



FOR IMMEDIATE RELEASE

Nidec Corporation
Tokyo Stock Exchange code: 6594

Contact:

Teruaki Urago
General Manager
Investor Relations
+81-75-935-6140
ir@nidec.com

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**Notice Regarding Material Weaknesses in Internal Control over Financial Reporting and
Disclaimer of Opinion in the Internal Control Audit Report**

Nidec Corporation (the “Company”) hereby announces, as described below, that the Company has stated in the Internal Control Report for the fiscal year ended March 31, 2026, submitted today to the Kanto Local Finance Bureau in accordance with Article 24-4-4(1) of the Financial Instruments and Exchange Act, that there are material weaknesses in internal control over financial reporting and that the Company’s internal control over financial reporting is not effective, and that the Company has also stated therein that it determined that it could not express the results of the evaluation of internal control over financial reporting for the fiscal year ended March 31, 2026.

1. Details of the Material Weaknesses

As the Company identified suspicions of inappropriate accounting practices that could have a significant impact on the entire consolidated financial statements, including arbitrary adjustments to the timing of write-downs of assets that carry evaluation risk, which were conducted under the involvement or knowledge of certain management members of the Company and its group companies, the Company resolved on September 3, 2025, to establish a third-party committee in accordance with the "Guidelines for Third-Party Committees in Cases of Corporate Misconduct" established by the Japan Federation of Bar Associations. The Company received an investigation report from the third-party committee on February 27, 2026, and a supplementary investigation report on April 17, 2026. As a result, a large number of instances of improper accounting were revealed at various operating bases in the Group, including past fiscal years (hereinafter, the facts revealed in the investigation report and supplementary investigation report are referred to as this "Issue"). The main details of the identified accounting improprieties are outlined below:

- Avoidance of recognizing inventory valuation losses by falsely recognizing asset values in raw materials and products with extremely low future usage and sales prospects and no asset value.
- Avoidance of recognizing impairment losses by including projects with low probability of realization in sales plans used as assumptions for fixed asset impairment tests.

- Avoidance of recognizing impairment losses on fixed assets by providing false explanations regarding fixed assets that are difficult to repurpose.
- Non-recognition of provisions for loss on contract, arising from the discontinuation of product development.
- Non-recognition of allowance for doubtful accounts for bad debts.
- Overstatement of inventories by falsifying the results of physical inventory counts.
- Deferral of expense recognition through the improper capitalization of labor costs as incidental costs, which were subsequently expensed through depreciation.
- Intentional capitalization of quality improvement costs and research and development costs that had been determined not to contribute to obtaining future economic benefits.
- Premature revenue recognition for unshipped sales transactions that lacked economic substance.

In addition, for the fiscal year ended March 31, 2025, the Company recognized trade-related issues concerning NIDEC FIR INTERNATIONAL S.R.L. (located in Italy; hereinafter "FIR"), a consolidated subsidiary of the Company, under the control of its Appliance, Commercial and Industrial Motors Business Unit of the Appliance and Automotive Division. In response, the Company engaged external experts to investigate whether there were similar trade compliance issues outside FIR (hereinafter "Trade Compliance Issues"), and errors in the indication of the country of origin were identified in the Group's exports to the United States.

Based on reports regarding the facts revealed and its root cause analysis through the investigation by the third-party committee and the self-assessment investigating the appropriateness of accounting treatment under the management and supervision of the third-party committee regarding this Issue, as well as facts revealed and its root cause analysis through the investigation by external experts and the internal investigation conducted with the support of external experts regarding the Trade Compliance Issues, the Company re-evaluated its internal control over financial reporting. As a result, the Company identified deficiencies in entity-level controls (control environment, risk assessment and response, control activities, information and communication, and monitoring) of the Company and its consolidated subsidiaries, as well as internal controls over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective. The Company determined that these deficiencies constitute material weaknesses because they have a high probability of having a significant impact on the Company's financial reporting. Furthermore, because the impact of the deficiencies in entity-level controls (control environment, risk assessment and response, control activities, information and communication, and monitoring) and internal controls over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective was material and pervasive, the foundation for internal controls over business processes to function effectively was lacking. Therefore, deficiencies were also identified in all business processes evaluated, and all were determined to constitute material weaknesses due to the high probability of having a significant impact on financial reporting.

Regarding the material weakness arising from trade-related issues at FIR identified in the fiscal year ended March 31, 2025 (entity-level controls (information and communication) and internal controls over accounting closing and financial reporting processes), although recurrence prevention measures have been implemented, new material weaknesses were identified in the fiscal year ended

March 31, 2026, in entity-level controls (control environment, risk assessment and response, control activities, information and communication, and monitoring) and internal controls over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective. Therefore, the Company evaluated that the material weakness has not been remediated.

