numerous situations were identified in which misconduct⁹ and errors¹⁰ were intermingled. Since it was difficult to distinguish between them strictly when aggregating the amount of the impact, they were aggregated without distinction ("**Improper Accounting**," in this section).
- Even if corrections relate to corporate income taxes, deferred tax accounting, goodwill, or impairment of fixed assets, those corrections were included in the amount of the impact in this section if the corrections themselves were suspected of constituting Improper Accounting. For example, the impairment of idle tangible fixed assets, which does not constitute a derivative issue, was included in the amount of the impact in this section. On the other hand, we have not taken into account the amount of the impact arising from derivative issues, such as the impact on corporate income taxes and other related matters, the application of deferred tax accounting, or the review of impairments of goodwill and fixed assets that require reassessment as a result of these corrections of Improper Accounting.
- The amount of the impact by segment was calculated based on the categories of segment

⁹ As stated above, this refers to intentional acts by management, directors, corporate auditors, employees, or third parties that involve deceiving others to obtain unjust or unlawful gains (ASCS 240, Misconduct in an Audit of Financial Statements, paragraph 10).

¹⁰ As stated above, this refers to a cause of misstatements in financial statements other than misconduct. ASCS 240, Misconduct in an Audit of Financial Statements, paragraph 2 states, "Misstatements in the financial statements can arise from either misconduct or error. The distinguishing factor between misconduct and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional."

information disclosure as of the end of the first quarter of fiscal 2025. While there are situations in which sites that gave rise to an impact fall within multiple segments, the amount of the impact reported in this section was aggregated separately, by segment, to the extent practicable.

- In principle, the period ranging from fiscal 2020 to the first quarter of fiscal 2025 was covered in the scope of the Committee's investigation and was included when calculating the amount of the impact, but the amount of the impact for fiscal 2019 and earlier also was calculated, to the extent it could be ascertained.
- ▲ is used for any figures having a negative impact on profit.

2. Amount of Impact by Issue and Overview of Improper Accounting

The following is a summary of the amount of the impact on net profit, by issue, on the consolidated financial statements for each fiscal year. It should be noted that the cumulative impact (total), which represents the cumulative impact on net profit across the respective fiscal years, corresponds to the amount of impact on net assets in the consolidated financial statements as of the end of the first quarter of fiscal 2025.

(Unit: 100 million yen)

	Impact on Profits and Losses During Period							Cumulative impact as of end of FY2025 Q1 (total)
	FY2019 and earlier	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Q1	
(1) Inventory								
Avoidance of recognition of write-downs	▲55	▲22	▲4	▲98	▲99	29	▲28	▲277
Overstatement of inventory	▲29	▲15	▲24	12	▲4	14	▲22	▲68
Other	▲21	8	6	5	▲12	1	▲7	▲20
(2) Fixed assets								
Avoidance of impairment	▲130	▲60	▲2	▲45	▲155	▲402	231	▲563
Capitalization of expenses	▲20	▲18	▲13	▲32	▲59	▲54	▲15	▲211
Other	▲8	1	▲14	▲17	37	▲12	▲5	▲18
(3) Provisions and liabilities								
Understatement of provisions and liabilities	▲53	0	2	▲22	▲15	▲473	347	▲214
Other	▲12	▲1	1	▲4	0	▲7	▲4	▲27
(4) Accounts receivable								
Overstatement of accounts receivable (recording of fictitious sales; early recognition of sales)	▲24	▲10	▲56	▲10	▲8	2	▲2	▲108
Understatement of allowance for doubtful accounts	▲8	3	▲2	0	▲3	▲22	▲3	▲35
Other	▲14	▲19	▲6	31	▲9	▲4	▲5	▲26
(5) Other								
Other	▲13	2	▲23	16	19	▲27	▲14	▲40
Total	▲387	▲131	▲135	▲164	▲308	▲955	473	▲1,607

The main details of the Improper Accounting by issue are as follows. The instances described in addition to those set forth in the February 27, 2026 Investigation Report are underlined. It should be noted that the following instances include those not affected by the correction when multiple fiscal years are aggregated, such as cases of inappropriate period attribution in accounting practices.¹¹

¹¹ When correcting an inappropriate period attribution in accounting practices, to use the correction of deferred expenses or losses as an example, a company must fix the recording of the expenses or losses to reflect the fiscal year in which they originally should have been recognized, and then remove the recording of those expenses or losses from the following fiscal year(s). Consequently, when multiple fiscal years are aggregated, any increases and decreases will cancel out, and the impact of the correction on profits ultimately will disappear.

