English translation

Financial Statements Summary for the Year Ended March 31, 2026 [IFRS] (Consolidated)

September 30, 2026

Company name: NIDEC CORPORATION URL https://www.nidec.com/en/
Stock listing: Tokyo Stock Exchange - Prime Market
Code number: 6594
Representative: Masayuki Minai, Representative Director, Senior Vice President
Information on contact: Kazuo Nakagawa, Vice President and Acting Chief Financial Officer
Department Tel: +81-75-935-6200 Mail address: ir@nidec.com

Scheduled date of Regular General Meeting of Shareholders: June 18, 2026
Scheduled date of filing of Japanese annual securities report: September 30, 2026
Scheduled date of dividend payable: -
Supplemental materials: None
Earnings presentation held: None

(Amount Unit: Yen in Millions, unless otherwise indicated)
(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated Operating Results (Percentage represents year-on-year changes)

	Net sales		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Comprehensive income for the period	
		%		%		%		%		%
For the year ended March 31, 2026	2,708,705	3.9	(518,978)	—	(496,214)	—	(564,624)	—	(478,289)	-
For the year ended March 31, 2025 (Restated)	2,606,347	11.3	128,222	(9.2)	124,576	(29.8)	84,672	(13.9)	56,216	(78.9)

	Earnings per share attributable to owners of the parent-basic (Yen)	Earnings per share attributable to owners of the parent-diluted (Yen)
For the year ended March 31, 2026	(492.55)	(492.55)
For the year ended March 31, 2025 (Restated)	73.69	73.69

(Reference) Share of net profit (loss) from associate accounting using the equity method:
¥(1,010) million for the year ended March 31, 2026
¥(3,179) million for the year ended March 31, 2025

(Notes) 1. "Earnings per share attributable to owners of the parent-basic" and "Earnings per share attributable to owners of the parent-diluted" have been calculated based on figures of "Profit attributable to owners of the parent".

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent to total assets	Total equity attributable to owners of the parent per share (Yen)
				%	
As of March 31, 2026	3,107,621	764,726	794,164	25.6	692.80
As of March 31, 2025 (Restated)	2,919,765	1,266,730	1,239,815	42.5	1,081.57

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
For the year ended March 31, 2026	234,218	(136,238)	418,246	852,204
For the year ended March 31, 2025 (Restated)	272,471	(135,628)	(80,387)	246,254

2. Dividends

	Dividends per share (Yen)					Dividends for the year (Total)	Dividend payout ratio (consolidated) (%)	Ratio of total dividends to total equity attributable to owners of the parent (consolidated) (%)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
For the year ended March 31, 2025	-	40.00	-	20.00	-	45,978	54.3	3.7
For the year ended March 31, 2026	-	0.00	-	0.00	0.00	0	-	-
For the year ending March 31, 2027 (Forecast)	-	-	-	-	-		-	

(Notes) 1. Revision of previously announced dividend forecast during this reporting period: None.
2. The Company carried out a two-for-one stock split of shares of common stock on October 1, 2024. For this reason, the year-end dividend per share for the fiscal year ending March 31, 2025 is presented in an amount that takes the impact of this stock split into account. The total amount of annual dividends for the fiscal year ending March 31, 2025 is not shown because a simple sum cannot be calculated due to the stock split. The forecast annual dividends per share before the stock split are 40 yen at the end of the fiscal year and 80 yen in total.
3. As stated in the "Notice Regarding the Determination of No Interim Dividend, Revision of Year-End Dividend Forecast, and Revision to the Forecast of Consolidated Financial Performance" announced on October 23, 2025, we have decided not to pay a dividend from interim dividends with a record date of September 30, 2025. In addition, as stated in the "Announce Regarding Dividend of Surplus (No Year-End Dividend)" announced on March 3, 2026, we have also decided not to pay a dividend from year-end dividends with a record date of March 31, 2026.
4. We have not yet decided on the forecast for a dividend from retained earnings (interim dividend) with a record date of September 30, 2026.
5. We have not yet decided on the forecast for a dividend from retained earnings (year-end dividend) with a record date of March 31, 2027.

3. Forecast of Consolidated Financial Performance for the year ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(Percentage represents year-on-year changes)

	Net sales		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Earnings per share attributable to owners of the parent-basic
		%		%		%		%	(Yen)
2nd Quarter end	1,400,000	7.3	120,000	37.4	110,000	15.4	60,000	104.1	52.34
Fiscal year end	2,800,000	3.4	200,000	-	180,000	-	100,000	-	87.23

*Notes

(1) Changes in Significant Subsidiaries during This Period (changes in "specified subsidiaries" (*tokutei kogaisha*) resulting in the change in scope of consolidation) : None

(2) Changes in Accounting Policies and Changes in Accounting Estimates:
1. Changes in accounting policies required by IFRS : Yes
2. Changes in accounting policies due to other reasons : None
3. Changes in accounting estimates : None

(3) Number of Shares Issued (Ordinary Shares)
1. Number of shares issued at the end of the period (including treasury stock):
As of March 31, 2026: 1,192,568,936 As of March 31, 2025: 1,192,568,936
2. Number of treasury stock at the end of the period:
As of March 31, 2026: 46,260,495 As of March 31, 2025: 46,261,077
3. Weighted-average number of shares outstanding during the period:
For the year ended March 31, 2026: 1,146,308,959 For the year ended March 31, 2025: 1,148,916,724

*This annual report is not subject to audit procedures by certified public accountants or an auditing firm.

*Explanation for appropriate use of forecast and other notes

(1) Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by the Company as of the date of disclosure of the corrected financial results report (September 30, 2026), or certain assumptions that the Company has deemed as rational. The Company cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from the Company's expectations as a result of various factors. For the assumptions used and other notes, please refer to "1. Overview of Operating Results, Etc. (3) Business Forecasts" .

(2) Improper accounting practices and other related matters
The Company recognized the suspicion of improper accounting treatment, that may have a significant impact on the entire condensed consolidated financial statements, with the involvement or knowledge of its or their management—namely, for example, that those companies could be construed to have arbitrarily considered when to write down certain assets with risk in terms of their asset value. Therefore, the Company recognized the need for objective investigations by the Third-Party Committee independent of the Company. Accordingly, the Company decided to establish the Third-Party Committee in compliance with the

“Guidelines for Third-Party Committees in Cases of Corporate Misconduct” established by the Japan Federation of Bar Associations on September 3, 2025.
In the Third-Party Committee‘s reports, a large number of instances of improper accounting practices through misconduct and errors were pointed out at various operating bases in the Company and the group companies. In light of the final report from the Third-Party Committee, including the results of the self-inspection, and the internal investigations and other internal investigations regarding potential quality issues, the Company decided that it was necessary to retroactively correct misstatements associated with the improper accounting practices and other practices in the consolidated financial statements and other related documents, including corrections of errors related to matters that were not corrected from the viewpoint of materiality in previous years and matters that were additionally identified in the course of the investigation.
Details of investigations by Third-Party Committee and other internal investigations are described in “4. Consolidated Financial Statements and Other Information, (5) Notes to Consolidated Financial Statements (8. Additional information)”.

(3) Premises for the Preparation of Consolidated Financial Statements
The Company established a Third-Party Committee on September 3, 2025, received the investigation report from the Third-Party Committee on February 27, 2026, and received the investigation report (supplement) as its final report on April 17, 2026. The investigation reports describe numerous instances of improper accounting practices carried out at various operating bases within the Company and its group companies with the involvement or knowledge of management, including premature revenue recognition, understatement of provisions, overstatement of inventories, avoidance of impairment losses on fixed assets, and capitalization of expenses. The reports further identified instances in which management or accounting personnel of the Company and its group companies provided inaccurate or misleading information to the independent auditor, concealed relevant documents, or provided altered records in order to obtain the independent auditor’s concurrence. The improper accounting practices identified by the Third-Party Committee have been corrected in the consolidated financial statements.
However, the Company has identified certain officers and employees of the Company and its group companies who participated in, directed, or had knowledge of the improper accounting practices, or who provided false explanations to the independent auditor, and is evaluating and taking remedial personnel actions to determine appropriate measures; however, some of those actions have not been completed. As a result, certain officers and employees who participated in, directed, or had knowledge of the improper accounting practices, or who provided false explanations to the independent auditor, continue to hold positions of responsibility within the financial reporting process of the Company and its group companies.
The matters identified in the Third-Party Committee’s reports indicate that material weaknesses existed in the control environment over an extended period and raise substantial concerns regarding whether the Company’s governance and control environment relating to financial reporting is operating effectively, including whether the risk of management override of controls has been sufficiently mitigated. This condition also affects the reliability of records, documents and information submitted to the independent auditor by, or prepared, responded to, or reviewed by, individuals involved in the improper accounting practices, as well as the reliability of management representations provided to the independent auditor.
Although the Company is evaluating and taking remedial personnel actions to determine appropriate measures for individuals involved in the improper accounting practices, some of those remedial personnel actions have not been completed, and it has not been confirmed that successor personnel have assumed responsibility for financial reporting and are appropriately performing their responsibilities. Accordingly, the possible effects of any undetected misstatements on the consolidated financial statements would not be confined to specific line items or disclosures and could be material and pervasive. Such effects, if any, have not been reflected in the consolidated financial statements.
For details, please refer to " Status of the Company’s Remediation Measures Relating to Corporate Governance" in the Notes to Consolidated Financial Statements.

1. Overview of Operating Results, Etc.

As described in “4. Consolidated Financial Statements and Other Information, (5) Notes to Consolidated Financial Statements (8. Additional information)”, the Company established the independent 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 on September 3, 2025, and received the investigation report from the Third-Party Committee on February 27, 2026, and the investigation report (supplement) as its final report on April 17 of the same year. In addition, the Company has conducted internal investigations regarding potential quality issues and issues related to trade transactions and tariffs. In these reports, a large number of instances of improper accounting practices through misconduct and errors were pointed out at various operating bases in the Company and the group companies. In light of the final report from the Third-Party Committee, including the results of the self-inspection, the Company decided that it was necessary to retroactively correct misstatements associated with the improper accounting practices and other practices, including corrections of errors related to matters that were not corrected from the viewpoint of materiality in previous years and matters that were additionally identified in the course of the investigation.

The analytical figures and other information presented below are based on the consolidated financial statements for the fiscal year ended March 31, 2025, reflecting these restatements.

(1) Overview of Operating Results for the Year Ended March 31, 2026

1. Overview of Business Environment for the Year Ended March 31, 2026

During the nine months ended March 31,2026, the global economy remained resilient overall and gradually recoveded by various national policies. On the other hand, outlook remained uncertain due to factors such as the impact of U.S trade and tariff policies, hightlighted geopolitical risks in the Middle East, and fluctuations in financial markets.

In this economic situation, the initiatives by product group are as follows:

First, in the Small precision motors, we are working to develop and expand net sales of products that respond to the evolution required to support the explosive growth of the market in our product groups for AI data centers that support the AI society, including water-cooling modules and near-line HDDs. In addition to these efforts, we are also working to further boost profitability by reviewing unprofitable models.

Next, in the Automotive products, we will continue to provide the market with mobility innovations that contribute to the promotion of electrification and automation of mobility through a wide variety of products and related modules. At the same time, we are working to improve profitability by thoroughly reviewing orders for unprofitable models and reducing fixed costs. Also, with the integration of the Automotive organic (existing business) into the Appliance Commercial Industrial Motors Business Unit (ACIM), Nidec Mobility and Nidec Elesys merged their operations, effective April 1, 2025. We will integrate the resources of both companies and accelerate the restructuring of a system that can reorganize business.

In the Appliance, commercial and industrial products, demand continues to grow for backup power generators for data centers, Battery energy storage systems (BESS) accelerated by green innovation. To meet these strong demands, NIDEC is actively investing in enhancing production capacity in India, France, and North and Middle America, and strengthening its recurring business related to maintenance and inspections downstream of the value chain.

Regarding the Machinery, we are steadily receiving orders amid a global trend toward capital investment aimed at "labor-saving and unmanned operations" and "higher speed and precision." We aim to become a leader in global manufacturing by steadily capturing demand for capital investment while creating synergies between the companies we have acquired through M&A in recent years and our group companies.

Our company and our group will continue to leverage our advanced technological capabilities and manufacturing expertise to pursue ongoing high profitability as a leading company contributing to the realization of a sustainable, circular society.

2. Consolidated Operating Results

Consolidated Operating Results for the Year Ended March 31, 2026 ("this fiscal year"), Compared to the Year Ended March 31, 2025 ("the previous fiscal year")

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales	2,606,347	2,708,705	102,358	3.9%
Operating profit (loss)	128,222	(518,978)	-	-
Operating profit ratio	4.9%	-%	-	-
Profit (loss) before income taxes	124,576	(496,214)	(620,790)	-
Profit (loss) for the period from continuing operations	79,409	(622,910)	(702,319)	-
Loss for the period from discontinued operations	(204)	(51)	153	-
Profit (loss) attributable to owners of the parent	84,672	(564,624)	(649,296)	-

Consolidated net sales from continuing operations increased by 3.9% to ¥2,708,705 million for this fiscal year compared to the previous fiscal year.

Operating profit (loss) decreased by ¥647,200 million to a loss of ¥518,978 million for this fiscal year compared to the previous fiscal year.

This is due to the recording of an impairment loss of Non-financial assets ¥632,135 million.

Profit (loss) before income taxes decreased by ¥620,790 million to a loss of ¥496,214 million including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥14,700 million, and profit (loss) attributable to owners of the parent decreased by ¥649,296 million to a loss of ¥564,624 million compared to the previous fiscal year.

The average exchange rate between the Japanese yen and the U.S. dollar for this fiscal year was ¥150.77 to the U.S. dollar, which reflected an approximately 1% appreciation of the Japanese yen against the U.S. dollar, compared to the previous fiscal year. The average exchange rate between the Japanese yen and the Euro for this fiscal year was ¥174.79 to the Euro, which reflected an approximately 7% depreciation of the Japanese yen against the Euro, compared to the previous fiscal year.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this fiscal year is as follows.

- Net sales: Negative effect by approximately ¥100 million compared to the previous fiscal year.
- Operating profit (loss): Negative effect by approximately ¥3,000 million compared to the previous fiscal year.