The Company recognizes the following as material weaknesses regarding this Issue and the Trade Compliance Issues:

<Material Weaknesses Identified Regarding This Issue>

(Entity-level Controls)

- Control environment, risk assessment and response, and information and communication

Authority over the Automotive Motor & Electronic Control Business Unit, Small Platform Motor & Solutions Business Unit, Machinery and Automation Business Unit, and domestic group companies was concentrated in the Company's founder and former head of the Global Group (resigned as of December 19, 2025; hereinafter referred to as "Former Representative"). Institutionally, the Former Representative held final decision-making authority regarding executive officer personnel, remuneration, and approval of request for managerial decision at domestic group companies. Officers and employees of the Company tended to depend on the Former Representative's judgment and prioritize his intentions, creating a situation where it was difficult to express differing opinions and checks and balances did not function sufficiently.

Based on these authorities, the Former Representative placed pressure on the management executives of the Group to achieve unrealistic and difficult-to-achieve profit targets. The Former Representative placed excessive emphasis on maintaining and increasing the level of stock prices and market capitalization. As a result, under an excessive shareholder primacy, unrealistic and difficult-to-achieve profit targets based on performance levels from an investor's perspective were set in the Group, rather than profit targets reflecting the actual capabilities of each business. Achievement of these profit targets was demanded through excessive performance management by certain members of the Company's management. For instance, when there was a possibility that profit targets would not be met, progress management and confirmation of numerical target achievement were conducted several times a day. Even after the end of the fiscal year, if preliminary profit figures fell short, instructions were given to accumulate figures until the accounting close deadline. Furthermore, excessively strict guidance was provided when profit targets were not achieved. Under such circumstances, radical measures could not be taken regarding the expense and loss processing of assets carrying evaluation risk, known as "legacy liabilities," because securing a certain profit level or subsequent V-shaped recovery was a prerequisite, resulting in the continued improper processing of legacy liabilities.

In terms of institutional aspects, a business performance evaluation system that was biased toward the achievement ratio of operating profit targets, and a personnel evaluation system that led to a focus on performance and neglect of behavior, especially for the Company's executive officers, fostered a corporate culture that gave top priority to short-term profits over compliance and did not allow profit targets to be missed. This led to the occurrence of numerous improper accounting practices at wide-ranging bases of the Group aimed at achieving profit targets.

Furthermore, because the obligation to report material risk information to the Board of Directors was not clearly defined except for certain items, material risk information and the

progress of business plans were not sufficiently reported to the Board of Directors and the Audit and Supervisory Committee. Consequently, the Board of Directors and the Audit and Supervisory Committee were unable to appropriately identify and evaluate material risks, nor take necessary actions, failing to sufficiently exercise oversight and check functions. Additionally, outside directors consisted mainly of academic experts and former government officials, lacking a composition that could confirm and point out risks from diversified perspectives to the execution side, and supervisory functions to promptly grasp and correct such situations did not function adequately.

- Control activities

Within the Group, the CFOs of many business units and domestic Group companies, as well as the accounting departments under their supervision, were responsible for achieving performance targets and did not maintain an independent position from the business divisions. As a result, they were exposed to significant pressure to achieve such targets. Under these circumstances, accounting departments and business divisions collaborated to engage in improper accounting aimed at achieving profit targets, and the monitoring function of the accounting department as the second line of defense, which should be independent from business divisions, did not function effectively.

- Monitoring

The Corporate Administration & Internal Audit Department was aware that the root cause of frequent improper accounting within the Nidec Group was excessive performance pressure from certain members of the Company's management, but failed to take measures addressing the root cause, such as conducting in-depth investigations expanding the scope of investigation. Therefore, the monitoring function of the Corporate Administration & Internal Audit Department as the third line of defense did not operate sufficiently.

(Internal Controls over Accounting Closing and Financial Reporting Processes Appropriate to Be Evaluated from an Entity-level Perspective)

The Nidec global Accounting Policy (hereinafter the "NIAP"), the Group's accounting policy, stipulates guidelines and exception processing for certain accounting treatments in addition to rules and definitions in compliance with International Financial Reporting Standards.

However, because specific judgment criteria reflecting business characteristics were not sufficiently described in NIAP, there was room in practice for overly broad or deviating interpretations of the NIAP. Specifically, when it was difficult to reach a clear determination based solely on NIAP descriptions, a mechanism existed to apply for approval from the accounting department regarding the selected accounting policy. However, such applications became routine, rendering the operation of NIAP ineffective. Consequently, the accounting department, in line with the intentions of the business divisions, permitted accounting treatments based on overly broad or deviating interpretations of the NIAP, which led to improper accounting.

(Internal Controls over Business Processes)

Due to deficiencies identified in entity-level controls (control environment, risk assessment and response, control activities, information and communication, and monitoring) and internal controls over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective under the above conditions, existing internal controls over

business processes were invalidated, failing to prevent numerous improper accounting practices occurring across wide-ranging business bases and business processes of the Group.

<Material Weaknesses Identified Regarding Trade Compliance Issues>

(Entity-level Controls)

Through the investigation conducted by external experts into the Trade Compliance Issues, errors in the indication of country of origin were identified in the Group's exports to the United States. As a result, the Company conducted a statistical sampling survey of all transactions of major import bases pertaining to exports from the Company's bases to the United States during the period from the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2026. The survey revealed certain errors in tariff classifications, country of origin, application of preferential treatment based on preferential trade agreements, and import prices in import declarations to the United States. These errors were attributable not only to the relevant parties' insufficient trade know-how and compliance awareness (an entity-level control deficiency relating to the control environment), but also to insufficient business standardization within the Group (an entity-level control deficiency relating to control activities).