(1) Inventory

a. Avoidance of Recognition of Write-downs

With regard to the avoidance of recognition of write-downs, the following cases of Improper Accounting were identified (in addition to the case discovered at NIDEC OKK CORPORATION (NOKJ) where write-downs were not recognized for inventory with no asset value, thereby avoiding expense recognition, as stated in Section II, Part 6-6 of the February 27, 2026 Investigation Report):

- In situations in which a project was discontinued or production prospects were lost, inventory write-downs were not recognized, even though the prospects for sale had diminished significantly, on the grounds that the company was still evaluating the possibility of sale or alternative uses.
- With regard to defective products arising during the manufacturing process, the fact that the products constituted bad inventory was intentionally concealed despite being recognized as such. In addition, since inventory in the process of quality inspection is not subject to write-downs, the reporting of the results of quality inspections was delayed intentionally, in order to avoid recognizing write-downs, on the grounds that the products were still under inspection.
- Long-term inventory was transferred within the same business group to make it appear as though the inventory was moving. The fact that the inventory was slow-moving was concealed, and recognition of write-downs was avoided.
- At the time of individual valuations of long-term inventory, the valuation of inventory was not reflected appropriately because perpetual records of inventory were not maintained properly, making it impossible to track the dates of inventory receipts and shipments.

b. Overstatements

With regard to the overstatement of inventory, the following instances of Improper Accounting were identified (in addition to the incident discovered at Nidec Drive Technology Corporation (NDTC), in which the company failed to amortize cost variances allocated to inventory or understated the amount of cost variances that should have been amortized, as stated in Section II, Part 6-3 of the February 27, 2026 Investigation Report):

- Products in process were recorded fictitiously, by inflating the quantity thereof, thereby intentionally understating the cost of sales.
- When a physical inventory count revealed a balance lower than the book balance, the resulting inventory difference intentionally was underreported, to avoid recognizing inventory shrinkage

losses.

- Costs corresponding to sales remained recorded under products in process, and expenses that should have been recorded as sales costs were not recorded.
- Under the International Financial Reporting Standards (IFRS), it may be appropriate to include non-manufacturing overhead and product design costs incurred for specific customers in inventory under certain conditions; however, production preparation costs and other expenses, which were deemed inappropriate to be included in inventory, intentionally were recognized as inventory to defer the timing of the recognition of those expenses.
- In the repairing of spare parts removed from old equipment, they were capitalized excessively by using the market replacement cost, which was higher than the actual repair cost, as the basis for valuation, instead of capitalizing them at the actual repair cost.
- With regard to inventory for which write-downs already were recognized, those write-downs were reversed either by falsely claiming that the inventory, which already had been disposed of and therefore was fictitious, was being repurposed or reused, or in the absence of any clear and reasonable evidence.
- With regard to work-in-progress for contract development, although costs of sale were recorded based on estimated sales volume, the estimates were not revised in a timely manner to reflect a decline in that volume, and, as a result, the cost of sales was intentionally understated.

c. Other

The following instances of Improper Accounting were identified (in addition to the situation discovered at Nidec Techno Motor (Zhejiang) Co., Ltd. (NTMZ), in which the company received “special cooperation funds” from suppliers on the premise of future repayment, but failed to recognize the corresponding liability and recorded a reduction in the cost of sales equal to the amount of those funds, thereby overstating profits, as stated in Section II, Part 6-8 of the February 27, 2026 Investigation Report):

- With regard to a transaction with a supplier carried out pursuant to an agreement that the purchase price would be reduced in advance and the reduced amount would be repaid by adding it to the purchase price in the following month or later, although the cost of sales should not have been reduced at the time the purchase price was reduced, a reduction in cost of sales was recognized.
- With regard to the purchase of raw materials, the recognition of accounts payable was suspended intentionally at a specific point in time prior to the fiscal year-end, on the pretext of preparing for an early settlement of accounts, and thus purchase-related expenses were understated.
- With respect to insurance claims for inventory losses resulting from accidents, the relevant

inventory losses were not recognized on the grounds that receipt of the insurance proceeds was virtually certain, even though there was no documentation, such as a written agreement with the insurance company regarding the amount of the insurance proceeds.