Operating Results by Product Category for This Fiscal Year Compared to the Previous Fiscal Year

Small precision motors

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	487,994	498,696	10,702	2.2%
Spindle motors for hard disk drives (HDDs)	100,339	110,152	9,813	9.8%
Other small precision motors	387,655	388,544	889	0.2%
Operating profit	61,651	29,995	(31,656)	(51.3)%
Operating profit ratio	12.6%	6.0%	-	-

Net sales of this category increased by 2.2% to ¥498,696 million for this fiscal year compared to the previous fiscal year.

Net sales of spindle motors for HDDs increased by 9.8% to ¥110,152 million for this fiscal year compared to the previous fiscal year.

Net sales of other small precision motors increased by 0.2% to ¥388,544 million compared to the previous fiscal year.

Operating profit of this category decreased by 51.3% to ¥29,995 million for this fiscal year compared to the previous fiscal year.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit for this fiscal year is as follows.

- Net sales: Positive effect by approximately ¥200 million compared to the previous fiscal year.
- Operating profit: Positive effect by approximately ¥700 million compared to the previous fiscal year.

Automotive products

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	666,791	718,309	51,518	7.7%
Operating profit (loss)	25,255	(250,536)	(275,791)	-
Operating profit ratio	3.8%	-	-	-

Net sales of this category increased by 7.7% to ¥718,309 million for this fiscal year compared to the previous fiscal year.

Operating profit (loss) of this category decreased by ¥275,791 million to a loss of ¥250,536 million for this fiscal year compared to the previous fiscal year.This is due to the recording of an impairment loss of Non-financial assets ¥231,085 million.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this fiscal year is as follows.

- Net sales: Positive effect by approximately ¥7,100 million compared to the previous fiscal year.
- Operating profit (loss): Negative effect by approximately ¥2,700 million compared to the previous fiscal year.

Appliance, commercial and industrial products

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	1,052,308	1,104,605	52,297	5.0 %
Operating profit (loss)	107,655	(251,124)	(358,779)	-
Operating profit ratio	10.2 %	-	-	-

Net sales of this category increased by 5.0% to ¥1,104,605 million for this fiscal year compared to the previous fiscal year.

Operating profit (loss) of this category decreased by ¥358,779 million to a loss of ¥251,124 million for this fiscal year compared to the previous fiscal year. This is due to the recording of an impairment loss of Non-financial assets ¥335,139 million.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this fiscal year is as follows.

- Net sales: Negative effect by approximately ¥10,800 million compared to the previous fiscal year.
- Operating profit (loss): Negative effect by approximately ¥1,300 million compared to the previous fiscal year.

Machinery

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	310,532	298,782	(11,750)	(3.8) %
Operating (loss)	(64,609)	(930)	63,679	-
Operating profit ratio	-	-	-	-

Net sales of this category decreased by 3.8% to ¥298,782 million for this fiscal year compared to the previous fiscal year.

Operating profit (loss) of this category increased by ¥63,679 million to a loss of ¥930 million for this fiscal year compared to the previous fiscal year.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this fiscal year is as follows.

- Net sales: Positive effect by approximately ¥3,100 million compared to the previous fiscal year.
- Operating profit (loss): Positive effect by approximately ¥100 million compared to the previous fiscal year.

Electronic and optical components

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	85,190	84,560	(630)	(0.7) %
Operating profit	13,281	2,415	(10,866)	(81.8) %
Operating profit ratio	15.6 %	2.9 %	-	-

Net sales of this category decreased by 0.7% to ¥84,560 million and operating profit of this category decreased by 81.8% to ¥2,415 million for this fiscal year compared to the previous fiscal year.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit for this fiscal year is as follows.

- Net sales: Positive effect by approximately ¥300 million compared to the previous fiscal year.
- Operating profit: Positive effect by approximately ¥100 million compared to the previous fiscal year.

Other products

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2025 (Restated)	2026		
Net sales to external customers	3,532	3,753	221	6.3 %
Operating profit	134	508	374	279.1 %
Operating profit ratio	3.8 %	13.5 %	-	-

Net sales of this category increased by 6.3% to ¥3,753 million and operating profit of this category increased by 279.1% to ¥508 million for this fiscal year compared to the previous fiscal year.

Consolidated Operating Results for the Three Months Ended March 31, 2026 ("4Q"), Compared to the Previous Three Months Ended December 31, 2025 ("3Q")

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales	681,459	722,348	40,889	6.0%
Operating profit (loss)	28,427	(634,713)	(663,140)	-
Operating profit ratio	4.2%	-	-	-
Profit (loss) before income taxes	42,135	(633,650)	(675,785)	-
Profit (loss) for the period from continuing operations	8,116	(649,381)	(657,497)	-
Profit (loss) for the period from discontinued operations	8	(4)	(12)	-
Profit (loss) attributable to owners of the parent	9,722	(603,741)	(613,463)	-

Consolidated net sales from continuing operations increased by 6.0% to ¥722,348 million for 4Q compared to 3Q .

Operating profit (loss) decreased by ¥663,140million to a loss of ¥634,713million for 4Q compared to 3Q.

Profit (loss) before income taxes decreased by ¥675,785 million to a loss of ¥633,650 million for 4Q compared to 3Q.

Profit (loss) attributable to owners of the parent decreased by ¥613,463 million to a loss of ¥603,741 million for 4Q compared to 3Q.

The average exchange rate between the Japanese yen and the U.S. dollar for 4Q was ¥156.86 to the U.S. dollar, which reflected an approximately 2% depreciation of the Japanese yen against the U.S. dollar, compared to 3Q. The average exchange rate between the Japanese yen and the Euro for 4Q was ¥183.65 to the Euro, which reflected an approximately 2% depreciation of the Japanese yen against the Euro compared to 3Q.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q)

is as follows.

- Net sales: Positive effect by approximately ¥34,600 million compared to 3Q.
- Operating profit (loss): Positive effect by approximately ¥3,000 million compared to 3Q.

Operating Results by Product Category for 4Q Compared to 3Q

Small precision motors

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	124,579	131,768	7,189	5.8%
Spindle motors for hard disk drives (HDDs)	27,786	29,608	1,822	6.6%
Other small precision motors	96,793	102,160	5,367	5.5%
Operating profit (loss)	20,550	(25,580)	(46,130)	-
Operating profit ratio	16.5%	-	-	-

Net sales of this category increased by 5.8% to ¥131,768 million for 4Q compared to 3Q.

Net sales of spindle motors for HDDs increased by 6.6% to ¥29,608 million for 4Q compared to 3Q.

Net sales of other small precision motors increased by 5.5% to ¥102,160 million for 4Q compared to 3Q.

Operating profit (loss) of this category decreased by ¥46,130 million to a loss of ¥25,580 million for 4Q compared to 3Q.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q) is as follows.

- Net sales: Positive effect by approximately ¥5,600 million compared to 3Q.
- Operating profit (loss) : Positive effect by approximately ¥1,100 million compared to 3Q.

Automotive products

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	184,857	195,249	10,392	5.6 %
Operating loss	(5,717)	(232,668)	(226,951)	-
Operating profit ratio	-	-	-	-

Net sales of this category increased by 5.6% to ¥195,249 million for 4Q compared to 3Q.

Operating profit (loss) of this category decreased by ¥226,951 million to a loss of ¥232,668 million for 4Q compared to 3Q.This is due to the recording of an impairment loss of Non-financial assets ¥231,085 million.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q) is as follows.

- Net sales: Positive effect by approximately ¥10,500 million compared to 3Q.
- Operating profit (loss): Positive effect by approximately ¥300 million compared to 3Q.

Appliance, commercial and industrial products

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	277,852	297,544	19,692	7.1 %
Operating profit (loss)	20,235	(325,538)	(345,773)	-
Operating profit ratio	7.3 %	-	-	-

Net sales of this category increased by 7.1% to ¥297,544 million for 4Q compared to 3Q.

Operating profit (loss) of this category decreased by ¥345,773 million to a loss of ¥325,538 million for 4Q compared to 3Q. This is due to the recording of an impairment loss of Non-financial assets ¥335,139 million.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q) is as follows.

- Net sales: Positive effect by approximately ¥15,000 million compared to 3Q.
- Operating profit (loss) : Positive effect by approximately ¥1,600 million compared to 3Q.

Machinery

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	72,670	77,051	4,381	6.0 %
Operating profit (loss)	639	(14,051)	(14,690)	-
Operating profit ratio	0.9 %	-	-	-

Net sales of this category increased by 6.0% to ¥77,051 for 4Q compared to 3Q.

Operating profit (loss) of this category decreased by ¥14,690 million to a loss of ¥14,051 million for 4Q compared to 3Q.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q) is as follows.

- Net sales: Positive effect by approximately ¥2,700 million compared to 3Q.
- Operating profit (loss) : Positive effect by less than ¥100 million compared to 3Q.

Electronic and optical components

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	20,622	19,727	(895)	(4.3) %
Operating profit (loss)	3,906	(7,451)	(11,357)	-
Operating profit ratio	18.9 %	-	-	-

Net sales of this category decreased by 4.3% to ¥19,727 million for 4Q compared to 3Q.

Operating profit (loss) of this category decreased by ¥11,357 million to a loss of ¥7,451 million for 4Q compared to 3Q.

Effect of the fluctuations of the foreign currency exchange rates to net sales and operating profit (loss) for this three-month period (4Q) is as follows.

- Net sales: Positive effect by approximately ¥800 million compared to 3Q.
- Operating profit (loss) : Positive effect by less than ¥100 million compared to 3Q.

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Other products

(Yen in millions)

	For the three months ended		Increase or decrease	Ratio of change
	December 31, 2025	March 31, 2026		
Net sales to external customers	879	1,009	130	14.8 %
Operating profit	37	75	38	102.7 %
Operating profit ratio	4.2 %	7.4 %	-	-

Net sales of this category increased by 14.8% to ¥1,009 million and operating profit of this category increased by 102.7% to ¥75 million for 4Q compared to 3Q.

(2) Financial Position

(Yen in millions)

	As of March 31, 2025 (Restated)	As of March 31, 2026	Increase or decrease
Total assets	2,919,765	3,107,621	187,857
Total liabilities	1,653,035	2,342,895	689,860
Total equity attributable to owners of the parent	1,239,815	794,164	445,650
Interest-bearing debt *1	639,192	1,113,405	474,213
Net interest-bearing debt *2	392,938	261,201	(131,737)
Debt ratio (%) *3	21.9	35.8	13.9
Debt to equity ratio ("D/E ratio") (times) *4	0.52	1.40	0.89
Net D/E ratio (times) *5	0.32	0.33	0.01
Ratio of total equity attributable to owners of the parent to total assets (%) *6	42.5	25.6	(16.9)

(Notes) *1. Interest-bearing debt: The sum of "short term borrowings", "long term debt due within one year" and "long term debt" on the consolidated statements of financial position

*2. Net interest-bearing debt: Interest-bearing debt minus "cash and cash equivalents"

*3. Debt ratio: Interest-bearing debt divided by total assets

*4. D/E ratio: Interest-bearing debt divided by total equity attributable to owners of the parent

*5. Net D/E ratio: Net interest-bearing debt divided by total equity attributable to owners of the parent

*6. Ratio of total equity attributable to owners of the parent to total assets: Total equity attributable to owners of the parent divided by total assets

Total assets increased ¥187,857 million to ¥3,107,621 million as of March 31, 2026 compared to March 31, 2025. This was mainly due to an increase of ¥605,950 million in cash and cash equivalents, and decreases of 218,789 million in property, plant and equipment and 185,456 million in goodwill.

Total liabilities increased ¥689,860 million to ¥2,342,895 million as of March 31, 2026 compared to March 31, 2025. This was mainly due to an increase of ¥89,242 million in operating liabilities and other liabilities, and a increase of ¥474,213 million in interest-bearing debt.

As a result, net interest-bearing debt decreased ¥131,737 million to ¥261,201 million as of March 31, 2026 from ¥392,938 million as of March 31, 2025. The debt ratio that includes lease liabilities increased to 35.8% as of March 31, 2026 from 21.9% as of March 31, 2025. The D/E ratio was 1.40 times as of March 31, 2026 same as 0.52 times as of March 31, 2025. The net D/E ratio decreased to 0.33 times as of March 31, 2026 from 0.32 times as of March 31, 2025.

Total equity attributable to owners of the parent decreased ¥445,650 million to ¥794,164 million as of March 31, 2026 compared to March 31, 2025. This was mainly resulted from an decrease of ¥580,760 million in retained earnings and an increase of ¥134,926 million in other components of equity mainly due to increases of foreign currency translation adjustments. Ratio of total equity attributable to owners of the parent to total assets decreased to 25.6% as of March 31, 2026 from 42.5% as of March 31, 2025.

Overview of Cash Flow

(Yen in millions)

	For the years ended March 31,		Increase or decrease
	2025 (Restated)	2026	
Net cash provided by operating activities	272,471	234,218	(38,253)
Net cash used in investing activities	(135,628)	(136,238)	(610)
Free cash flow *1	136,843	97,979	(38,864)
Net cash used in financing activities	(80,387)	418,246	498,633

(Note) *1. Free cash flow: The sum of "net cash provided by operating activities" and "net cash used in investing activities".

Net cash provided by operating activities for the years ended March 31, 2026 came to a net cash inflow of ¥234,218 million. Compared to the previous fiscal year, the net cash inflow from provided by operating activities for the years ended March 31,2026 decreased ¥38,253 million.This is mainly due to loss for the year from continuing operations amounted to ¥622,910 million, while loss from sales, disposal or impairment of property, plant and equipment to ¥626,949 million, and an increase in accounts payable of ¥60,008 million.

Net cash used in investing activities for the years ended March 31, 2026 came to a net cash outflow of ¥136,238 million. Compared to the previous fiscal year, the net cash outflow from provided by investing activities for the years ended March 31,2026 decreased ¥610 million.This mainly due to additions to property, plant and equipment of ¥130,482 million and other factors.

As a result, we had a positive free cash flow of ¥ 97,979 million for the years ended March 31, 2026, a decrease of ¥38,864 million compared to the previous year.

Net cash used in financing activities for the years ended March 31, 2026 came to a net cash inflow of ¥418,246 million.