Additionally, for the fiscal year ended March 31, 2025, the following material weakness was identified regarding trade transaction issues at FIR:

<Material Weaknesses Identified Regarding Trade Transaction Issues at FIR>

Regarding FIR issues, the Company recognizes that the primary cause lay with the Company as the parent company for failing to reflect the impact of the issues in consolidated financial statements in a timely manner after recognizing them, and identified the following material weaknesses:

(Entity-level Controls)

Company officers and employees who received information regarding conduct suspected of violating laws and regulations failed to report such information to the Company's management through designated reporting lines. Consequently, necessary internal discussions and reviews regarding material risk information were not conducted, resulting in a loss of opportunity for early correction (entity-level controls: information and communication).

(Internal Controls over Accounting Closing Processes)

Internal controls designed to comprehensively collect material risk information that the Company should reflect in consolidated financial statements were not properly organized (Internal controls over the Company's accounting closing processes).

2. Reasons why remediation could not be completed by the end of the fiscal year ended March 31, 2026

Although some material weaknesses became known prior to the end of the fiscal year ended March 31, 2026, remediation could not be completed by the end of the fiscal year ended March 31, 2026, because there was insufficient time between discovery and the end of the fiscal year ended March 31, 2026, and certain weaknesses were identified after the end of the fiscal year ended March 31,

2026. Furthermore, regarding the material weakness concerning trade transaction issues at FIR identified in the fiscal year ended March 31, 2025, although recurrence prevention measures have been implemented, new material weaknesses were identified in entity-level controls and internal control over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective in the fiscal year ended March 31, 2026, leading to the evaluation that material weaknesses have not been remediated.

3. Policy for remediation of material weaknesses and status of remediation

The Company fully recognizes the importance of internal control over financial reporting and will secure the reliability of financial reporting by promptly formulating and executing the following recurrence prevention measures across the Group to remediate material weaknesses.

<Measures to Prevent Recurrence of Material Weaknesses Identified Regarding This Issue>

Recognizing that entity-level controls (control environment, risk assessment and response, control activities, information and communication, and monitoring) and internal control over accounting closing and financial reporting processes appropriate to be evaluated from an entity-level perspective form the foundation for making internal controls function effectively across the Group including business processes, the following measures have been formulated:

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Environment))

(1) Reform of the corporate culture and enhancement of compliance education

(i) Reform of the corporate culture

- Collecting opinions from employees through the establishment of a new organization to promote corporate culture reform
- Conducting a corporate culture learning program based on employee level
- Creating opportunities for dialogue with employees
- Behavioral transformation by management
- Behavioral transformation by employees
- Improvement activities across the Company's departments, Group companies, and global companies
- Ensuring transparency in the implementation status of measures

(ii) Enhancement of compliance education

- Enhancement of compliance education for new hires and regular learning programs
- Thorough compliance education throughout the Group and continuous dissemination of this Issue

(iii) Clarification of responsibility

- Establishment of the Executive Responsibility Investigation Committee
- Carrying out the necessary actions for employees below Vice Presidents and officers and employees of the Group companies
- Personnel measures in response to the third-party committee's investigation report and related findings

- (2) Review of personnel-related systems
 - (i) Review of the personnel evaluation system
 - Setting targets other than performance, and thorough evaluation
 - Implementation of measures to improve understanding of the system
 - (ii) Review of evaluation criteria for executive remuneration and strengthening of the effectiveness of the remuneration determination process
 - Review of evaluation criteria for executive remuneration
 - Implementation of measures to improve the effectiveness of the remuneration determination process
 - (iii) Review of the criteria for Vice President nominations and strengthening of their effectiveness
 - Review of selection criteria and formulation of dismissal criteria
 - Implementation of measures to improve the effectiveness of the Vice President selection process
- (3) Review of business plan formulation and management methods
 - (i) Reorganization of the medium-term management plan and business plan formulation process
 - Redefinition and clarification of rules for formulating the medium-term management plan and business plan
 - Establishment of a team structure (team system) for examining the medium-term management plan and business plan
 - Strengthening the medium-term management plan and business plan formulation process
 - (ii) Optimization of the budget vs. actual performance management process
 - Change in performance management metrics in budget vs. actual performance management
 - Analysis of results, consideration of measures, and implementation of measures to improve the accuracy of the next business plan
 - (iii) Review of business evaluation criteria
 - Review of numerical items
 - Addition of evaluation items

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Environment, Risk Assessment and Response, Information and Communication))

- (4) Improving the effectiveness of the Board of Directors and the Audit and Supervisory Committee
 - Implementation of measures to improve the effectiveness of the Board of Directors' oversight of the appropriateness of performance targets
 - Establishment of a system for sharing important risk information and strengthening supervisory functions
 - Implementation of measures to improve the effectiveness of the Audit and Supervisory Committee