(2) Fixed Assets

a. Avoidance of Impairment

We identified the following instances of Improper Accounting relating to the avoidance of impairment (in addition to the situation discovered at the traction motor business of the Automotive Motor & Electronic Control Business Unit (AMEC), in which impairment was avoided by including projects with a low probability of being realized in the sales plan used as the basis for impairment testing of fixed assets, as stated in Section II, Part 6-10 of the February 27, 2026 Investigation Report, the situation discovered at Nidec Instruments Corporation (NIST) in which impairment losses were not recorded despite the fact that the company housing remained unused, as stated in Section II, Part 6-5 therein, and the situation at Nidec Precision Corporation (NPCJ) (formerly Nidec Copal Corporation (NCPL)) in which false explanations were provided with regard to fixed assets that were difficult to repurpose to avoid recognizing impairment losses, and the timing of recognizing expenses was deferred via methods that included expensing those assets through depreciation, as stated in Section II, Part 6-1 of the February 27, 2026 Investigation Report):

- With regard to fixed assets that had become idle, recognition of impairment losses was avoided either by concealing the fact that the relevant assets were idle or by failing to identify those assets positively as idle.
- With regard to assets that had been capitalized as development costs in connection with a specific project, despite the fact that a letter terminating the project contract had been received from the customer, impairment losses were not recognized and those assets remained capitalized.
- With regard to development costs, despite the fact that the project had become unlikely to be realized after the development costs were capitalized, impairment losses were not recognized and the development costs remained capitalized.
- With regard to development costs, impairment tests were carried out, with the development costs included in the cash-generating unit of a new product that clearly was identified as a separate cash-generating unit, so that recognition of impairment losses related to the development costs were avoided.
- With regard to fixed assets for which impairment losses already had been recognized, a reversal of the impairment losses was recorded after reselling the fixed assets within the Group for reuse;

however, subsequently it was determined that those fixed assets were difficult to utilize within a short period of time, and, as a result, the reversal of the impairment losses was inappropriate.

b. Capitalization of Expenses

The following instances of Improper Accounting were identified with regard to the capitalization of expenses:

- Expenses incurred as labor costs and repair costs that were not appropriate for capitalization as incidental costs were recognized as fixed assets and expensed through depreciation, thereby deferring the timing of expense recognition.
- Expenses for quality improvement activities and research and development that were deemed not to contribute to future economic benefits were capitalized intentionally, thereby deferring the timing of expense recognition.

c. Other

The following instances of Improper Accounting were identified (in addition to the situation in which, during the acquisition of a company by Takisawa Machine Tool Co., Ltd. (NTKS), land with significant valuation gain was excluded arbitrarily from the assets subject to valuation in the course of revaluing assets and liabilities at fair value for financial reporting purposes, thereby avoiding recognition of a gain on a bargain purchase, as stated in Section II, Part 6-12 of the February 27, 2026 Investigation Report).

- Fixed assets were transferred from the construction-in-progress account to the main account upon completion of payment rather than upon acceptance, thereby delaying the commencement of recognition of depreciation expenses.
- For fixed assets constructed on land leased under a fixed-term lease agreement, a useful life was set that exceeded the term of the lease, thereby intentionally understating depreciation expenses.
- When Nidec sold manufacturing equipment to multiple suppliers that manufacture Nidec products, the equipment was sold at prices exceeding their book value, and gains were recognized on the sale of the equipment. At the same time, memoranda of understanding were executed, pursuant to which Nidec undertook to return amounts equivalent to the relevant gains through markups to the unit processing fees, and thereafter, the amounts equivalent to the gains were returned through markups to the unit processing fees.

(3) Provisions and Liabilities

a. Understatement of Provisions and Liabilities

The following instances of Improper Accounting were identified with regard to the understatement of provisions and liabilities, (in addition to the situation discovered in the inverter business of the Automotive Motor & Electronic Control Business Unit (AMEC), in which the sales plan used as the basis for impairment testing of fixed assets included sales plans for projects for which there were mutual agreements with customers that development would be discontinued, thereby avoiding the recognition of impairment losses on fixed assets and also resulting in the failure to recognize provisions for contract losses arising from discontinuation of development of the relevant products, as stated in Section II, Part 6-11 of the February 27, 2026 Investigation Report, and the situation in which, during the preparation of Nidec's consolidated financial statements, provisions related to the repayment of government grants that had been recorded by a subsidiary in its non-consolidated financial statements were reversed improperly and included in the consolidated financial statements, as stated in Section II, Part 6-7 therein).