Compared to the previous fiscal year, the net cash inflow from provided by financing activities for the years ended March 31,2026 increased ¥498,633 million.This is mainly due to increase in short term borrowings of ¥492,904 million, despite redemption of interest-bearing debt, primarily redemptions of bonds and repayments of long-term borrowings, of ¥145,735 million.

As a result of the aforementioned factors and the impact of foreign exchange rates, the balance of cash and cash equivalents as of March 31, 2026 increased by ¥605,950 million to ¥852,204 million from March 31, 2025.

Reference:

	As of March 31, 2025	As of March 31, 2026
	(Restated)	
Ratio of total equity attributable to owners of the parent to total assets (%)(*1)	42.5	25.6
Total market value of NIDEC's shares to total assets (%)(*2)	97.8	72.5
Interest-bearing debt to net cash provided by operating activities (years) (*3)	2.3	4.8
Interest coverage ratio (times) (*4)	12.8	11.1

(Notes) *1. Ratio of total equity attributable to owners of the parent to total assets: Total equity attributable to owners of the parent divided by total assets

*2. Total market value of NIDEC's shares to total assets: Total market value of NIDEC's shares (1) divided by total assets

*3. Interest-bearing debt to net cash provided by operating activities: Interest-bearing debt (2) divided by net cash provided by operating activities

*4. Interest coverage ratio: Net cash provided by operating activities divided by interest payments (3)

(1) Total market value: Closing stock price at fiscal year end (TSE) multiplied by the number of shares issued at fiscal year end (excluding treasury stock)

(2) Interest-bearing debt: The sum of "short term borrowings", "long term debt due within one year" and "long term debt" on the consolidated statements of financial position

(3) Interest payments: "Interests paid" on the consolidated statements of cash flows

(3) Business Forecasts

The Company received Designation as a Security on Special Alert from the Tokyo Stock Exchange on October 28, 2025. As a group of companies, the Company takes very seriously the issues caused by improper accounting and inappropriate actions regarding quality and inspections within the group and will make "always do everything right" its highest management priority. To achieve this, building upon a foundation of governance reform, the Company has established a new board of directors system designed to drive the sustainable growth of its corporate value. Based on the new board of directors system, the Company revised its previously announced Conversion2027 plan and announced the basic policy of "Re-Definition": The Nidec Five-Year Business Transformation for 2030.

The Company is also breaking away from a traditional performance-first approach. Facing the world with manufacturing technology and an unyielding spirit, the Company will make "being honest and doing what is right as individuals, above being company employees" the top priority in all decision-making. To become a company that is genuinely needed by society and the future, the Company will rebuild trust through meticulous, honest work and execute a "second foundation" to become an indispensable presence for a sustainable society.

Currently, under the new management structure, the Company as a whole is making united efforts to restore trust as quickly as possible and achieve the removal of its designation as a Security on Special Alert. Starting in FY2026, taking the rebuilding of proper management as a starting point, the Company will advance transformation from the following perspectives to shift toward a high-profitability structure and transform into a truly global company.

1. Corporate culture & Governance reform
2. New board of directors system & enhancing its supervisory function
3. "Re-Definition" The Nidec Five-Year Business Transformation Plan for Better Corporate Value

For further details, please refer to "2. Basic management Policies, Business Environment, and Issues to be Addressed (1) Basic Management Policy

The forecasts for the year ending March 31, 2027 described below are prepared based on an assumption that exchange rates are US$1=150 and €1=180.

Forecast of Consolidated Financial Performance for the Year Ending March 31, 2027

Net sales	¥2,800,000 million	(103.4.% compared to the previous fiscal year)
Operating profit	¥200,000 million	
Profit before income taxes	¥180,000 million	
Profit attributable to owners of the parent	¥100,000 million	

Forecast of Consolidated Financial Performance for the Six months Ending March 31, 2027

Net sales	¥1,400,000 million	(107.3% compared to the same period of the previous fiscal year)
Operating profit	¥120,000 million	(137.4% compared to the same period of the previous fiscal year)
Profit before income taxes	¥110,000 million	(115.4% compared to the same period of the previous fiscal year)
Profit attributable to owners of the parent	¥60,000 million	(204.1% compared to the same period of the previous fiscal year)

(Notes) 1. Consolidated performance is based on IFRS
2. The calculations for the conversion of Asian currencies into Japanese yen also used the exchange rates, US$1=￥150 and €1=￥180

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by NIDEC or certain assumptions that NIDEC has deemed as rational. NIDEC cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from NIDEC's expectations as a result of various factors.

(4) Basic Policy on Profit Distribution and Dividends for This Fiscal Year and the Next Fiscal Year

We have positioned the share price and market capitalization as important management indicators, and have been working to engage in careful dialogue with the capital markets. Therefore, in terms of shareholder returns, in addition to increasing the share price through business expansion and improved profitability in growth areas, we will implement stable and continuous dividends, and we will also flexibly implement share purchase programs, taking into account factors such as the funds for medium- to long-term growth investments, the current cash position, the share price level, and the total amount of shareholder returns, aiming for a total payout ratio of 50%.

1. Dividends for this fiscal year: No Dividends for the Full Fiscal Year.

As stated in the "Notice Regarding the Determination of No Interim Dividend, Revision of Year-End Dividend Forecast, and Revision to the Forecast of Consolidated Financial Performance" announced on October 23, 2025, we have decided not to pay a dividend from interim dividends with a record date of September 30, 2025. In addition, as stated in the "Announce Regarding Dividend of Surplus (No Year-End Dividend)" announced on March 3, 2026, we have also decided not to pay a dividend from year-end dividends with a record date of March 31, 2026.

2. Dividends for the next fiscal year: Interim dividend and the year-end dividend has not yet been determined.

We have not yet decided on the forecast for a dividend from retained earnings (interim dividend) with a record date of September 30, 2026.We have not yet decided on the forecast for a dividend from retained earnings (year-end dividend) with a record date of March 31, 2027.

2. Management Policies, Business Environment, and Challenges

(1) Basic Management Policies

The Company received a Designation as a Security on Special Alert from the Tokyo Stock Exchange on October 28, 2025. The Company takes very seriously, from a management perspective, the significant loss of trust from shareholders, investors, customers, business partners, and other stakeholders caused by improper accounting and inappropriate actions regarding quality and inspections within the group.

The Company has been positioned to "always do everything right" as its highest management priority. The Company is verifying and correcting the accounting treatments of prior years to disclose financial information with accuracy and transparency. The Company is advancing a root cause investigation and clarifying accountability, while executing recurrence prevention measures based on its improvement plan across the entire group. As a first step, transitioned to a new board of directors system that enhances the independence and supervisory functions of the board of directors, and executed a substantial reform of its executive system.

The Company is also breaking away from a traditional performance-first approach and an excessive top-down management style. The Company is advancing a transition to a management structure where each business proactively formulates plans aligned with the business environment and its own capabilities, executing them following sound discussion and verification. The Company is currently executing steadily based on the improvement plan, aiming to restore trust as quickly as possible. The Company is continuously verifying the effectiveness of these measures and working on the appropriate establishment and operation of the internal control system. The Company is making these improvements with all executives and employees of the group united, aiming for the lifting of the Designation as a Security on Special Alert through these initiatives.

The Company furthermore revised its previously announced Conversion 2027 plan and announced the basic policy of “Re-Definition” The Nidec Five-Year Business Transformation Plan for Better Corporate Value, covering the period from FY2026 to FY2030, on May 13, 2026. The Company is currently formulating a mid-term management plan, including the strategies and numerical plans for each business, based on this basic policy.

1. Corporate culture & Governance reform

The Company recognizes that the background to the recent improper accounting and inappropriate actions regarding quality lies in a corporate culture that gives top priority to short-term profits and does not allow targets to be missed, concentration of authority in specific management, and vulnerabilities in Internal Controls and group company administration. Based on this understanding, the Company is striving to transition from a conventional top-down structure to an integrated organization where executives and frontline employees engage in two-way dialogue. The Company will advance its transformation into an organization and culture that is highly transparent and encourages collaborative discussion, ensuring all employees engage in their duties with a sense of reward and social significance. Top management is taking the lead in this dialogue by holding town hall meetings to speak directly with employees, and the Company is conducting "Culture Transformation Lab" activities to foster a culture were "speaking up changes the company", thereby connecting employee voices directly to management. Furthermore, the Company is strengthening the deployment of training and education programs, providing continuous education for personnel engaged in accounting, sales, purchasing, and production control worldwide. Through these measures, the Company will eliminate excessive pressure caused by short term numerical targets and firmly establish a governance system that promotes sound growth at all locations. Through such initiatives, the Company will strengthen cross functional collaboration across departments and sites, ensure psychological safety, and foster a free and open environment, establishing a mechanism where failures, concerns, and signs of irregularities can be reported and corrected without being hidden.

2. New board of directors system & enhancing its supervisory function

The Company takes seriously the findings in the report by the Third-Party Committee regarding the dysfunction of the check and balance roles of Audit and Supervisory Committee members and outside directors, as well as the lack of diversity among directors. Accordingly, the Company seeks to strengthen its supervisory functions by diversifying the expertise of the board of directors. Specifically, “Experience in company management” and “Knowledge in the capital market” have been added as newly required skills to the member matrix of the board of directors. Based on these new criteria, the Company has appointed experienced corporate managers with extensive practical experience in corporate rebuilding and governance reform, as well as experts possessing the perspective of an institutional investor, to serve as outside board of director members.

Furthermore, to ensure a stronger board of directors independence and supervision of executives, the Company is transitioning to a structure to select the members of independent outside board of directors to chair the board, aiming to build board of directors system for better corporate value on a sustainable basis.

Regarding the executive system, the Company has revised its selection criteria to strongly emphasize a strong sense of corporate ethics and compliance, organizational design and human resource development, and capabilities in future strategic planning and execution, thereby enhancing the transparency and objectivity of the appointment and dismissal process. The Company will firmly establish a system that clearly separates the supervisory role of the board of directors from the operational responsibilities of the executive side, ensuring that material management issues and risks are shared and deliberated in a timely manner.

3. “Re-Definition” The Nidec Five-Year Business Transformation Plan for Better Corporate Value

The Company aims to maximize its corporate value by improving ROIC, reallocating management resources across the entire group, and thoroughly promoting structural reform. Starting from the reconstruction of proper management, and in order to build a high-profit structure, and evolve into a truly global company, the Company will strengthen the selection and concentration of its businesses by combining a review of the business portfolio, group reorganization, and investments in growth areas where high profitability and market growth are expected.

(2) Business Environment and NIDEC's Medium- to Long-term Business Strategies

The Company will promptly initiate the following four initiatives set forth in “Re-Definition” The Nidec Five-Year Business Transformation Plan announced on May 13, 2026: (1) business reorganization based on the five pillars, (2) review of the business portfolio,(3) group reorganization, and (4) company-wide IT infrastructure reform.

The Company is currently proceeding to formulate a mid-term management plan covering the period from fiscal 2026 to fiscal 2030 by re-examining the growth potential, profitability, capital efficiency, and feasibility of each business based on these policies. These five pillars indicate the direction of the medium- to long-term business strategy and management control toward fiscal 2030 and differ from the reporting segments used for financial reporting in the current consolidated fiscal year. Based on the development status of business operations and management control systems, the Company will gradually establish mechanisms for performance management and resource allocation centered on the five pillars.

1. Business Reorganization Based on five pillars

The Company will strengthen group management tailored to each business profile by consolidating the sales companies and manufacturing facilities currently held by individual legal entities in accordance with the five pillars. Going forward, the Company will promote its Business Reorganization centered around the five pillars: Better Life, Electrification & Energy Infrastructure, Digital Society Solutions, Manufacturing Solutions, and Mobility Innovation. The Company aims to expand its business by fostering collaboration and generating synergies, cross-functionally leveraging the diverse strengths previously scattered across Nidec's group companies on a group-wide basis. At the same time, the Company will consolidate the group's strengths beyond the boundaries of existing businesses to create new value, while remaining highly conscious of customer perspectives and demands.

In these five business domains, the Company is transitioning to a structure where each pillar assumes accountability for its consolidated operations to fulfill its accountability to the capital markets. The Company will drive this transformation through the global HQ; specifically, with the global HQ for compliance, portfolio management, capital allocation, etc. building a strong governance structure for the entire world.

2. Review of business portfolio

The Company will execute a fundamental restructuring of its business portfolio from the perspectives of growth potential and profitability by recognizing its core strengths in manufacturing technologies, and reconfirming the deep technological capabilities, extensive experience, and expertise it has cultivated over many years.

The Company will actively invest in and develop new business models such as solution providing in fields such as AI datacenters, energy, and semiconductor-related businesses where high profitability and market growth are expected. The Company views technological innovations and broader social transformations as distinct opportunities for investment in new domains. The Company will leverage its existing proprietary technologies as a foundation to expand its business into emerging fields poised for future growth by identifying these new areas within high-growth markets. Conversely, the Company will swiftly proceed with the withdrawal from our divestiture of low-growth and low-profitability businesses.

The Company intends to continuously improve its cash-generating capabilities and capital efficiency, including ROIC, aiming for Better Corporate Value on a sustainable basis through these strategic measures. Furthermore, the Company will maintain an appropriate balance between growth investment and shareholder returns while ensuring its financial soundness.

3. Group reorganization

The Company will execute structural reform across the company based on a review of the business portfolio, striving to achieve stronger governance, less cost, and improve ROIC. In our Business Transformation Plan discipline announced in May 2026, we have set targets to consolidate our locations from 248 as of March 2026 to 160–180 locations, and our legal entities from 353 to 160–180 entities. Moving forward, the Company will verify the business necessity, customer support, supply systems, legal and tax matters, IT systems, and reorganization costs for each location and entity, and proceed with the reorganization sequentially on the premise of avoiding any disruption to business continuity and risk management.

4. Company-wide IT infrastructure reform

The Company will strive to simultaneously build a foundation for sound management and improve operational efficiency by renewing our IT infrastructure and introducing a company-wide shared engineering platform. In renewing our IT infrastructure, the company will make proactive IT investments over the next five years to integrate systems that were previously fragmented for each company into a unified system across the entire group and its 5 pillars, thereby strengthening internal controls and visualizing management information. Through these efforts, the company will establish a robust foundation to support sound management while aiming to significantly improve operational efficiency.Furthermore, we will introduce a company-wide shared engineering platform, the "One Nidec Motor Engineering Agent." By comprehensively linking and sharing engineering knowledge related to motors within the group across various business domains, we will build a solid foundation that supports our manufacturing capabilities.