- Strengthening supervisory functions by diversifying the expertise of the Board of Directors
- Enhancing the system to support outside directors

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Activities))

(5) Ensuring independence of the accounting function from business divisions

- Ensuring the independence of the accounting function
- Securing accounting resources
- Awareness-raising and education on accounting
- Strengthening accounting governance

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Monitoring))

(6) Strengthening the internal audit system

- Strengthening independence through cooperation with the Audit and Supervisory Committee
- Implementation of measures to increase the number of companies subject to internal audits and improve audit quality

(Recurrence Prevention Measures for Deficiencies Regarding Internal Controls over Accounting Closing and Financial Reporting Processes Appropriate to Be Evaluated from an Entity-level Perspective)

(7) Clarification of accounting policies and proper operation

- Revision of the NIAP and abolition of requests for exceptions
- Thorough dissemination of the NIAP
- Introduction of a system for declarations of compliance with the NIAP
- Review of Business Units and domestic Group companies

<Measures to Prevent Recurrence of Material Weaknesses Identified Regarding Trade Compliance Issues>

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Environment))

(1) Implementation of training and education

- Implementation of training on trade compliance
- Continuous communication on the importance of compliance

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Activities))

(2) Formulation and rollout of SOPs (Standard Operating Procedures)

- Formulation and rollout of the “Customs Compliance Manual” and “Customs Compliance Handbook”
- Formulation and rollout of SOPs (Standard Operating Procedures)

<Measures to Prevent Recurrence of Material Weakness Identified Regarding Trade Transaction Issues at FIR>

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Information and Communication) and Internal Controls over Accounting Closing Processes)

- (1) Nurturing awareness and a corporate culture that make regulatory compliance the top priority
 - Sending a clear message from the Company's Board of Directors to the Group employees
 - Thoroughly communicating the necessity of prioritizing compliance above all else through disciplinary actions
 - Strengthening the Group's Legal & Compliance Department's functions and authority
- (2) Strengthening organizations and systems
 - Strengthening the trade compliance system
 - Strengthening the global compliance system
- (3) Improvement of procedures, regulations and mechanisms
 - Improvement of the Group's reporting lines
 - Information sharing among the Company group's Legal & Compliance Departments
 - Properly organizing the internal control system

The status of implementation of the above recurrence prevention measures as of the date hereof is as follows.

<Measures to Prevent Recurrence Regarding Material Weakness Identified Regarding This Issue>

(Recurrence Prevention Measures for Deficiencies in Internal Controls over Entity-level Controls (Control Environment))

- (1) Reform of the corporate culture and enhancement of compliance education
 - (i) Reform of the corporate culture

Item	Implemented Recurrence Prevention Measures
Collecting opinions from employees through the establishment of a new organization to promote corporate culture reform	The Company has commenced collecting employee feedback through the Culture Transformation Lab, which was established to ensure that employees' views are communicated to management, facilitating prompt decision-making and the timely incorporation of such feedback into initiatives, thereby promoting cultural transformation on a continuous and sustainable basis.
Conducting a corporate culture learning	The Company is conducting corporate culture training for executive officers and managers, as well as general employees, at major Group companies in Japan and overseas. The training is

program based on employee level	intended to promote employees' understanding of the Company's corporate culture transformation initiatives, foster a shared understanding of the "correct image" that form the foundation of the Company's desired culture, and encourage behavioral change.
Creating opportunities for dialogue with employees	The Company has continued to conduct workshops and site interviews to directly gather employees' views and incorporate them into the development of specific measures for corporate culture transformation. In addition, town hall meetings involving senior management have been held on an ongoing basis.
Behavioral transformation by management	To steadily advance the transformation of the Group under its new management structure, the Company held an executive retreat aimed at establishing the future direction of its transformation initiatives and defining the vision to which the Group aspires, as well as promoting a shared understanding of these objectives. In addition, the President has continued to communicate top messages to employees on an ongoing basis.
Behavioral transformation by employees	The Company is promoting the development of a workplace environment that encourages interaction among employees through the implementation of initiatives incorporating employee feedback. In addition, the Company held an "Appreciation Week" to provide employees with opportunities to express their gratitude to one another, with the aim of further strengthening employee connections and fostering more active day-to-day communication.
Improvement activities across the Company's departments, Group companies, and global companies	The Company's departments, Group companies, and global companies also conducted improvement activities tailored to the specific challenges faced in their respective workplaces, as well as workshops to discuss future initiatives. In addition, these initiatives have been promoted through information sharing and coordination between the respective companies and the Culture Transformation Lab.
Ensuring transparency in the implementation status of measures	To enhance transparency regarding how employee feedback is handled, the Company has published information on its corporate culture transformation initiatives on its internal portal site and has been providing regular updates on the status of deliberations and the direction of responsive actions.