- Despite a claim for indemnification having been made by a supplier due to failure to meet the purchase volume agreed upon in the contract, the recognition of a provision was intentionally deferred.
- Although a contract had been entered into with a customer pursuant to which the company would bear a portion of the expenses for market quality improvement activities conducted by the customer, the recognition of those expenses was deferred, by recording them at the time of actual payment, based on invoices received from the customer, rather than at the time the amount of the company's share was determined by agreement with the customer.
- Despite the fact that, after negotiations with a customer regarding the customer's claim for indemnification for quality defects, the likelihood of a settlement payment had increased, the recognition of a provision was deferred; in addition, despite being aware of the customer's indemnification claim, the company deferred recognizing a provision.
- A provision was not recognized for future expenses expected to be borne by the company in connection with returns, exchanges, and claims for indemnification arising from defects in products already sold.
- The costs of sales and accounts payable were reduced with respect to losses incurred due to anti-dumping measures imposed on suppliers, even though an agreement had not yet been reached for the suppliers to bear the company's losses.

b. Other

The following instance of Improper Accounting was identified as an “other” situation involving provisions and liabilities.

- With regard to reversals of provisions for product warranties, a reversal that had been recorded at the end of the fiscal year was withdrawn and re-recorded for the first quarter of the following fiscal year, despite the lack of a sufficiently rational accounting basis to do so, with the intention of deferring the timing of its recognition, in light of performance.

(4) Accounts Receivable

a. Overstatement of Accounts Receivable (Recording of Fictitious Sales; Early Recognition of Sales)

With regard to the recognition of fictitious sales and the early recognition of sales, in addition to the situation discovered in the Appliance, Commercial & Industrial Motor Business Unit (ACIM), described in Section II, Part 6-2 of the February 27, 2026 Investigation Report, in which the unit issued additional invoices to customers and recognized the invoiced amounts as sales while simultaneously notifying the customers separately that the amounts would be deducted from future invoices or that amounts equal to the full invoiced amounts would be paid to them as rebates, thereby effectively constituting a promise to return amounts equal to the full amounts invoiced to the customers, and the situation discovered at the Country X Subsidiary, described in Section II, Part 6-4 of the February 27, 2026 Investigation Report, in which grants that by their nature should not have been recognized as profits were falsely represented and recorded as profits, and the situation discovered at Nidec Drive Technology Corporation (NDTC), described in Part 2 above, in which sales were recorded twice in the Nidec Group’s consolidated accounting in order to make its performance results appear better than they actually were, the following instances of Improper Accounting were identified:

- Although order forms and product storage engagement letters were exchanged with customers, sales were recognized despite the fact that the products in question had not been manufactured and the key components required for their manufacturing had not even been purchased.
- In transactions in which sales were recognized for goods stored in warehouses and not yet shipped, sales were recognized despite the absence of substantive characteristics of transactions for which it would be acceptable to recognize sales, for example, situations in which payments from the customer had been deferred, the delivery schedule to the customer was unclear, or no invoices were issued to the customer for storage costs.

- Sales from safety stock held at an outside warehouse to ensure the customer's stable operations were recognized at the time of receipt at the warehouse, rather than at the time of shipment from the warehouse.
- Sales were recognized based on the issuance of invoices and other documents, despite the absence of any agreements concerning payments by the customers.
- Sales were recognized for the portion of rising material costs passed on to customers, but this was done ahead of schedule, based on expected future sales.
- Sales were recognized for a customers' share of inspection costs, despite the fact that the customer had not yet agreed to make payments and it was not an appropriate time to recognize the sales.
- Sales were recognized for amounts subject to compensation due to a decline in customer orders, despite the fact that no agreement with the customer had been reached and it was not an appropriate time to recognize that compensation for sales.
- Sales were recognized even though products could not be delivered to a customer due to the failure to meet the customer-specified acceptance criteria or due to logistical constraints.
- Sales were recognized even though the performance obligations arising from the transfer of control over the assets had not been fulfilled, for example, in situations in which, with respect to sales contracts, the company retained responsibility for accepting orders and selling to end customers to whom the purchasers subsequently would resell the products.
- Sales were recognized on transactions in which products were sold to end customers through intermediaries, despite the fact that, even after entering into sales contracts with the intermediaries, the company continued to bear responsibility for accepting orders from and selling the products to end customers, and the performance obligations arising from transfer of control over the assets had not been fulfilled.
- Sales were recognized for transactions with trading companies in which products were sold to end customers through the trading companies, despite the fact that the products remained stored at the company's own factory and there existed a certain possibility that the transactions could be canceled if the trading companies failed to secure end customers.
- In sales transactions with distribution intermediaries that did not bear inventory risk or the risk of non-payment of debts associated with the transactions, sales should have been recognized at the time the downstream parties beyond the distribution intermediaries performed the acceptance inspection relating to transfer of risk; however, sales were recognized at the time of shipment to the distribution intermediaries.
- Service revenue was recognized even though no services were provided pursuant to a technical support contract under which services were to be provided.
- Sales were recognized at the time special cooperation funds were received from customers, despite the fact that those funds had to be repaid in the future.