The Company will agilely realign its business portfolio and enhance its business selection to implement the above business transformation plan, through the effective use of M&As to bolster new business areas, alongside business sales for business restructuring and base integration.

ESG Initiatives

The company positions the restoration of trust among our stakeholders and the reconstruction of our management foundations as issues of the highest priority at present. By fundamentally reviewing its existing sustainability promotion structure and advancing the re-identification process of material issues (materiality) as well as their integration into the management plan under the strong commitment of management itself, we will evolve into a more effective system of governance and strive to build better corporate value over the long term. For details, please refer to "2. Views and Initiatives on Sustainability."

(3) Status of Implementation of the Improvement plan and progress Report

1. Overview of the Accounting Issue

We sincerely apologize for the significant inconvenience and concern caused to our shareholders, investors and all other stakeholders by the improper accounting issue involving the Company.

The Company has identified that, in past fiscal years, inappropriate accounting treatments and trade transaction issues occurred within the Group, including multiple domestic and overseas consolidated subsidiaries. As a result, the Company received an audit report expressing a disclaimer of opinion on the consolidated financial statements included in the annual securities report for the fiscal year ended March 31, 2025. In addition, in light of these series of events, Tokyo Stock Exchange, Inc. determined that the Company's internal management system and related controls required significant improvement, and designated the Company as a Securities on Special Alert on October 28, 2025. In response, the Company submitted the "Improvement Plan and the Status Report" on January 28, 2026, and the "Revised Improvement Plan and the Status Report" on April 27, 2026, to Tokyo Stock Exchange, Inc., with the aim of fundamentally improving its internal management system and related controls and thereby seeking removal from the Securities on Special Alert designation.

With respect to the "Revised Improvement Plan and the Status Report," after formulating the Improvement Plan based on the hearing results of the Nidec Corporate Reform Committee established in November 2025, the Company reviewed the causes that led to the inappropriate accounting treatments and deficiencies in internal controls in light of the contents of the Investigation Reports received from the Third-party Committee on February 27, 2026 and April 17, 2026, and formulated a revised version of the improvement measures for preventing recurrence based on the analysis of those causes.

As set forth in the "Revised Improvement Plan and the Status Report" dated April 27, 2026, the Company believes that the causes of the issues were the result of a combination of six structural and interrelated factors: (1) excessive shareholder primacy to continue to demonstrate growth, (2) a corporate culture that gives top priority to short-term profits and does not allow targets to be missed, (3) concentration of authority on Mr. Nagamori and a culture of prioritizing his opinions, (4) governance vulnerabilities, (5) internal control weaknesses, and (6) vulnerabilities of the Group company management system.

2. Status of the Improvement Measures Set Forth in the Improvement Plan

The Company has been taking appropriate actions with respect to the "Improvement Plan and the Status Report (Revised Version)" announced on April 27, 2026, in order to achieve the lifting of the designation as a Securities on Special Alert. The status of the improvement measures is as follows.

1)Improvement measures and status of the FIR Issue (Trade transaction and customs issues related to FIR)

(i) Fostering awareness and a corporate culture that place compliance first

(a) Sending a clear message from the Company's Board of Directors to Nidec Group employees

On September 26, 2025, the Board of Directors of the Company sent out a clear message on a strict attitude toward compliance violations and making regulatory compliance centered on quick response policies the top priority. In addition, top management sent out continuous definitive messages to executives around the world: in business, make it the top priority to thoroughly spread the corporate culture of making regulatory compliance the top priority; and ensure that all executives and other employees of the company act proactively, based on high ethical standards and integrity. On March 4, 2026, the day after we received the third-party committee's investigation report, and on April 1, the first day of the new fiscal year, top management sent a video message to all executives and employees, stating that integrity is our top priority. In addition, during the compliance training conducted for all group executives and employees in July 2026, a video message was broadcast regarding the importance of compliance

(b) Ensuring full awareness of the necessity to prioritize compliance through disciplinary actions

Based on the investigation results by the Third-Party Committee and other internal investigation results, appropriate disciplinary actions was taken, and by disclosing the details to our employees, we thoroughly communicate the necessity of prioritizing compliance above all else.

(c) Strengthening our Legal & Compliance Department's functions

To address whistle-blowing reports and investigations, a Chief Legal Officer (CLO) was newly appointed on July 1, 2025, and in-house attorneys were newly appointed at the General Manager level on October 1, 2025, in our Legal & Compliance Department to establish a system to address cases utilizing legal and compliance expertise.

(ii) Strengthening organizations and systems

(a) Strengthening the trade compliance system

On December 1, 2025, the Company appointed a customs specialist (who used to work for the World Customs Organization (WCO)) as the Head of the Trade Compliance Office (reorganized from the Trade Management Office) of the Company, and established a Global Trade Strategy Team consisting of specialists and experts who will supervise the progress of the trade regulation field. In addition, the Legal Department of NIDEC AMERICAS HOLDING CORPORATION, which has several experts in United States customs, took the lead in managing all trade procedures in the United States in an integrated manner, and has been granted Group-wide authority over trade compliance in the United States.

(b) Strengthening the global compliance system

The Company established the position of Chief Legal Officer (CLO) and appointed a person with specialized knowledge and experience to that position, and also assigned a compliance specialist in North America. The Company's Legal & Compliance Department held a total of 38 meetings with the Group Regional Compliance Officers between October 2025 and September 2026. The main agenda items included confirming the status of investigations of reported cases in each region and sharing information on compliance-related initiatives, including revisions to internal rules, sharing response manuals prepared by the Company, and confirming progress on training for all employees. In addition, risk information is shared with the CLO and the Chief Compliance Officer (CCO) through weekly reports and biweekly meetings within the compliance department, and the Company has strengthened its framework so that reported matters and issues can be addressed promptly on a global basis.

(iii) Improvement of procedures, regulations and mechanisms

(a) Improvement of the Group's reporting system

In the FIR Issue, there was a delay in information communication. In order to prevent a similar delay in information communication in the future, the following measures have been stipulated in the regulations.

i)When Regional Compliance Officers and the Legal & Compliance Department have identified material risk information, they will report such information directly to the Company's Chief Compliance Officer (CCO)

ii)If a Regional Compliance Officer becomes aware of any act that violates laws and regulations or act that may violate laws and regulations, report the same to the Company's Legal & Compliance Department

(b) Information sharing among the Company group's Legal & Compliance Departments

The Company establishes regular information-sharing sessions with overseas legal and compliance officers and share such information among key members within the Company's Legal & Compliance Department. With respect to the reporting of risk information concerning litigation cases, most recently in July, the Company collected litigation information as of the end of the first quarter from regional legal affairs personnel and shared it within the Legal Department. In addition, at a global meeting held in April 2026, the CLO, the chief officer of the legal and compliance department of the Company's U.S. holding company, regional compliance officers from key regions, and persons in charge of the legal departments in key countries participated and, over the course of three days, exchanged information regarding the activities and results of each department and introductions of business divisions, and discussed issues to be resolved going forward and related measures.

(c) Properly organizing the internal control system

The Company has expanded the inquiries made by the accounting department to the Legal Department in connection with quarterly financial closing to a global basis and introduced a process to confirm whether the material risk information recognized by the accounting department is comprehensive.

With respect to risk information concerning litigation cases reported by regional legal affairs personnel to the Legal & Compliance Department, the Company has established a searchable database and implemented risk analysis so that such information can be shared with the accounting department. In July 2026, the Company's Legal Department collected litigation information as of the end of the first quarter of the fiscal year ending March 31, 2027 from regional legal affairs personnel and shared 480 litigation cases with the Company's accounting department. Upon receiving such information, the Company's accounting department individually reviews material cases, taking into account the amount claimed, the status of the litigation, the likelihood of occurrence, and other material factors, to confirm whether any necessary provisions have been appropriately recorded or whether any matters requiring disclosure in the consolidated financial statements exist.

In addition, with respect to whistle-blowing information, the Company's Compliance Department deleted or edited information that could lead to the identification of whistle-blowers and limited access rights, and shared such information with the Company's accounting department at least once per quarter from January 2026 through September 2026.

(iv) Improvement measures at FIR

(a) Systematic training and education system

In order to ensure that all employees are aware of the need to comply with U.S. customs laws, the Company have commissioned lawyers specializing in U.S. customs to continuously conduct specialized trainings on trade compliance. In particular, in July 2025, immediately after the discovery of the Issue, the Company conducted education aimed at preventing recurrence for the procurement and distribution departments of FIR. In addition, in March 2026, the Company conducted a learning program for departments involved in trade compliance with the aim of learning the latest U.S. tariff systems. The Company also conducted an e-learning program in May 2026 for officers and employees involved in trade operations across the Group, including FIR, with the aim of fostering proper judgment and conduct in the field by deepening understanding of risks through violation cases and ensuring awareness of the Company's internal operating framework and consultation and reporting channels. In addition, in the same month, the Company distributed and posted on its internal portal a manual that lists compliance requirements related to trade management by business process, as well as a handbook summarizing matters requiring attention.

(b) Internal control over country of origin declarations

As FIR did not have adequate internal controls in place for determining country of origin declarations pertaining to exports to the United States, the Company developed and started to operate such internal controls. Specifically, the Company have newly established Article 10 of the Nidec Group Global Trade Administration Regulations to establish a process that requires cooperation with the NIDEC AMERICAS HOLDING CORPORATION Legal Department and consultation with external trade control experts when determining the country of origin of cargo bound for the United States. As a result, the Company have established a system that reflects the latest laws and regulations and changes in important parts and bills of materials (BOMs) in a timely manner and accurately determines the country of origin based on expert knowledge on a continuous basis.

(v) Additional Improvement Measures Related to Trade Compliance Based on the Investigation into the FIR Issue

(a) Implementation of e-learning programs on trade compliance

In May 2026, the Company conducted an e-learning program on trade compliance for officers and employees involved in trade operations and reiterated the consultation and reporting channels for violation cases. Through this initiative, the Company sought to reinforce understanding among officers and employees engaged in trade management of the basic matters that must be complied with, and to emphasize the importance of appropriately consulting and reporting when they become aware of any violation or suspected violation

(b) Development and rollout of the "Tariff Response Manual" and "Tariff Response Handbook"

In May 2026, the Company newly prepared and distributed to relevant personnel the "Tariff Response Manual," which organizes compliance requirements related to trade management by business process for matters concerning country of origin determination, tariff classifications, and free trade agreements, as well as the "Tariff Response Handbook," which summarizes matters requiring attention in practice. Through these materials, the Company is clarifying common rules to be referenced in day-to-day operations for trade management tasks that had previously depended in part on the knowledge and experience of each site and individual, and is promoting efforts toward standardization of such operations.

(c) Continuous communication regarding the importance of compliance

At the compliance training program conducted in July 2026 for all officers and employees of the Group, the Company once again delivered a video message emphasizing the importance of compliance. In addition to providing specialized education to employees directly involved in trade management, the Company is further promoting the penetration of compliance awareness throughout the Group by reiterating to all officers and employees that compliance must be a prerequisite for business activities.

(d) Development and rollout of SOPs (standard operating procedures)

In addition to the education and rule development described above, in order to ensure the effectiveness of trade compliance in the actual business processes at each site, the Company's headquarters has taken the lead in reviewing the trade management processes at each site and working to improve identified issues and develop, roll out, and establish SOPs (standard operating procedures).

In particular, in the United States, the Company has positioned the tariff investigation not merely as an investigation to confirm past declaration errors and their financial impact, but as an opportunity to improve the trade management framework itself. The Company's headquarters trade management personnel have worked together with local personnel and relevant departments to review actual import transactions and business processes, collect and verify necessary information, and correct identified issues.

Through these headquarters-local initiatives, local personnel have also accumulated knowledge and experience in trade management practices, such as tariff classifications and country of origin determinations, in line with actual transactions, thereby improving their practical capabilities at the local level. In addition, by repeatedly identifying and improving issues based on actual business processes, the Company has accumulated knowledge and know-how that can be used to develop SOPs suited to the actual conditions at each site and to ensure their effective operation.

At present, the Company is concurrently reviewing and correcting processes and developing SOPs at each Group site, including in the United States. Going forward, while mutually leveraging the initiatives at each site and the knowledge and know-how gained in the United States, the Company will continue to promote the standardization of business procedures and the ongoing confirmation of their establishment and operational status, thereby continuously operating a series of improvement measures from education and rule development through to embedding them in actual business processes, and enhancing the effectiveness of trade compliance across the Group.

(vi) Disciplinary actions

Based on the investigation results of the Third-party Committee and other internal investigation results, the Company has clarified responsibility for matters relating to FIR, and four key responsible persons have already left the Company through dismissal or resignation. For the other individuals subject to disciplinary action, the Company plans to issue written reprimands or oral severe warnings.

2) Improvement measures based on suspected improper accounting practices

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

(a) Redefinition and clarification of rules for formulating the medium-term management plan

The Company established the Medium-term Management Plan Formulation Regulations in June 2026 as a rule to increase the feasibility of the medium-term management plan to achieve growth. This aims to achieve enhanced competitiveness and business growth from a medium- to long-term perspective and clearly indicate strategies with concrete effectiveness, such as research & development, including the formulation and verification of plans by Business Units and domestic Group companies in cooperation with officers and employees who are responsible for cross-organizational functions of the entire Group, such as the CFO, CMO, CDO, and CTO. Subsequently, the Company completed the dissemination of the Medium-term Management Plan Formulation Policy to each Group company. Based on this, the Company has commenced the operation of the medium-term management plan formulation process from fiscal 2026.

(b) Establishment of a team structure for examining the medium-term management plan

The Company clarified that managers in each Business Unit and domestic Group company are responsible for formulating their own medium-term management plans, making institutional decisions, and executing them. The Company also built a team structure to support such managers, ensuring that each Business Unit and domestic Group company formulates a plan after sufficient discussion by the team. At the same time, the Company established a system where the Company's secretariat and officers and employees responsible for cross-organizational functions of the entire Group work together with each team and personnel in charge to examine the plans. In addition, in formulating the medium-term management plan, the Company broadly gathers knowledge from talented human resources within the Company and utilizes knowledge from outside experts.