(ii) Enhancement of compliance education

Item	Implemented Recurrence Prevention Measures
Enhancement of compliance education for new hires and	To foster a compliance-first mindset, the Company enhanced its compliance training programs provided at the time of hiring and on a periodic basis. The onboarding training program is designed to deepen employees' understanding of the Group's compliance framework by introducing examples of the Company's past

regular learning programs	inappropriate conduct and ongoing initiatives, including corporate culture transformation efforts. It also aims to encourage employees to take personal ownership of compliance and to cultivate a strong commitment to neither engage in nor tolerate compliance violations.
Thorough compliance education throughout the Group and continuous dissemination of this Issue	To maintain compliance awareness across the Group on an ongoing basis, the Company communicated to its officers and employees the background, causes, and lessons learned from this Issue and conducted compliance training using this Issue as a case study.

(iii) Clarification of responsibility

Item	Implemented Recurrence Prevention Measures
Establishment of the Executive Responsibility Investigation Committee	The Company established the Executive Responsibility Investigation Committee, composed solely of external professionals, to examine and investigate whether any current or former directors, corporate auditors, or executive officers of the Company bear legal liability in connection with the series of improper accounting cases within the Group, including liability for breach of their duties in the execution of their responsibilities.
Personnel measures in response to the third-party committee's investigation report and related findings	Following the findings in the Third-Party Committee's investigation report and other reviews that numerous instances of improper accounting had occurred over an extended period across a wide range of locations, the Company imposed disciplinary measures on directors, Vice Presidents, and other responsible personnel.

(2) Review of personnel-related systems

(i) Review of the personnel evaluation system

Item	Implemented Recurrence Prevention Measures
Setting targets other than performance, and thorough evaluation	To correct the mindset of prioritizing short-term profits above all else and to foster a mindset and corporate culture in which doing the “right” thing is always the highest priority, the Company added compliance-related objectives to managers' performance goals and progressively revised existing systems that may have encouraged a focus on short-term results, and the revised framework was put into operation.
Implementation of measures to	To promote understanding of the personnel evaluation system, the Company conducted briefing sessions for all employees and revised

improve understanding of the system	its handbook, which outlines evaluation criteria and goal-setting methodologies. In addition, to ensure the proper implementation of the personnel evaluation system, the Company provided goal-setting training for evaluators, while domestic Group companies also conducted briefing sessions for employees and goal-setting training programs for evaluators.
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(ii) Review of evaluation criteria for executive remuneration and strengthening of the effectiveness of the remuneration determination process

Item	Implemented Recurrence Prevention Measures
Review of evaluation criteria for executive remuneration	The Company redesigned its evaluation criteria for executive remuneration and introduced a new framework for short-term incentives that incorporates not only annual sales, operating profit, and free cash flow targets, but also factors relating to internal management systems. Through the application of these new criteria, the Company is reinforcing awareness of process-oriented management and a medium- to long-term perspective. In addition, the Company standardized the evaluation criteria for executive remuneration globally and expanded their scope of application.
Implementation of measures to improve the effectiveness of the remuneration determination process	To enhance the effectiveness of the executive remuneration determination process, the Company established a framework to strengthen the involvement of Remuneration Committee members, who are outside directors, by providing them with information necessary for remuneration decisions in a timely and appropriate manner. In addition, the Remuneration Committee or the Company's Human Resources Department verifies that remuneration is determined in accordance with the globally standardized evaluation criteria for executive remuneration, thereby ensuring transparency and consistency in the executive remuneration determination process.

(iii) Review of the criteria for Vice President nominations and strengthening of their effectiveness

Item	Implemented Recurrence Prevention Measures
Review of selection criteria and formulation of dismissal criteria	To ensure the suitability of executive officers, the Company revised the Executive Officer Regulations to expand the scope of the appointment criteria so that they apply not only to executive officers but also to the Group's global senior executives and CEOs of domestic Group companies. The revised criteria incorporate requirements relating to high ethical standards and compliance awareness, leadership demonstrated through organizational development and talent cultivation, and the ability to formulate and execute forward-looking strategies. In addition, the Company established dismissal criteria for executive officers, enabling the Company to consider dismissal where circumstances arise that indicate the selection criteria are no longer satisfied or where material violations of internal regulations occur.

Implementation of measures to improve the effectiveness of the Vice President selection process	To facilitate the sharing of multifaceted information regarding nomination candidates with the Nominating Committee in advance, the Company introduced this practice on a pilot basis in connection with the appointment of executive officers in April 2026. In addition, the Company plans to increase opportunities for interviews and dialogue between the Nominating Committee and nomination candidates from an early stage in preparation for the appointment of executive officers in April 2027, thereby enhancing the transparency and objectivity of the Nominating Committee's evaluation process. Furthermore, to ensure transparency and consistency in the executive officer appointment process, the Nominating Committee or the Company's Human Resources Department verifies that appointments are made in accordance with the globally standardized selection criteria.
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(3) Review of business plan formulation and management methods

(i) Reorganization of the medium-term management plan and business plan formulation process