- Where customers made claims for indemnification on the grounds that the company failed to satisfy its performance obligations due to product quality defects, the company did not reverse the recognized sales at the time those claims were made, despite the fact that it should have done so.
- Although the consideration in transactions with customers was subject to potential variability, sales were recognized by adding a clearly excessive amount to the estimate of the variable consideration.
- Where accounts receivable were recognized at provisional unit prices based on an assumption concerning future negotiations with customers, timely revisions were not made to reflect the subsequent status of negotiations with the customer. As a result, despite the fact that the accounts receivable remained outstanding for an extended period, the company failed to revise the recognized sales appropriately.
- Even though performance obligations based on a contract with a customer are considered to be fulfilled at the time an acceptance inspection is performed, the customer's purchasing personnel were requested to issue order forms pursuant to a process different from the one normally used for placing orders, and sales were recognized early, at the time that the products were shipped to an outside warehouse with which the company was contracted, rather than the customer's specified warehouse, and in exchange, the company paid a lump-sum payment to the customer.
- With regard to transactions for which sales were to be recorded based on the customer's usage, sales were recorded based on expected sales quantities estimated by the company, even though the customer's usage had not been verified.

b. Understatement of Allowance for Doubtful Accounts

The following instances of Improper Accounting were identified in connection with the understatement of allowances for doubtful accounts:

- Although the company was aware that the collection of receivables had been delayed for an extended period, it failed to recognize an appropriate allowance for doubtful accounts.
- When the scheduled collection date was changed through negotiations with a customer, the original scheduled collection date was deleted in the system, and the update to that date was not recorded, thereby leaving only the new scheduled collection date on record. As a result, the receivable was made to appear, as a matter of form, not to be one for which an allowance for doubtful accounts should be recognized, and consequently, no such allowance was recognized.

3. Amount of Impact by Segment

The following summarizes the amount of the impact of each segment on net sales, operating profit, and net profit in the consolidated financial statements for each fiscal year. It should be noted that the cumulative impact (total), which represents the cumulative impact on net profit across the respective fiscal years, corresponds to the amount of impact on net assets in the consolidated financial statements as of the end of the first quarter of fiscal 2025.

(Unit: 100 million yen)

	Impact on Profits and Losses During Period							Cumulative impact as of end of FY2025 Q1 (total)
	FY2019 and earlier	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Q1	
1. Small Platform Motor & Solutions Business Unit (SPMS)								
Net sales	▲8	0	▲4	7	▲2	1	0	▲6
Operating profit	▲13	▲15	▲37	9	15	24	▲5	▲22
Net profit	▲12	▲13	▲30	10	14	22	▲5	▲14
2. Automotive Motor & Electronic Control Business Unit (AMEC)								
Net sales	▲34	2	▲8	0	▲2	▲2	0	▲44
Operating profit	▲107	▲15	▲30	▲149	▲244	▲769	561	▲753
Net profit	▲97	▲14	▲22	▲137	▲253	▲760	560	▲723
3. Motion & Energy Business Unit (MOEN)								
Net sales	0	0	0	0	▲4	▲3	▲8	▲15
Operating profit	▲3	▲2	▲8	▲4	0	▲44	▲13	▲74
Net profit	▲4	▲2	▲12	▲1	▲1	▲29	▲32	▲81
4. Appliance Commercial Industrial Motors Business Unit (ACIM)								
Net sales	0	0	▲30	2	▲1	2	▲2	▲29
Operating profit	▲13	▲11	▲42	▲23	▲18	▲37	▲2	▲146
Net profit	▲13	▲11	▲42	▲25	▲16	▲40	12	▲135
5. Machinery and Automation Business Unit								
Net sales	▲33	▲38	▲4	84	▲11	▲17	4	▲15
Operating profit	▲30	▲63	▲14	37	27	▲84	▲41	▲168
Net profit	▲26	▲58	▲12	27	42	▲102	▲42	▲171
6. Group Company Business								
Net sales	▲89	▲31	▲49	▲56	▲7	13	▲3	▲222
Operating profit	▲235	▲34	▲2	▲61	▲99	▲50	▲21	▲502
Net profit	▲233	▲33	▲17	▲38	▲94	▲48	▲20	▲483
7. Other								
Net sales	-	-	-	-	-	-	-	-
Operating profit	-	-	-	-	1	0	0	1
Net profit	-	-	-	-	0	0	0	0
Total								
Net sales	▲164	▲67	▲95	37	▲27	▲6	▲9	▲331
Operating profit	▲401	▲140	▲133	▲191	▲318	▲960	479	▲1,664
Net profit	▲385	▲131	▲135	▲164	▲308	▲957	473	▲1,607