(c) Strengthening the medium-term management plan formulation process

The Company established the company-wide strategic direction and, based on this direction, revamped its planning process to ensure thorough strategic discussions within teams responsible for the performance of individual Business Units and domestic Group companies, thereby formulating a sound and robust medium-term management plan. By obtaining formal corporate decisions (such as approvals from the Executive Management Meeting and the Board of Directors) after each Business Unit and domestic Group company fulfills its accountability to the Company, the Company is working to prevent the arbitrary or person-dependent formulation and modification of plans by certain members of management. Based on these measures, in fiscal 2026, the Company is proceeding with the review of the existing plan through fiscal 2027 and the formulation of a new plan for fiscal 2028 and beyond. Specifically, based on the "Re-Definition" Nidec Corporate Reform 5-Year Plan (FY26-30) announced on May 13, 2026, the Company discussed the direction and deliberation process for formulating the medium-term management plan at the Executive Management Meeting on May 29 and at the Board of Directors meeting on June 3. Subsequently, in June, the Company held a briefing session attended by the heads of Business Units and Group companies as well as senior management to officially launch the formulation process. Currently, under the framework of the "Five Pillars" (Better Life, Electrification & Energy Infrastructure, Digital Society Solutions, Advanced Manufacturing Solutions, and Mobility Innovation)—a new business classification grouping businesses with shared characteristics—strategy review teams established in each business area are taking the lead in formulating the medium-term management plan.

Rather than relying solely on the direction of the heads of the "Five Pillars," these teams are advancing the plan by thoroughly assessing the market environment, NIDEC strengths and technological capabilities, and potential synergies among Group companies within the same business area. For example, in strategic deliberations within a specific business line, the Company is advancing discussions grounded in business competitiveness—shifting away from conventional initiatives premised on revenue expansion and full product lineups, toward reviewing the product portfolio and prioritizing selection and concentration for less competitive products.

The Company considers this a primary example of proactively formulating a growth plan driven by its own initiative, leveraging external expert insight while accounting for current operational realities and future forecasts. Furthermore, to enhance governance and achieve group-wide optimization, the Company is evaluating organizational and operating model reforms, including the consolidation and restructuring of corporate entities, the optimization of production sites, and the transition of sales companies and manufacturing plants into cost centers.

(ii) Reorganization of the business plan formulation process

(a) Redefining the rules for business plan formulation

In March 2026, the Company established the Business Plan Management Regulations and fully notified all Group companies of these regulations as the Business Plan Management Policy.

The Company implemented these regulations starting in fiscal 2026, and they are expected to be reflected in the business plan for fiscal 2027.

(b) Building a team structure for reviewing business plans and strengthening processes

In January 2026, the Company held a briefing session regarding the business plan formulation process based on the approach outlined in the "Improvement Plan and Status Report," and each Business Unit and domestic Group company commenced formulating its respective business plan.

From late January to early February, the Company conducted progress review sessions with each Business Unit and domestic Group company to review the progress of the formulation process and address any questions or concerns. Subsequently, in March 2026, the Company held business plan alignment sessions to mutually validate the soundness and feasibility of plans for related business areas, taking into account external environments and specific business characteristics.

Through these rigorous processes, the Company deliberated on the overall consolidated plan at the Executive Management Meeting on March 28, and subsequently approved the fiscal 2026 business plan at the Board of Directors meeting on March 31. During the planning process, deliberations focused on balancing the correction of unrealistic target-setting by certain members of management with the pursuit of sound, growth-oriented challenges. Reports also highlighted instances where business units independently pursued ambitious initiatives rather than adopting conservative plans.

Recognizing that operational backgrounds vary across businesses, the Company will foster autonomous plan formulation by each business while ensuring the thorough validation of plan soundness and feasibility. In March 2026, the Company established the Business Plan Management Regulations to serve as the governing framework for appropriately managing future business plan formulation, budget-to-actual performance, and business evaluations, and has fully communicated them across all Group companies as the Business Plan Management Policy.

Following the completion of the medium-term management plan—which serves as the foundation for annual business planning—the Company will apply these regulations starting from the fiscal 2027 business plan.

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

(a) Change in performance management values in budget vs. actual performance management

At the end of September 2025, the Company abolished the management framework and performance review meetings that involved daily reporting of monthly forecasts based on business unit projections. Effective from the April 2026 results onward, the Company launched a new budget-to-actual management process centered on monthly consolidated financial results prepared on a simplified basis.

The results for April 2026 were reported to the Executive Management Meeting on May 29 and to the Board of Directors on June 3, 2026. The results for May 2026 were reported to the Executive Management Meeting on June 24 and to the Board of Directors on July 8, 2026.

Regarding results from June 2026 onward, reports will be submitted as soon as budget-to-actual management becomes operational using actual financial results consistent with the financial closing for the fiscal year ended March 31, 2026, and the first quarter of the fiscal year ending March 31, 2027. Thereafter, the Company plans to conduct budget-to-actual management under the standard reporting cycle.

(b) Analysis of results, consideration of measures, and improvement of accuracy of the next business plan

Based on the Business Plan Management Regulations established in March 2026, the Company formulated guidance outlining specific processes and formats for fiscal 2026 budget-to-actual management and fully communicated it to each Business Unit and domestic Group company.

Effective from the April 2026 performance results, the budget-to-actual management described in (a) above incorporates qualitative business analyses by each Business Unit and domestic Group company as required reporting items, which are deliberated at the Executive Management Meeting.

Furthermore, in September 2026, the Company held full-year forecast review sessions for each business to discuss the latest outlook, probability of achievement against the fiscal 2026 business plan, and environmental changes since plan formulation. The Company compiled these outcomes and reported the overall consolidated full-year forecast to the Executive Management Meeting on September 9 and to the Board of Directors on September 30.

Regarding variance analysis, evaluation of recovery measures, and plan revisions, the Company plans to review and deliberate on these matters during quarterly budget-to-actual management meetings under the standard reporting cycle aligned with the financial closing process.

(iv) Review of business evaluation criteria

(a) Review of numerical items

Under the Business Plan Management Regulations newly established in March 2026, the Company designated net sales, operating profit, free cash flow (FCF), and return on invested capital (ROIC) as the business evaluation metrics for Business Units and Group companies.

The regulations codified a framework under which each Business Unit and Group company proposes evaluation weightings within a designated range based on its specific business characteristics, which are then finalized following verification by the Company. This framework aims to mitigate undue pressure focused solely on achieving profit targets.

(b) Addition of evaluation items

The Company held briefing sessions for each Business Unit and domestic Group company regarding the new business evaluation framework and process based on the Business Plan Management Regulations.

In parallel with formulating the fiscal 2026 business plan, Business Units and Group companies autonomously established multiple medium- to long-term priority measures to address mid- to long-term challenges and objectives, setting milestones to be achieved within fiscal 2026 alongside corresponding evaluation criteria.

Under the standard reporting cycle aligned with the financial closing process, the Company will deliberate on metrics including FCF and ROIC—in addition to net sales and operating profit—at the budget-to-actual management meetings described in (iii)(b) above.

Concurrently, the Company will monitor the progress of these medium- to long-term priority measures, evaluating advancement toward long-term corporate growth as well as short-term profit targets.

Following the conclusion of the fiscal year, the Company will review and evaluate these medium- to long-term priority measures on a full-year basis alongside the financial metrics outlined in (a) above, utilizing these outcomes for reporting to the Executive Management Meeting and for strategic discussions.

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

(a) Ensuring the independence of the accounting function

To prevent the occurrence of accounting irregularities, the Company has established a system that ensures the accounting function's independence from business divisions and prioritizes proper accounting practices above all. As part of these efforts, in February 2026, the Company instructed Business Units and domestic Group companies to review and revise their regulations on the division of duties and job descriptions to clearly delineate the roles of the accounting function and the business management function. Consequently, Business Units and domestic Group companies revised these regulations and job descriptions. From April 2026 onward, under the oversight of the Company's Executive Officer in charge of accounting, the functions have been split into the accounting function responsible for statutory financial reporting and the business management function responsible for monitoring strategic execution.

Furthermore, the Company placed the accounting functions of Business Units and domestic Group companies directly under the governance of the Company's accounting function and established a framework for corporate involvement in personnel matters. Specifically, when deciding on the appointment or dismissal of the CFO of a Business Unit or domestic Group company, the Company's CFO reviews the proposal in advance and, in cases of dismissal, verifies the validity of the underlying reasons. Regarding personnel evaluations for heads of accounting at Business Units and domestic Group companies, the respective CFOs are required to report the evaluation results and justifications to the Company's CFO, enabling the Company's CFO to confirm the fairness and appropriateness of the assessments. These revised personnel procedures were communicated to all Business Units and domestic Group companies in April 2026.

This process safeguards CFOs and heads of accounting from unfair evaluations or dismissals, ensuring that the accounting organization can make objective accounting judgments free from the performance goals or influence of business divisions. This eliminates the former structure where the accounting department jointly pursued profit targets with business divisions, enabling the accounting function to serve effectively as a second line of defense.

Additionally, to guarantee that the organization reports accurate performance figures regardless of whether targets are unmet or exceeded, the Company established dual-reporting lines in April 2026. Specifically, the CFO of a Business Unit or domestic Group company reports to both the CEO of their respective unit and the Company's CFO. Similarly, the head of accounting reports to both their unit's CFO and the Company's Head of Accounting.

The Company issued operational guidelines on dual reporting to all Business Units and domestic Group companies to entrench these independent accounting practices. As a result, regular direct communication has been established between the Company's CFO and Head of Accounting, and the CFOs and heads of accounting across Business Units and domestic Group companies. In particular, through monthly operational reports, unit CFOs and heads of accounting directly report on their operating status, identified risks, and key accounting issues to the Company's CFO and Head of Accounting, receiving guidance and exchanging views on future action plans. The Company recognizes that this is fostering an organizational culture that encourages candid reporting of accurate financial results regardless of performance levels, reinforcing accounting independence while promoting respect for proper accounting practices.

(b) Securing accounting resources

The Company is currently in the process of reinforcing human resources within the Consolidated Accounting Group of the Accounting and Tax Department. The Company will continue to enhance its staffing structure by recruiting new graduates and mid-career professionals, as well as executing internal reassignments from other departments.

However, because internal personnel are presently allocated to implementing improvement measures and managing current financial closes, the Company has established an interim financial reporting structure leveraging external experts as an immediate measure to ensure financial reporting quality. The execution of consolidated financial closing operations is also progressing with active involvement from external resources. This framework complements operational practices and review functions that are difficult to cover solely with internal resources, securing financial reporting quality through objective external expertise.

Concurrently, for tasks with relatively straightforward handover processes, the Company collaborates with other groups within the Accounting and Tax Department as well as the Corporate Management Department. It also utilizes support from personnel seconded to business divisions and Group companies who possess practical consolidated accounting experience, thereby upgrading the financial closing capabilities of the organization as a whole.

Furthermore, over the next one to two years, the Company will foster accounting talent under the guidance of external experts to gradually achieve insourcing and autonomous operation. In parallel, the Company will execute measures to consolidate and streamline its overall accounting operations.

(c) Awareness raising and education on accounting

The Company is conducting mindset reform and educational programs for its accounting department and other operational divisions. In March 2026, to thoroughly disseminate the basic stance on compliance, the importance of responding sincerely to stakeholders including investors and markets, and the necessity of ensuring appropriate financial reporting, top management issued a message to all employees. In addition, the Company conducted an e-learning program for approximately 12,000 executives, officers, and employees across accounting, purchasing, production management, and sales divisions. This training aimed to reinforce a sincere attitude toward investors and markets, secure appropriate financial reporting, and enhance compliance awareness.

Specifically, participants deepened their understanding of the background leading to past accounting irregularities and its societal impact. Using actual cases of accounting irregularities, they engaged in case studies on identifying warning signs of accounting and financial reporting risks in field operations and learning the appropriate responses required upon detection. The Company considers this initiative directly aligned with promoting a sincere attitude toward investors and markets as recommended by the Third-Party Committee.

Furthermore, in September 2026, the Company conducted an e-learning program for accounting personnel across NIDEC to prevent the recurrence of accounting irregularities. This program was designed to deepen understanding of accounting irregularity cases and recurrence prevention measures, while instilling the code of conduct required for accounting personnel, thereby ensuring proper financial closing and financial reporting. Moving beyond mere knowledge acquisition, the program aimed to ensure that each accounting employee understands their responsibilities and exercises appropriate judgment and action in daily closing and financial reporting tasks.

The Company intends to conduct these training programs on an ongoing, recurring basis rather than as a one-time measure, with the next session planned around February 2027. Through these sustained efforts, the Company will continuously elevate the awareness and sensitivity of the accounting department and all employees toward financial reporting, making every effort to ensure training effectiveness in preventing the recurrence of accounting irregularities.

(d) Strengthening accounting governance

To strengthen accounting governance, through the experience gained from the accounting self-assessment—an initiative investigating the appropriateness of accounting practices across most Group companies from the fiscal year ended March 31, 2020, to the first quarter of the fiscal year ending March 31, 2026, under the management and oversight of the "Third-Party Committee"—a framework for efficient and effective communication among the Company, Business Units, domestic Group companies, and their subsidiaries is being actively built. The Company is steadily executing various measures, including the group-wide deployment and operation of NIAP (Nidec Global Accounting Policy Manual, a group accounting policy formulated upon the adoption of IFRS in 2017).

In addition, starting with the financial results for the fiscal year ended March 31, 2026, the Company established a new reporting process to escalate risk information arising in each group company's financial closing to the Company’s Accounting and Tax Department. This enables the Company to centrally monitor and manage key accounting and financial reporting risks, including impairment risks. Through this new process, the Corporate Management Department, which oversees business management functions, comprehensively analyzes changes in the operating environment and financial data regarding the aggregated risk information. It appropriately evaluates whether initial business and investment plans remain highly feasible based on operational realities, while coordinating information with the Accounting and Tax Department.

Furthermore, key accounting and financial closing risk information is shared in a timely manner by the Company’s CFO with the Executive Management Meeting and the Board of Directors. Relevant risk information regarding the fiscal year ended March 31, 2026, and the first quarter of the fiscal year ending March 31, 2027, was shared at the Executive Management Meeting held on August 26, 2026. In addition, the Company’s CFO performs cross-group analyses and will strengthen cross-functional governance by holding regular meetings (approximately three times a year) with CFOs, heads of accounting, and business management managers of the Company, Business Units, and domestic Group companies. Most recently, a meeting was held in April 2026 to align on the purpose of this process, and a meeting scheduled for early December 2026 will focus on sharing and verifying key accounting risk information and the operational status of recurrence prevention measures.