Item	Implemented Recurrence Prevention Measures
Redefinition and clarification of rules for formulating the medium-term management plan and business plan	In formulating the Medium-Term Management Plan and annual business plans, the Company adopted a policy of developing plans that take into account the specific characteristics and business environment of each business, and has commenced operating in accordance with this policy.
Establishment of a team structure for examining the medium-term management plan and business plan	Rather than holding business units and domestic Group companies accountable for achieving top-down targets, the Company established a framework under which responsibility for plan development is clearly assigned and the designated individuals are responsible for formulating such plans themselves. In addition, the Company established support teams to assist those responsible for plan development.
Strengthening the medium-term management plan and business plan formulation process	To prevent the formulation or modification of the medium-term management plan and annual business plans based on the personal discretion or arbitrary judgment of certain members of the Company's management, the Company established a process requiring deliberation and approval by the relevant corporate bodies. Specifically, the direction, review process, and other key aspects of the medium-term management plan have been deliberated by the Executive Management Meeting and the Board of Directors, and the medium-term management plan formulation process has been initiated.

(ii) Optimization of the budget vs. actual performance management process

Item	Implemented Recurrence Prevention Measures
Change in performance management metrics in budget vs. actual performance management	The Company abolished the management framework and performance review meetings that required daily reporting of monthly forecast figures involving business judgment by the business divisions, and introduced a budget-to-actual management process focused on monthly financial results that do not involve such business judgment.
Analysis of results, consideration of measures, and implementation of measures to improve the accuracy of the next business plan	The Company analyzes and investigates the causes of variances between monthly actual results and annual business plans and, based on the results of such analysis, reviews the plans during the fiscal year as necessary and considers feasible measures to address such variances.

(iii) Review of business evaluation criteria

Item	Implemented Recurrence Prevention Measures
Review of numerical items	The Company revised its business performance evaluation criteria, which had been heavily weighted toward operating profit, to adopt multifaceted evaluation criteria incorporating cash flow and balance sheet metrics.
Addition of evaluation items	The Company adopted the degree of achievement against established targets as the principal business performance evaluation criterion and added evaluation metrics reflecting a medium- to long-term perspective to its business performance evaluation framework.

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Environment, Risk Assessment and Response, Information and Communication))

(4) Improving the effectiveness of the Board of Directors and the Audit and Supervisory Committee

Item	Implemented Recurrence Prevention Measures
Implementation of measures to improve the effectiveness of the Board of Directors' oversight of the appropriateness	With respect to business plans and performance targets, the Board of Directors oversees the reasonableness of the assumptions underlying such plans, the appropriateness of risk recognition, and the soundness of the process for setting targets. The Board of Directors also regularly follows up on the progress of business plans and deliberates on matters such as whether revisions to the targets are necessary. Specifically, to strengthen the formulation of business plans and the follow-up of progress against such plans, the Company

of performance targets	revised the Board of Directors Regulations and clarified matters relating to business plans that are subject to deliberation by the Board of Directors. In addition, by establishing a “Board of Directors Deliberation Schedule” with the approval of the Board of Directors, the Company instituted a process under which business plans are deliberated by the Board of Directors and has commenced both the review of such plans and the monitoring of their progress.
Establishment of a system for sharing important risk information and strengthening supervisory functions	Following the amendment of the Board of Directors Regulations to require the reporting of significant risk information to the Board of Directors, the Company revised its Risk Management Regulations and Crisis Management Regulations to clarify the definition of significant risk information that must be reported to the Board of Directors and the criteria for determining whether such reporting is required.
Implementation of measures to improve the effectiveness of the Audit and Supervisory Committee	The Company conducts quarterly reporting of internal audit results by Corporate Administration & Internal Audit to the Audit and Supervisory Committee and holds quarterly meetings among the Audit and Supervisory Committee, Corporate Administration & Internal Audit, and the independent auditor to facilitate the regular exchange of views and information.
Strengthening supervisory functions by diversifying the expertise of the Board of Directors	To establish a Board of Directors composition capable of providing oversight from a broader range of perspectives, the Nominating Committee clarified the requirements for the composition of the Board of Directors, including the appointment of outside directors with diverse expertise, such as individuals with experience in the management of listed companies and accounting professionals. Based on these composition requirements, the Company proceeded with the selection of director candidates, and all director candidates nominated by the Company were approved at the annual general meeting of shareholders held in June 2026.
Enhancing the system to support outside directors	To ensure that outside directors have timely access to the information they require and are able to make informed decisions based on key points, the Company established a Board of Directors Office. In addition, the responsibilities of the Board of Directors Office were expressly expanded to include serving as the point of contact for outside directors when engaging external experts.