4. Gross Impact (Reference Figures)

Many of the cases of Improper Accounting identified in this investigation are instances that involved the attribution of profits and losses to inappropriate periods, with the deferral of expenses or losses and the recognition of sales ahead of schedule being typical examples. To take the correction of deferred expenses or losses as an example, these corrections involve recording the expenses or losses in the fiscal year in which they originally should have been recognized, while reversing those recorded in subsequent fiscal year(s). Consequently, when multiple fiscal years are aggregated, any increases and decreases will cancel out, and the impact of the correction on profits ultimately disappears.

In addition, even when the impact of the corrections is presented by fiscal year, the effects that decrease profits and the effects that increase profits in connection with multiple instances of Improper Accounting are offset against one another. As a result, such a presentation alone does not adequately convey the actual scale of the total monetary amounts involved in the individual instances of Improper Accounting that were identified.

Accordingly, apart from the amount of impact on the consolidated financial statements for each fiscal year that were discussed in sections 2 and 3 above, for purposes of indicating the scale of the monetary amounts involved in the Improper Accounting, this section presents only (i) the amounts of expenses or losses that should have been recorded in the fiscal years to which they properly belong, or (ii) the amounts of revenues recorded in fiscal years in which they should not have been recorded, drawn from the total impact of the corrections (collectively referred to in this section as “**Gross Impact**”). These amounts are aggregated for each fiscal year by issue and by segment, and the total amounts also are presented as reference figures.

It should be noted that Gross Impact is not an official metric used in financial accounting; rather, these figures have been specified and aggregated under certain assumptions, as follows, based on the content of the correcting journal entries.¹²

- With regard to correcting journal entries in which the absolute value of the monetary amounts was 100 million yen or more, the entries were reviewed individually and thereafter the Gross Impact was specified.
- For correcting journal entries in which the absolute value of the monetary amounts was less than 100 million yen, entries having the impact of reducing profits were deemed to constitute Gross Impact. However, with regard to issues relating to the valuation of inventory (avoidance of recognition of write-downs and overstatement of inventory), the assets concerned mainly are

¹² These are new journal entries that were entered by the Nidec Group in order to correct instances of improper accounting in prior fiscal years, based on the findings of the Committee’s investigation and the results of the self-inspections.

comprised of items such as long-term inventory for which sales are not expected. Since, by their nature, losses relating to the same assets are recorded repeatedly, over multiple fiscal years, through reversals, simply aggregating the losses for each fiscal year may result in the Gross Impact of those issues appearing to be overstated relative to the actual situation. Accordingly, for those issues, only the fiscal year with the largest monetary amount was included in the aggregation.

The table below summarizes the Gross Impact for each fiscal year by issue and by segment.