Given that providing transparent and appropriate information to accounting auditors is indispensable for transparent financial reporting to investors and the market, the Company continuously shares key accounting and financial reporting risks with accounting auditors in a timely manner. The status for the fiscal year ended March 31, 2026, and the first quarter of the fiscal year ending March 31, 2027, was shared appropriately during the financial closing period. This ensures a system where information that could affect key audit judgments is communicated to accounting auditors comprehensively and without delay.

Through these initiatives, the Company aims to advance accounting governance across the entire Group while enhancing the effectiveness of preventing and promptly correcting accounting irregularities.

(vi) Clarification of accounting policies and proper operation

(a) Revision of the Group Accounting Policy and abolition of request for exception

The Company reviewed the Group Accounting Policy in June 2026 based on this matter and the operational realities of each business. Specifically, regarding accounting judgment criteria that were not necessarily clear in the past, the Company has clarified its guidelines by holding multiple consultations with Business Units and domestic Group companies since March 2026 and adding specific guidance tailored to actual business conditions.

In addition, exception requests—which had compromised the effectiveness of NIAP—were abolished starting from the financial results for the fiscal year ended March 31, 2026, and the Company continues to enforce a policy of permitting no exceptions. Going forward, the Company's accounting department will continuously monitor the operational status of NIAP and refine or update guidance as necessary, thereby thoroughly preventing inconsistent accounting treatments, unwarranted broad interpretations, and deviations from NIAP.

(b) Development of Group Accounting Policy

The Company is thoroughly disseminating the provisions of NIAP across all Group companies, including entities acquired through M&A. Specifically, the revised NIAP was deployed via briefing sessions held in June 2026 for CFOs and heads of accounting of Business Units and domestic Group companies, as well as through corporate notices issued to all units in June and July 2026. By publishing the revised policy on the internal information platform, the Company ensures widespread understanding and adherence beyond the accounting department to all relevant operational personnel.

Particularly during briefing sessions for global accounting teams, moving away from past practices of relying solely on interpreters, the Head of the Accounting and Tax Department conducted sessions directly in both Japanese and English, including live Q&A. This approach effectively communicated the rationale behind the NIAP revisions, specific judgment criteria, and practical operational notes, thereby fostering deeper understanding and institutionalization of NIAP.

Furthermore, in quarterly notices regarding accounting updates and key considerations issued by the Accounting and Tax Department to entities submitting reporting packages, the Company continuously reinforces compliance with NIAP. Most recently, a notice was issued in September 2026 ahead of the second quarter financial close for the fiscal year ending March 31, 2027.

Where a company submitting a reporting package serves as a sub-consolidation parent—consolidating its own subsidiary group before entering data into the reporting package—it is instructed to cascade these guidelines down to its sub-consolidation subsidiaries. Through these ongoing efforts, the Company ensures consistency in accounting treatment across the entire Group.

(c) Declaration of compliance with Group Accounting Policy

Effective from the first quarter of the fiscal year ending March 31, 2027, the Company introduced and currently operates a process wherein each Group company verifies and certifies its compliance with NIAP prior to submitting its reporting package. Specifically, using a checklist of key accounting issues developed based on the findings of the accounting self-assessment related to this matter, heads of accounting at Business Units and domestic Group companies review their status and formally certify their compliance with NIAP.

(d) Review of Business Units and domestic Group companies

The Company is strengthening supervision over the accounting departments of Business Units and domestic Group companies by having its Corporate Accounting Department conduct quarterly reviews to verify whether each Group entity is properly executing financial closes. The scope of these reviews extends beyond entities submitting reporting packages to include subsidiaries within sub-consolidation units, ensuring comprehensive coverage across the entire Group.

This review process aims to enhance financial reporting quality and reinforce headquarters' oversight by ensuring that, grounded in a correct understanding of NIAP, financial closing risks reported by Group entities are communicated to the Accounting and Tax Department in a timely manner, while continuously monitoring accounting treatments and consultation statuses with independent auditors.

Specifically, prior to and during each quarterly close, the Company verifies the submission status and content of financial closing risk reports provided by Group entities. If omissions or inaccuracies are identified, the Company follows up individually with the respective reporting entities to request updates or resubmissions—a workflow that commenced with the financial results for the fiscal year ended March 31, 2026. Furthermore, following each quarterly close, the Company will collect documented rationales of key accounting judgments made at individual Group entities to monitor whether required disclosures are properly recorded. This procedure is scheduled to become operational in December 2026.

(vii) Reform of the corporate culture

(a) Establishing a new organization to promote corporate culture reform

To strategically and flexibly promote corporate culture reform and enhance the transparency and speed of decision-making processes, the Company established the "Culture Transformation Lab" directly under the Chief Human Resources Officer (CHRO) on February 1, 2026. The Lab is led by a Lab Chief who previously oversaw product development and human resources at a Group company, supported by a full-time working leader who served as the chair of the Shinbokukai (the Company's employee-representative organization). Since its inception, the Lab has instituted regular meetings with the CEO and CHRO, individual Group companies, the Shinbokukai, and labor unions across Group entities to gather broad employee input. The Company will continue conducting these regular forums to continuously collect and deliberate on employee feedback, ensuring its direct escalation to management for swift decision-making and practical implementation into corporate measures.

(b) Conduct a corporate culture learning program based on employee level

To review the influence of the management philosophy advocated by Mr. Nagamori, the Company abolished morning group reading sessions of "The Challenging Road" and removed internal displays (such as posters) that strongly reflected his values and intentions across all domestic and overseas locations.

Furthermore, on July 30, 2026, the Company rolled out an online training program tailored for executives, managers, and general employees across major domestic and overseas Group companies. This training aimed to foster employee understanding of corporate culture reform initiatives, instill a shared recognition of the "correct standard" that serves as the foundation for the Company's ideal corporate identity, and drive behavioral change.

(c) Create opportunities for dialogue with employees

The Company actively drives internal communication through workshops at major operating locations, location interviews, and management-attended town hall meetings. These initiatives establish platforms for participants to exchange perspectives and deepen mutual mutual understanding, while institutionalizing mechanisms to reflect on corporate culture and debate ideal values and behaviors. As of September 30, 2026, workshops and location interviews have been conducted across 15 domestic entities (including headquarters) and 28 overseas subsidiaries.

Executive management directly visits domestic and international facilities to convey leadership's commitment to reform, while holding town hall meetings to gather unfiltered feedback from frontline employees. Employee input received during these town halls is compiled alongside workshop findings to inform policy planning. Depending on the proposal's scope, management leverages regular executive alignment meetings with the CEO and CHRO to secure timely authorizations for swift decision-making, advancing cross-departmental implementation.

As of August 31, 2026, top management has conducted town hall meetings across a cumulative total of 21 locations worldwide. Furthermore, updates regarding policy evaluations and implementation statuses are published regularly on the internal portal site "NiDEPO," providing complete transparency into how employee feedback is being incorporated into actionable measures.

(d) Behavioral changes by management

In addition to the activities (a) through (c) outlined above in the Revised Improvement Plan and Status Report, the Company is implementing measures deemed necessary to transform its corporate culture. The implementation status of behavioral change measures by the Company's management and employees is detailed in this section (d) and section (e) below.

Following the establishment of the Third-Party Committee, the top management has continuously issued executive messages to all employees, encouraging them to express their opinions frankly. To ensure these ongoing messages resonate more effectively with staff, the Company updated its monthly all-hands meeting format; rather than merely projecting slide decks, live video feed featuring the speakers' facial expressions is streamed. Furthermore, depending on the topic, not only top management but also responsible executive officers address employees directly in person.

To achieve a complete "breakaway from being 'Mr. Nagamori's company'" and steadily advance Group-wide transformation under the new leadership structure, the Company formulated the "Re-Definition Declaration" led by top management. Disclosed internally on April 1, 2026, this declaration establishes the roadmap for future reforms and the Group's aspirational vision. Following its release, the Company convened an executive retreat to align on future strategic directions and instill the principles of the Re-Definition Declaration. All corporate executives—including overseas leadership—attended the retreat, participating in active discussions on the Group's target state and future cultural reform roadmap from a global perspective.

Note that the Re-Definition Declaration represents a provisional redefinition of the Group's direction at this stage. Building on this foundation, the Company is concurrently evaluating a more fundamental corporate philosophy (Purpose), targeting formal adoption within the current fiscal year.

(e) Behavioral changes by employees

The Company is also implementing various measures reflecting direct employee feedback. For instance, to reduce psychological barriers in workplace communication and foster an open environment for sharing opinions, the Company launched an initiative encouraging staff to address colleagues using the title "-san" regardless of job rank or official position.

Furthermore, by upgrading working conditions based on employee input, the Group seeks to break away from its historical corporate culture—which prioritized short-term profits and cost reductions above all else across every level of operations—thereby demonstrating in concrete terms its commitment to respecting and valuing every individual worker. Concurrently, the Company continues to build physical and digital workplace environments that naturally foster spontaneous interaction and informal communication.

Additionally, to deepen inter-employee ties and revitalize day-to-day engagement, the Company instituted a dedicated "Gratitude Week." Recognizing that opportunities to express appreciation are often limited in routine operations, management proactively created this platform to strengthen interpersonal bonds and fundamentally transform everyday communication norms. This initiative generated numerous messages of appreciation, receiving positive employee feedback such as, "It was a wonderful initiative because we rarely have the opportunity to express gratitude during normal working days."

(f) Activities in various headquarters departments, Group companies, and global entities

The initiatives outlined in (a) through (e) above are progressively expanding across the Company's various departments, Group companies, and global entities, with progress actively shared both internally and externally.

In parallel with the Culture Transformation Lab's efforts, workplace-tailored improvement activities have commenced within corporate departments and Group subsidiaries. For example, based on employee suggestions, the General Affairs Department introduced an in-office light snack service. Meanwhile, within the Small Motor Business Unit and domestic subsidiaries such as Nidec Precision and Nidec Drive Technology, independent culture reform initiatives tailored to specific organizational challenges have been launched. These local teams coordinate closely with the Culture Transformation Lab, accelerating progress through ongoing information sharing.

Reflecting these efforts, employee feedback highlights tangible change, such as: "Seeing executives—with whom we previously had little contact—visit our workplace and engage in direct dialogue makes me truly feel that the company is transforming."

This momentum for reform is expanding beyond Japan onto a global scale. The Company is actively integrating HR functions, which were historically managed independently by individual regions and facilities, into a globally coordinated framework. As part of this initiative, an international conference brought together regional HR representatives to deepen mutual understanding and strategize on future global collaboration. Moving forward, the Culture Transformation Lab will strengthen its alignment with this global HR network, driving corporate culture reform in lockstep across all operating countries.

Furthermore, using the accounting incident as a catalyst for reflection, individual operating sites are advancing voluntary compliance initiatives. For instance, Nidec Automotive Motor (Zhejiang), under the Automotive Business Unit, translated the Improvement Plan into Chinese, framed the incident as a relevant local issue, and held study workshops to evaluate local challenges and future action items. Similarly, Nidec Philippines, under the Small Motor Business Unit, responded to the Re-Definition Declaration by formulating local policies that pivot away from a profit-centric mindset to prioritize integrity and product quality. These principles were communicated during a company-wide morning assembly, with instructions for all departments to cascade the policies throughout their respective teams.

(g) Ensuring transparency of implementation status

Measures evaluated by the Culture Transformation Lab and deployed across corporate departments and Group entities are published on the internal portal "NiDEPO," with status updates and future directions routinely posted. This enables employees to directly track how their feedback is being addressed, bolstering the transparency of employee opinion processing. Furthermore, to communicate reform progress, upcoming milestones, and strategic initiatives transparently to external stakeholders, the Company launched the "Nidec Journal" on July 9, 2026. By regularly publishing updates on this platform, the Group aims to foster stakeholder understanding while restoring and elevating market trust.

Through these multi-faceted initiatives, tangible signs of cultural change are gradually emerging across the Group, albeit within a limited scope at present. For example, some employees noted: "Corporate initiatives are far more visible than before, and seeing positive changes nearby gives me confidence in our future transformation."

Nevertheless, management recognizes that corporate culture transformation has not yet reached a level where all employees perceive these changes. During internal workshops, feedback was raised such as: "While I am aware of the Culture Transformation Lab's activities, I do not yet feel that my own workplace or the company has fundamentally changed." The Company acknowledges that current progress remains in an early transitional phase, and that many frontline employees have yet to experience concrete improvements in their daily work environments.

To quantitatively measure employee perception and workplace realities, the Company will administer a global Engagement Survey in October 2026. While individual subsidiaries have conducted independent surveys previously, this marks the first unified, Group-wide global survey in the Company's history. Moving forward, management will analyze survey findings to design targeted action plans, continually translate employee feedback into concrete remedies, and report implementation progress directly to staff.

The Group is committed to advancing cultural reform through top-down executive leadership paired with bottom-up employee autonomy. Ensuring that these initiatives are not merely a one-off effort, management will continuously evaluate implementation progress and operational efficacy, refining measures as required. Through the sustained execution of these systematic efforts, the Company will catalyze lasting behavioral change across individual employees, institutionalizing a transformed corporate culture throughout the entire Group.

(viii) Restructuring the group governance system

In April 2026, the Company formulated the Group Governance Policy as a set of fundamental principles outlining its overarching governance approach across the entire Group, subsequently disseminating it nationwide and globally. Concurrently, the Company established a global Approval Authority Matrix based on Group-wide standards, clarifying mandate rules that require prior headquarters approval for significant capital investments and operational expenditures exceeding specified thresholds at individual Group entities.

Regarding Group Policies—including the Group Governance Policy and other regulations mandating group-wide compliance—the Company not only issues formal notices to each subsidiary but also publishes them on the corporate intranet portal ("NiDEPO") accessible across all entities. The designated department issuing each policy leads rollout initiatives, including explanatory briefing sessions and video distribution. Furthermore, the Company obtains formal acknowledgments (via survey responses) from executives and managers overseeing local policy dissemination at each entity to confirm their understanding of communication requirements, thereby ensuring thorough compliance alignment across all Group entities.