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Activities))

(5) Ensuring the independence of the accounting function from the business divisions

Item	Implemented Recurrence Prevention Measures
Ensuring the independence of	The Company separated its accounting function into a financial accounting function responsible for statutory financial reporting and a business management function responsible for monitoring the execution of business strategies. In addition, the accounting

the accounting function	functions of the business units and domestic Group companies were placed under the oversight of the Company's accounting function, and a framework was established under which the Company's CFO reviews in advance any appointment or dismissal of CFOs of business units and domestic Group companies. With respect to the performance evaluations of the heads of accounting at business units and domestic Group companies, the CFOs of the respective business units and domestic Group companies are required to report the evaluation results and the reasons therefor to the Company's CFO, thereby enabling the Company's CFO to assess the fairness and appropriateness of such evaluations. To ensure that the organization is able to report accurate financial results, the Company established dual reporting lines. Specifically, the CFOs of business units and domestic Group companies report to both the CEO of their respective organizations and the Company's CFO, while the heads of accounting of business units and domestic Group companies report to both the CFO of their respective organizations and the Company's head of accounting.
Securing accounting resources	As strengthening the accounting organization through recruitment and personnel reassignments requires time, the Company has, on an interim basis, enhanced its accounting resources through the utilization of external professionals.
Awareness-raising and education on accounting	To reinforce a sincere commitment to investors and the capital markets, ensure the integrity of financial reporting, and enhance understanding of and awareness of compliance, the Company conducted training programs based on actual improper accounting cases. These programs were provided to senior management, officers and employees engaged in accounting functions, and officers and employees working in procurement, production control, and sales functions.
Strengthening accounting governance	The Company established a process requiring Group companies to report material accounting and financial reporting risk information to the Company's accounting department. Through this process, such information is centrally collected and managed by the Company and shared with the Executive Management Meeting.

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Monitoring))

(6) Strengthening the internal audit system

Item	Implemented Recurrence Prevention Measures
Strengthening independence through	To strengthen the independence of Corporate Administration & Internal Audit, which is a prerequisite for effective monitoring, the Company amended its regulations to require the prior consent of the

cooperation with the Audit and Supervisory Committee	Audit and Supervisory Committee for the appointment and reassignment of the head of Corporate Administration & Internal Audit, and has commenced operation under the revised framework. In addition, the results of internal audits have been reported to the Audit and Supervisory Committee at least once each quarter, thereby ensuring opportunities for information sharing and coordination between Corporate Administration & Internal Audit and the Audit and Supervisory Committee.
Implementation of measures to increase the number of companies subject to internal audits and improve audit quality	To strengthen the monitoring function, the Company has increased its internal audit personnel and expanded the scope of entities subject to internal audits. In addition, to enhance the quality of internal audits, the Company established a planning and management group and developed checklists for individual audit areas, while also standardizing audit working papers.

(Recurrence Prevention Measures for Deficiencies in Internal Controls over Accounting Closing and Financial Reporting Processes Appropriate to Be Evaluated from an Entity-level Perspective)

(7) Clarification of accounting policies and proper operation

Item	Implemented Recurrence Prevention Measures
Revision of the NIAP and abolition of requests for exceptions	To clarify accounting policies, the Company added specific guidance reflecting the actual circumstances of its businesses, based on this Issue and the characteristics of each business, with respect to accounting treatment criteria that had not previously been sufficiently explicit, thereby providing clearer guidance for accounting judgments. In addition, the Company abolished the exception approval request process that had contributed to the ineffective operation of the NIAP.
Thorough dissemination of the NIAP	The revised NIAP was communicated to all business units and domestic Group companies through formal notices and other communications. In addition, it was made available through NIAPO (Nidec Accounting Portal), the intranet platform used by the Company's accounting function.
Introduction of a system for declarations of compliance with the NIAP	The Company introduced a certification process under which the heads of accounting at business units and domestic Group companies confirm and certify compliance with the NIAP using a checklist of key accounting issues developed based on the results of the accounting self-assessment conducted in connection with this Issue and other relevant findings.
Review of Business Units and domestic	The Company strengthens oversight of the accounting functions of the Business Units and domestic Group companies by having its accounting department conduct quarterly reviews to assess

Group companies	whether each Group company is performing its financial closing processes appropriately.
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<Measures to Prevent Recurrence of Material Weaknesses Identified Regarding Trade Compliance Issues>

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Environment))

(1) Implementation of training and education

Item	Implemented Recurrence Prevention Measures
Implementation of training on trade compliance	The Company conducted trade compliance training for officers and employees involved in trade-related operations.
Continuous communication on the importance of compliance	As part of compliance training for Group officers and employees, the Company delivered a video message emphasizing the importance of compliance.

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Control Activities))

(2) Formulation and rollout of SOPs (Standard Operating Procedures)

Item	Implemented Recurrence Prevention Measures
Formulation and rollout of the “Customs Compliance Manual” and “Customs Compliance Handbook”	The Company formulated and rolled out the “Customs Response Manual” and the “Customs Response Handbook” covering operations related to the determination of the country of origin, tariff classifications, and free trade agreements. The Customs Response Manual organizes trade compliance requirements by business process, while the Customs Response Handbook sets out key points and precautions requiring particular attention.
Formulation and rollout of SOPs (Standard Operating Procedures)	To ensure the effective implementation of trade compliance, the Company developed Standard Operating Procedures (SOPs).