Amount of Impact by Issue (Gross Impact on Net Profit for Each Fiscal Year)

(Unit: 100 million yen)

	FY2019 and earlier	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Q1	Gross (total)
(1) Inventory								
Avoidance of recognition of write-downs	▲ 73	▲ 41	▲ 25	▲ 121	▲ 166	▲ 38	▲ 27	▲ 491
Overstatement of inventory	▲ 30	▲ 10	▲ 27	▲ 26	▲ 133	▲ 18	▲ 38	▲ 282
Other	▲ 39	▲ 7	▲ 8	▲ 11	▲ 21	▲ 13	▲ 10	▲ 109
(2) Fixed assets								
Avoidance of impairment	▲ 181	▲ 91	▲ 36	▲ 136	▲ 275	▲ 473	▲ 95	▲ 1,287
Capitalization of expenses	▲ 23	▲ 24	▲ 40	▲ 90	▲ 96	▲ 115	▲ 34	▲ 422
Other	▲ 17	▲ 5	▲ 24	▲ 20	92	▲ 36	▲ 8	▲ 18
(3) Provisions and liabilities								
Understatement of provisions and liabilities	▲ 104	▲ 31	▲ 38	▲ 205	▲ 91	▲ 521	▲ 66	▲ 1,056
Other	▲ 24	▲ 12	▲ 11	▲ 16	▲ 13	▲ 27	▲ 12	▲ 115
(4) Accounts receivable								
Overstatement of accounts receivable (recording of fictitious sales; early recognition of sales)	▲ 60	▲ 46	▲ 108	▲ 87	▲ 66	▲ 42	▲ 15	▲ 424
Understatement of allowance for doubtful accounts	▲ 7	▲ 5	▲ 8	▲ 7	▲ 7	▲ 26	▲ 5	▲ 65
Other	▲ 15	▲ 13	▲ 6	▲ 8	▲ 15	▲ 5	▲ 8	▲ 70
(5) Other								
Other	▲ 22	▲ 16	▲ 44	▲ 18	▲ 19	▲ 25	▲ 15	▲ 159
Total	▲ 595	▲ 301	▲ 375	▲ 745	▲ 810	▲ 1,339	▲ 333	▲ 4,498

Amount of Impact by Segment (Gross Impact on Net Sales, Operating Profit, and Net Profit for Each Fiscal Year)

(Unit: 100 million yen)

	FY2019 and earlier	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Q1	Gross (total)
1. Small Platform Motor & Solutions Business Unit (SPMS)								
Net sales	▲8	▲10	▲9	▲10	▲7	▲9	0	▲53
Operating profit	▲23	▲38	▲73	▲38	▲28	▲25	▲10	▲235
Net profit	▲17	▲40	▲70	▲48	▲33	▲30	▲11	▲249
2. Automotive Motor & Electronic Control Business Unit (AMEC)								
Net sales	▲45	▲10	▲73	▲15	▲7	▲2	0	▲152
Operating profit	▲134	▲34	▲74	▲396	▲399	▲854	▲133	▲2,024
Net profit	▲128	▲35	▲71	▲394	▲402	▲858	▲134	▲2,022
3. Motion & Energy Business Unit (MOEN)								
Net sales	0	0	0	▲6	▲4	4	▲8	▲14
Operating profit	▲1	▲6	▲11	▲29	▲26	▲54	▲43	▲170
Net profit	▲2	▲7	▲14	▲31	▲29	▲55	▲50	▲188
4. Appliance Commercial Industrial Motors Business Unit (ACIM)								
Net sales	0	0	▲33	▲1	▲1	1	▲2	▲36
Operating profit	▲13	▲12	▲46	▲37	▲24	▲47	▲5	▲184
Net profit	▲13	▲13	▲47	▲38	▲23	▲44	▲3	▲181
5. Machinery and Automation Business Unit								
Net sales	▲34	▲45	▲3	▲5	▲14	▲24	3	▲122
Operating profit	▲40	▲71	▲18	▲24	60	▲118	▲63	▲274
Net profit	▲38	▲67	▲18	▲25	56	▲112	▲64	▲268
6. Group Company Business								
Net sales	▲186	▲71	▲99	▲153	▲82	▲47	▲7	▲645
Operating profit	▲393	▲141	▲138	▲231	▲378	▲242	▲71	▲1,594
Net profit	▲397	▲139	▲155	▲209	▲379	▲239	▲71	▲1,589
7. Other								
Net sales	-	-	-	-	-	-	-	-
Operating profit	-	-	-	-	-	0	0	0
Net profit	-	-	-	-	0	▲1	0	▲1
Total								
Net sales	▲273	▲136	▲217	▲190	▲115	▲77	▲14	▲1,022
Operating profit	▲604	▲302	▲360	▲755	▲795	▲1,340	▲325	▲4,481
Net profit	▲595	▲301	▲375	▲745	▲810	▲1,339	▲333	▲4,498

End