(ix) Enhancement of compliance education

(a) Enhancement of compliance education for new hires and regular learning program

Since January 2026, the Company has conducted monthly compliance onboarding sessions—delivered in-person or virtually—for all newly hired mid-career personnel. Additionally, as part of the June 2026 training program for newly appointed managers, the Company delivered online compliance modules tailored for newly promoted leaders. This curriculum focuses on managerial responsibilities from a risk and compliance perspective, highlighting critical compliance topics requiring heightened operational vigilance.

(b) Thorough compliance education throughout the Group and continuous dissemination of this Issue

In March 2026, the Company delivered an e-learning compliance program to approximately 12,000 executives and employees across accounting, purchasing, production management, and sales divisions. Utilizing actual historical accounting fraud cases as case studies, the training aimed to thoroughly instill an attitude of uncompromising integrity toward investors and the market, ensure proper financial reporting, and enhance compliance awareness across operations.

To sustain continuous compliance momentum across the entire Group, in July 2026, the Company conducted an online compliance education program for all Group executives and employees. Centered on the Incident, the program communicated its background, root causes, and key lessons learned to all personnel. Management determined that this initiative directly aligns with the recommendations of the Third-Party Committee to thoroughly enforce integrity toward investors and capital markets.

(x) Review of personnel evaluation system

(a) Setting targets other than performance, and thorough evaluation

As part of overhauling the personnel evaluation system, the Company revised target-setting criteria for managers. Concurrently, to centralize human resource data and strengthen both performance evaluations and employee development, the Company decided to introduce a global HR management system, with implementation preparations currently underway.

(b)Implementation of measures to improve understanding of the system

To ensure the rigorous and appropriate execution of personnel evaluations, the Company held briefing sessions for all employees in March 2026. For evaluators, the Company delivered target-setting training in April and evaluator training in September. Domestic Group subsidiaries conducted equivalent briefing sessions and evaluator workshops in April and September.

The April target-setting and September evaluator sessions addressed core principles of objective target-setting, the underlying rationale of the evaluation framework, methods for conducting fair and transparent reviews, expected evaluator roles, and effective evaluation feedback. Additionally, mandatory compliance goals for managerial staff were integrated into the curriculum, reinforcing that managers must prioritize compliance and ethical judgment over short-term financial performance. Furthermore, the Company reinstated managerial tier-based training—previously suspended in recent years—to reaffirm managerial roles and heighten awareness around talent development and organizational stewardship. Specifically, General Managers utilized an "Organizational Culture Diagnostic" to analyze department-specific challenges and establish practical action plans. Group Leaders and Team Leaders underwent a "Leadership Diagnostic" to identify strengths and development areas, engaging in practical training focused on tea

To continuously monitor whether evaluation operations adhere to corporate standards, from May to June 2026, the Company conducted sample-based audits of evaluation forms across Group companies to verify alignment with current-period target-setting guidelines, instructing adjustments where necessary. Concurrently, headquarters reviewed the specific content and weighting of managerial targets across Group entities to ensure consistency with Group-wide policies, with the HR department directing corrective action for non-compliant implementations.

Furthermore, in December 2026, the Company will administer a comprehensive survey covering target-setting and evaluation interviews to verify whether evaluation practices align with the core purpose of the system. Based on survey findings, management will formulate and implement necessary refinements to evaluation policies and operational methods.

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

(a) Improving the effectiveness of the Board of Directors' oversight of the appropriateness of performance targets

To refine the formulation of business plans and strengthen progress monitoring, the Company revised the Board of Directors Regulations in March 2026. This amendment streamlined business plan agenda items submitted to the Board while establishing a "Board Deliberation Schedule" approved by the Board, thereby institutionalizing a framework for dedicated Board review of business plans.

Pursuant to this framework, the FY2026 Business Plan was submitted to the Board of Directors on March 31, 2026, where it was deliberated and formally approved. During these deliberations, the Board evaluated plan feasibility, focusing on the incorporation of potential management risks and bottom-up operational insights submitted by individual business units.

Regarding progress monitoring, monthly updates for April 2026 were presented to the Executive Management Committee on May 29 and to the Board of Directors on June 3. Subsequent updates for May were reported to the Executive Management Committee on June 24 and to the Board on July 8.

(b) Establishment of a system for sharing important risk information and strengthening of supervisory functions

In May 2026, the Company revised its Risk Management Regulations and Crisis Management Regulations, clearly defining material risk information requiring escalation to the Board of Directors alongside criteria for reporting thresholds. Additionally, in March 2026, the Board of Directors Regulations were amended to mandate that any material risk information identified by the Risk Management Committee, Compliance Committee, or Chief Compliance Officer (CCO) must be formally submitted to the Board, thereby establishing an institutional framework ensuring reliable risk disclosures.

Through September 30, 2026, disclosures of significant incidents (e.g., a ransomware attack at a Taiwanese subsidiary) were reported to the Board by the responsible executive officer as part of executive management reporting items; no separate material risk escalations were triggered directly by the Risk Management Committee or Compliance Committee during this period. Furthermore, regarding critical risk status verified by the Finance & Accounting Division (CFO organization), management presented updates to the Group Executive Management Committee on August 26, 2026, and to the Board of Directors on September 3, with quarterly reporting scheduled moving forward.

Because the Group Executive Management Committee serves as a strategic forum for broad deliberations on business risks and strategic challenges, key discussion outcomes are systematically shared with the Board. Most recently, at the July 8, 2026 Board meeting, specific risk matters—including the Taiwanese ransomware incident and sector-specific operational risks—were disclosed under executive reporting items. Furthermore, minutes of the Group Executive Management Committee are distributed to all Directors via a secure shared drive, enabling Board members to continually monitor discussed risk topics. In addition, Audit and Supervisory Committee members attend every Executive Management Committee meeting as observers, leveraging this platform to gain direct visibility into executive deliberations and material risk disclosures.

Additionally, the Company hosts informal lunch sessions following regular Board meetings, providing a dedicated forum for independent exchange of views solely among Outside Directors.

(c) Improving the effectiveness of the Audit and Supervisory Committee

The Corporate Administration & Internal Audit Department regularly submits internal audit findings—including summaries of audit execution, results, and material findings—to the Audit and Supervisory Committee quarterly (with reports for FY2026 already completed at committee meetings held on April 22 and July 22, 2026). Additionally, quarterly tripartite liaison sessions are conducted among the Audit and Supervisory Committee, the Corporate Administration & Internal Audit Department, and the Accounting Auditor to align on internal control challenges (sessions were completed on April 22 and July 22, 2026).

Furthermore, as part of operational audits conducted by the Audit and Supervisory Committee, the Company strengthened direct dialogue with executive directors and executive officers. Specifically, consultative sessions were conducted with the Chief Legal Officer (CLO) on February 7, May 8, and August 4; with the Deputy CFO on April 4 and July 8; and with the Chief Executive Officer (CEO) on June 3 and September 3, 2026.

(d) Strengthening supervisory functions by diversifying the expertise of the Board of Directors

At its meeting on May 9, 2026, the Nomination Committee revised the skills matrix defining the "Expertise and Experience Expected of Directors." Based on this updated matrix, the committee finalized director candidate proposals and submitted its formal recommendations to the Board of Directors on May 13, 2026. Specifically, for Outside Directors, the framework prioritized nominating individuals possessing key expertise in Legal & Compliance, Finance & Accounting, Governance & Risk Management, Corporate Management Experience, and Capital Markets Knowledge. For Internal Directors, it recommended nominating Executive Officers overseeing administrative functions as Board members to ensure that compliance and risk management issues are proactively identified and addressed. Following the Nomination Committee's recommendations, the Board of Directors approved the slate of director candidates. All company-proposed candidates were subsequently elected at the 53rd Ordinary General Meeting of Shareholders held in June 2026. For details regarding the new composition of the Board of Directors, please refer to the "Notice of Convocation of the 53rd Ordinary General Meeting of Shareholders" (dated May 27, 2026) and the "Notice of Resolutions of the 53rd Ordinary General Meeting of Shareholders" (dated June 18, 2026).

(e) Enhancing the system to support outside directors

To strengthen the operational capabilities of the Board Secretariat, the Company established the Board of Directors Office on June 1, 2026. Furthermore, the official responsibilities of the Board of Directors Office were updated to explicitly designate it as the primary contact point when Outside Directors engage external experts. As a concrete example, when an Outside Director serving on the Audit and Supervisory Committee requested membership in the Japan Audit & Supervisory Board Members Association and attendance at its training seminars, the Board of Directors Office served as the liaison, facilitating the application and enrollment process.

Additionally, to support newly appointed Outside Directors elected at the Ordinary General Meeting of Shareholders upon assuming office, executive management conducted multiple briefing sessions from June 2026 onward. These briefings provided comprehensive information covering corporate and organizational structures, operational overviews, current corporate challenges and progress on remediation, and the Five-Year Corporate Reform Plan.

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

(a) Review of selection criteria and formulation of dismissal criteria

The Company updated its selection criteria for Executive Officers to a global, standardized framework applicable to the Company's Global Executives and CEOs of domestic Group subsidiaries, formally revising the Executive Officer Regulations. Specifically, the Company incorporated key prerequisites into Executive Officer requirements—such as high ethical standards and compliance awareness, leadership through organizational development and talent cultivation, and forward-looking strategic planning and execution—while expanding the scope of application to include Global Executives and domestic subsidiary CEOs. Furthermore, key focus areas tailored to the changing business environment are deliberated by the Nomination Committee and reflected in nomination decisions. Additionally, the Company established explicit dismissal criteria for Executive Officers, enabling formal dismissal deliberations if a candidate fails to satisfy selection standards, commits misconduct, or engages in material violations of laws, regulations, or internal rules.

(b) Improving the effectiveness of the Vice President selection process

To construct a more objective and transparent selection process, the Nomination Committee formulated new selection criteria in April 2026. Prior to this, external assessments were conducted for Executive Officer candidates appointed during the April 2026 selection cycle. Moving forward, the Company will systematically supply the Nomination Committee with candidate compliance screening results, internal performance evaluations, and external assessment findings, establishing a multi-dimensional framework for nomination decisions. Furthermore, reflecting feedback from Outside Directors serving on the Nomination Committee regarding the need for expanded candidate engagements, the Company conducts candidate interviews from an early stage in the selection process. Additionally, the Company enhances candidate touchpoints through project briefings during pre-Board sessions and informal lunch meetings during facility visits, fostering a deeper understanding of each candidate.

(xiii) Review of evaluation criteria for executive remuneration and strengthening of the effectiveness of the remuneration determination process

(a) Review of evaluation criteria for executive remuneration

To reinforce governance and performance alignment, the Company redesigned its executive compensation evaluation framework. In March 2026, new evaluation criteria were established for Short-Term Incentives (STI). In addition to traditional single-year net sales, operating profit, and Free Cash Flow (FCF) metrics, the updated FY2026 framework incorporates evaluation parameters focused on internal control effectiveness, thereby aligning executive incentives with operational process quality and medium- to long-term value creation. Furthermore, to ensure compensation consistency across the entire Group, the Company standardized these evaluation criteria globally in April 2026, expanding their scope of application.

Moving forward, the Company will continuously assess the implementation and operational efficacy of these metrics. Taking into account evolving business environments and strategic priorities, management will ongoingly review and refine the executive compensation system to maintain an optimal structure.

(b) Issues and measures to improve the effectiveness of the remuneration determination process

Since the start of FY2026, the Remuneration Committee has convened three times between April and June under the newly enacted Remuneration Committee Regulations. During these sessions, the Committee evaluated appropriate compensation levels by benchmarking proposed candidate packages against position-specific market data.

Furthermore, proposed remuneration amounts for CEOs of domestic Group subsidiaries were consolidated by the Company's Human Resources Department to verify that calculations complied with newly established Group-wide standardized criteria. The findings were formally presented to the Remuneration Committee and documented in the official minutes, thereby reinforcing operational effectiveness and safeguarding process transparency.

Regarding compensation for executive officers of domestic Group subsidiaries, the Company's Human Resources Department provided each entity with proposed remuneration amounts calculated under the unified Group criteria. Individual subsidiaries subsequently evaluated the appropriateness of these proposals against their specific operational parameters. Where adjustments were deemed necessary, subsidiaries submitted revised proposals to headquarters; following review by the Company's Human Resources Department—which validated adjustments against historical compensation data and underlying rationales—final remuneration decisions were formally adopted by the respective Boards of Directors of each subsidiary.

(xiv) Strengthening the internal audit system

(a) Strengthening independence through cooperation with the Audit and Supervisory Committee

The Corporate Administration & Internal Audit Department has instituted quarterly reporting to the Audit and Supervisory Committee, with formal sessions held in April and July 2026. Specifically, the department reports on the current fiscal year's internal audit plan and presents the findings of internal audits executed year-to-date. Furthermore, through recurring information sharing, the Audit and Supervisory Committee routinely verifies that structural conditions ensuring the independence of the Corporate Administration & Internal Audit Department are maintained. This framework is constructed to prevent the recurrence of improper internal audit practices—such as past ad hoc "special-mission audits" operating under ambiguous mandates or the unauthorized partial deletion of audit interview minutes.

Additionally, as outlined in (xi)(c), to elevate audit effectiveness via a tripartite audit structure (three-way audits), quarterly liaison meetings connecting the Audit and Supervisory Committee, the Corporate Administration & Internal Audit Department, and the External Accounting Auditor were established, with sessions conducted in April and July 2026. In these meetings, the three parties outline their respective audit plans, deliberate optimal information-sharing protocols, and collaborate to enhance overarching audit rigor.

To ensure the reporting structure functions with substantive authority, the Audit and Supervisory Committee exercises partial governance authority over key personnel matters, thereby fortifying the internal audit department's independence. Specifically, the Audit and Supervisory Committee Regulations were amended to explicitly require the Committee's prior consent for the recruitment, appointment, or transfer of the Head of the Corporate Administration & Internal Audit Department, with operations under these updated rules commencing in April 2026.