<Measures to Prevent Recurrence of Material Weakness Identified Regarding Trade Transaction Issues at FIR>

(Recurrence Prevention Measures for Deficiencies in Entity-level Controls (Information and Communication) and Internal Controls over Accounting Closing Processes)

(1) Nurturing awareness and a corporate culture that make regulatory compliance the top priority

Item	Implemented Recurrence Prevention Measures
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Sending a message	In September 2025, the Company's Board of Directors issued a clear compliance-first message to all Group officers and employees, emphasizing a strict stance toward compliance violations and a policy of prompt response to such violations. In addition, the Representative Director and President has continuously communicated clear messages to global executives that establishing a compliance-first culture is a top management priority and that all officers and employees are expected to act autonomously with high ethical standards and integrity.
Thorough communication of disciplinary actions	The Company implemented disciplinary measures against the individuals involved in the FIR matter and explained the details of such measures at internal briefing sessions. At the same time, the Company communicated the importance of ensuring that compliance considerations take precedence in all decision-making and actions.
Strengthening the Group's Legal & Compliance Department's functions and authority	To enhance the effectiveness of the Legal and Compliance Department, the Company appointed licensed attorneys as the Chief Legal Officer (CLO) and to department head-level positions within the Legal and Compliance Department, thereby establishing a framework for leveraging specialized legal expertise. In addition, authority over trade compliance matters in the United States was delegated to the regional headquarters for the United States.

(2) Strengthening organizations and systems

Item	Implemented Recurrence Prevention Measures
Strengthening the trade compliance system	The Company clarified the roles and responsibilities of its Trade Compliance Office and appointed a customs specialist with prior experience at the World Customs Organization (WCO) as Head of the Trade Compliance Office, thereby strengthening its trade compliance framework. In addition, the Company established a Global Trade Strategy Team comprising specialists and subject-matter experts responsible for monitoring developments in trade regulations.
Strengthening the global compliance system	The Company established the position of Chief Legal Officer (CLO) and appointed individuals with specialized knowledge and experience to the role, while also assigning compliance specialists to North America. In addition, to enhance the sharing of risk information and improve responsiveness, the Company strengthened coordination by holding biweekly meetings with legal and compliance officers in each region.

(3) Improvement of Procedures, Regulations, and Mechanisms

Item	Implemented Recurrence Prevention Measures
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Improvement of reporting lines	To prevent delays in the escalation of information similar to those that occurred in connection with the FIR matter, the Company expressly incorporated the following requirements into its regulations: 1) Material risk information must be reported directly to the Company's Chief Compliance Officer (CCO); and 2) Regional legal and compliance officers who become aware of any violation of laws or regulations, or any conduct that may constitute such a violation, must report the matter to the Company's Legal and Compliance Department.
Information sharing among the Company group's Legal & Compliance Departments	The Company introduced a framework under which the Legal and Compliance Department receives monthly reports from regional legal personnel regarding litigation-related risk information and shares such information within the Legal and Compliance Department.
Properly organizing the internal control system	The Company established a framework under which litigation-related risk information is captured in a database, analyzed, and shared with the accounting department. In addition, information relating to whistleblowing reports is shared with the accounting department after removing or redacting information that could lead to the identification of whistleblowers and restricting access to such information to authorized personnel.

4. Description of the significant evaluation procedures that could not be performed and the reasons why the Company is unable to express an evaluation conclusion on internal control

As described in Item 3, "Matters Concerning Evaluation Results," of the Internal Control Report, the Company has been conducting evaluations to determine appropriate personnel-related remedial measures and implementing such measures with respect to officers and employees involved in improper accounting practices and other related matters; however, some of these personnel-related remedial measures has not yet been completed. As a result, there remains a possibility that the incomplete personnel-related remedial measures could have a material and pervasive impact on entity-level internal controls, and the Company was therefore unable to evaluate their impact on the entity-level internal controls of the Company and its Group companies. Consequently, the Company determined that it was unable to express an evaluation conclusion on the effectiveness of internal control over financial reporting for the fiscal year ended March 31, 2026.

5. Impact on the Consolidated Financial Statements and Non-Consolidated Financial Statements

The necessary corrections identified to date arising from the material weaknesses described above have been reflected in the consolidated financial statements and non-consolidated financial statements.

However, as described in the Notes to Consolidated Financial Statements and in the notes entitled "Status of the Company's Remedial Actions Relating to Corporate Governance" included in the Annual Securities Report, the Company has identified certain officers and employees who were

involved in, instructed, or were aware of improper accounting practices and other matters, or who made false explanations to the Accounting Auditor, and has been conducting evaluations to determine appropriate personnel-related remedial measures and implementing such measures; however, some of these measures have not yet been completed. In addition, as it has not been sufficiently confirmed that the successors who have assumed responsibility for financial reporting are appropriately performing their duties, undetected misstatements may have a material and pervasive effect on the consolidated financial statements and non-consolidated financial statements. However, because the line items, amounts, and notes in the consolidated financial statements and non-consolidated financial statements that would be affected if such effect were reflected cannot be identified, no adjustments have been made to the consolidated financial statements or non-consolidated financial statements.

6. Audit Opinion in the Auditor's Report on the Consolidated and Non-consolidated Financial Statements

Opinions are disclaimed.