(b) Increase the number of companies subject to internal audits and improve audit quality

By reinforcing internal audit personnel through new hiring and internal transfers, the Company will expand the number of legal entities audited annually, building a robust internal audit system capable of delivering comprehensive oversight. Specifically, four new auditors have joined the internal audit department since April 2026. Furthermore, the Planning and Management Group—newly established within the Corporate Administration & Internal Audit Department in April 2026—is actively standardizing audit working papers and creating standardized checklists for each audit domain.

To enhance the sophistication of internal audits and standardize risk assessments previously dependent on individual skills, the Company is deploying data-analytics capabilities to compute risk scores for Group entities during the audit planning stage. Concurrently, to visualize audit progress and centralize audit data, management has commenced evaluations for introducing IT-driven audit tools, assessing functional requirements and implementation feasibility.

Regarding FY2026 internal audits, as of September 30, 2026, the Company completed on-site audits across 32 legal entities, with additional on-site audits scheduled for 48 entities from October onward. Management plans to complete on-site audits for all Group companies within approximately three years. Furthermore, audit findings are systematically tracked by the Corporate Administration & Internal Audit Department, which coordinates with headquarters supervisory divisions as needed to drive governance improvements across the Group.

In addition, since May 2026, the Company initiated internal audits targeting non-financial operational domains, focusing on remediation measures outlined in the Revised Improvement Plan and Status Report. Operating as the "Third Line" of defense, the Corporate Administration & Internal Audit Department monitors the oversight activities conducted by operational supervisory divisions (the "Second Line"). Specific internal audit items added in FY2026 include:

- Framework development, formulation processes, and authorization protocols for business plans
- Budget-versus-actual variance analysis and performance management processes
- Independence of financial accounting functions and accounting governance
- Execution and oversight of corporate culture reform processes
- Crisis management framework development and emergency reporting lines
- Process for establishing, amending, and enforcing corporate regulations
- Compliance management systems (including international trade compliance)
- Implementation status and effectiveness of compliance training programs
- Revisions to personnel evaluation systems for the Company and domestic Group entities
- Selection and nomination processes for Executive Officers at the Company and domestic Group entities
- Executive remuneration determination processes for the Company and domestic Group entities
- Whistleblower investigation frameworks, operational manuals, and reporting lines

(xv) Improvement of whistle-blowing system

(a) Review of the global whistle-blowing system and dissemination to employees

To improve the operational effectiveness of its whistleblower framework, the Company revised compliance-related regulations, mandating that all officers and employees report suspected compliance violations while explicitly stating that failure to comply with this obligation may result in disciplinary action. Furthermore, to elevate system awareness and reassure employees so they may utilize reporting channels without hesitation, the Company ensured that the whistleblower framework—including robust whistleblower protections—was thoroughly communicated during various compliance training programs. The Company also redistributed informational whistleblower posters to Group entities for prominent display across workplaces.

Driven by enhanced awareness resulting from these educational and communication initiatives, the number of internal reports received in the first quarter of FY2026 surged by 93 cases year-on-year to 141 cases. (This increase is attributed to multiple combined drivers, including the issuance of executive messages from top management and the establishment of employee suggestion boxes.) The Company will continue to foster deeper understanding and active adoption of the system through ongoing training programs and internal communication platforms.

(b) Understanding the status of operation of group companies' own contact points and confirmation of group companies' response status

In April 2026, the Company operationalized a reporting mechanism to track the status of whistleblower reports and investigation progress from domestic Group companies and their subsidiaries. In July 2026, the Company initiated structured monitoring via quarterly regular reports received from each Group company to confirm whether timely and appropriate remedies are being executed. During the FY2026 Q1 review conducted in July, a total of 30 internal whistleblower reports were logged across subsidiaries, with no critical cases requiring immediate headquarters intervention.

(c) Coordinating information for appropriate response to reports

The Company's Compliance Department submitted a total of four reports regarding internal whistleblower matters to the Audit and Supervisory Committee between October 2025 and August 2026. Furthermore, in July 2026, the department instituted monthly status reporting on whistleblower cases specifically for full-time Audit and Supervisory Committee Members.

(xvi) Strengthening the system for responding to reports

(a) Preparation of a manual and education for personnel in charge of responding to reports

To eliminate quality inconsistencies in report handling, the Company developed a practical manual for personnel tasked with investigating whistleblower reports. Moving beyond basic statutory requirements, the manual documents operational workflows and standardized procedures spanning issue detection, fact-finding, and corrective action to guide investigative practice. In addition to the Compliance Department, the manual was distributed to Regional Compliance Officers as well as Compliance Officers and Promoters assigned to each corporate entity. Concurrently, the Company conducted training sessions in April 2026 to ensure deep comprehension of the manual.

Furthermore, in July 2026, the Company delivered online training sessions led by external legal and compliance experts for investigation personnel at domestic Group subsidiaries. Utilizing concrete case studies, the curriculum focused on navigating complex or ambiguous whistleblower scenarios. The Company will continue providing structured educational programs on an ongoing basis.

(b) Expansion of the investigation system

To ensure that internal investigations are conducted thoroughly and without delay—unhindered by internal resource constraints or expertise gaps across the Company and its Group entities—the Company partnered with outside law firms specializing in corporate investigations, establishing a robust framework for rigorous fact-finding and remediation. Management will continue to gather information broadly from internal and external channels, carefully examining and investigating all leads to ensure prompt and appropriate actions based on case specifics.

Furthermore, regarding matters expected to carry potential financial impacts, the Company is committed to building an even more dependable governance structure, including executing all necessary financial and accounting adjustments.

(xvii) Stricter disciplinary measures

Stricter disciplinary standards and operational processes

Regarding the tightening of disciplinary standards and operational process revisions, the Company prepared explanatory materials for employees in April 2026. In addition to publishing announcements on the corporate intranet portal and distributing direct email notifications, the Company conducted briefing sessions across operational sites and Group entities to ensure widespread compliance awareness. Furthermore, leveraging intelligence gathered outside dedicated whistleblower channels—such as exit interviews—the Company established an operational framework coordinating inter-departmental investigation and disciplinary procedures, which commenced operations in May 2026.

Currently, case details brought before disciplinary committees across the Company and domestic Group entities are systematically reported to the Human Resources Department and Compliance Department. Through centralized information sharing, the Company ensures fair and impartial disciplinary actions while heightening organizational awareness regarding recurrence prevention. Additionally, the Company mandates that employees complete annual training sessions utilizing actual disciplinary cases as case studies. For FY2026, the Company expanded the target audience beyond the initially planned Executive Officers and managerial staff, conducting comprehensive compliance sessions for all Group employees in July 2026.

(xviii) Clarification of responsibility

On March 13, 2026, the Company established the "Executive Responsibility Investigation Committee," comprised solely of outside experts, by resolution of the Board of Directors and the Audit and Supervisory Committee.

Objective of establishment		Regarding the instances of improper accounting disclosed in the Third-Party Committee's investigation report, and, based on such report, to enable the Company to make an appropriate and fair determination regarding the legal liability — including liability for breach of duty in the execution of their responsibilities — of individuals who served as directors, auditors, or executive officers during the period covered by the Third-Party Committee's investigation (fiscal year 2020 through the first quarter of fiscal year 2025), the purpose of the Executive Responsibility Investigation Committee is to investigate and examine those matters and, on that basis, prepare reports and make recommendations.
Chairperson	Shin Kikuchi	Attorney at Law (Gaien Partners)
Member	Haruka Matsuyama	Attorney at Law (Hibiya Park Law Offices)
Member	Kenichi Akiba	Certified Public Accountant; Professor Emeritus, Waseda University
Scope of investigation		Individuals who served as directors (including the Audit and Supervisory Committee members), auditors, or executive officers between fiscal 2020 and the first quarter of fiscal 2025

Regarding the series of accounting fraud issues in the Group, the Executive Responsibility Investigation Committee, composed of external experts with no conflicts of interest with the relevant subjects, is still conducting investigations and examinations regarding the presence or absence of legal liability, including whether there was liability for neglect of duties regarding the execution of duties, for the current and former Directors, Audit & Supervisory Board Members, or Executive Officers of the Company. Based on the reports and recommendations of the Executive Responsibility Investigation Committee, the Company plans to determine whether to file claims for damages or take other legal actions. Through these responses, the Company will seek to fundamentally strengthen its governance structure, thoroughly enforce compliance, and steadily advance initiatives for restoring trust. Also, regarding staff in tiers below Executive Officers and executives and employees of Group companies, the Company implemented strict disciplinary actions based on the facts.

(Personnel measures in response to the Third-Party Committee's investigation report)

As stated in the "Announcement Regarding the Disclosure of the Third-Party Committee's Investigation Report and Our Company's Response" dated March 3, 2026, it has been determined that numerous instances of improper accounting were carried out over a prolonged period at multiple locations. Former Member of the Board of Directors and Chairman, Hiroshi Kobe; former Executive Vice President (Executive General Manager of the Small Platform Motor & Solutions Business Unit and in charge of managing Group Companies Performance Management Department), Yoshihisa Kitao; former Senior Vice President (Chief Financial Officer), Akinobu Samura; and former Executive Consultant (Executive General Manager of the Machinery and Automation Business Unit), Tatsuya Nishimoto have resigned from all positions effective March 3, 2026. Former First Senior Vice President (Executive General Manager of Appliance and Automotive Division), Valter Taranzano, who was suspended from his duties effective March 2, 2026, has resigned effective March 23, 2026, as stated in the “Announcement Regarding Receipt of the Third-Party Committee’s Investigation Report (Final Report) and Our Company’s Response” dated April 17, 2026.

In addition, Directors and Vice Presidents (the titles below are as of April 27, 2026) have forgone their remuneration as follows

Representative Director and President (CEO)	100% of monthly base compensation (until the submission of the Written Confirmation of Internal Management System) The Written Confirmation of Internal Management System is scheduled to be submitted by the end of October 2026.
First Senior Vice Presidents)	50% of monthly base compensation (for 4 months)
Senior Vice Presidents	
Vice Presidents	
Members of the Board of Directors (Audit and Supervisory Committee Members)	30% of monthly base compensation (for 4 months)
Outside Members of the Board of Directors	
Outside Members of the Board of Directors (Audit and Supervisory Committee Members)	

(4) Designation as a Security on Special Alert

NIDEC CORPORATION (hereinafter referred to as "the Company") received notification from the Tokyo Stock Exchange, Inc. on October 27, 2025, that its shares would be designated as a Security on special alert starting October 28, 2025, as detailed below.

1) Reasons for Designation as a Security on Special Alert The Company has received the following observations from the Tokyo Stock Exchange, Inc.:

The Company announced on Jun. 27, 2025 that it would extend the submission deadline for the annual securities report for the fiscal year ended Mar. 2025 to Sep. 26 of the same year. This extension was made to allow time for an investigation into issues related to international trade at its Italian subsidiary. Later, on Sep. 3, the Company further disclosed that it had decided to establish the Third-Party Committee to investigate newly discovered concerns about inappropriate accounting practices at its Chinese subsidiary involving a lump-sum payment representing a discount for a purchase from a supplier, as well as concerns that, with the involvement or awareness of their respective management teams, the Company and its Group companies may have arbitrarily decided the timing for writing down the value of certain assets.

Subsequently, on Sep. 26, the Company issued an "Important Notice Regarding Annual Securities Reports, etc." stating that the investigation by the Third-Party Committee was still ongoing, and that it had submitted the annual securities report without the results of the investigation being reflected in the consolidated financial statements or other included information. The notice also stated that there had been a material weakness in internal control over these matters. The annual securities report submitted by the Company included an audit report containing a disclaimer of opinion.

These disclosures, submissions, and other information revealed the following facts:

- Despite extending the submission deadline for the annual securities report by approximately three months, the Company submitted the report with an audit report that included a "disclaimer of opinion." This suggests that the Company has still not been able to disclose accurate financial results, and there remains a possibility that past fiscal year accounts may need to be corrected.
- Since the initial issue was discovered, the scope of the investigation has continued to expand. Even though a considerable amount of time has passed, the completion date of the Third-Party Committee’s investigation remains uncertain. As a result, the Company has not been able to provide investors with a clear outlook on when its financial reporting schedule will return to normal.
- Although the Third-Party Committee’s investigation is still ongoing, deficiencies have already been identified in the Company’s company-wide internal control systems (particularly in areas related to information and communication), as well as in the internal controls related to its accounting and financial closing processes. In light of these findings and considering the likelihood that they could have a significant impact on the Company’s financial reporting, the Company has determined that these deficiencies constitute material weaknesses that should be disclosed.

As described above, the audit report attached to the financial statements in the annual securities report, which forms the basis for appropriate investment decisions, contains a disclaimer of opinion, and TSE deems that improvements to the Company’s internal management system, etc. are highly necessary.

As such, TSE designates the stock as a Security on Special Alert. Furthermore, the investigation by the Company's Third-Party Committee is still ongoing, and its results may reveal new facts or lead to corrections of past fiscal years’ financial statements. In view of this, Japan Exchange Regulation (JPX-R) will continue its examination of the Company regarding its disclosure of corporate information and enforcement measures. Should any new issues come to light, TSE may consider taking additional measures as necessary.

2) Date of Designation as a Security on Special Alert

October 28, 2025 (Tuesday)

3) Period of Designation as a Security on Special Alert

The designation period will generally be one year from October 28, 2025. After one year, the Company will submit an internal control system confirmation report, and the Tokyo Stock Exchange, Inc. will review the internal control system. If no issues are found with the internal control system, the designation will be lifted. However, if issues are found, the Company will, in principle, be delisted.

If, upon review after one year from the designation, the internal control system is deemed to be appropriately established but not appropriately operated (limited to cases where there is an expectation of appropriate operation), the designation as a Security on Special Alert will continue. In such a case, the Company will be required to improve the operational status of its internal control system by the review following the end of the business year in which the continuation of the designation was decided (or the next business year if the period from the decision date to the end of the business year is less than three months). If the internal control system is deemed to be appropriately established and operated, the designation will be lifted. If the internal control system is not deemed to be appropriately established or if there is no longer an expectation of appropriate operation, the Company will be delisted.

If the internal control system is deemed to be appropriately established but not appropriately operated (limited to cases where there is an expectation of appropriate operation), the designation may continue for a maximum of three business years from the review following the end of the business year in which the continuation of the designation was decided (or the next business year if the period from the decision date to the end of the business year is less than three months), during which time the review will be conducted.

4) Progress toward lifting the designation as a Security on Special Alert

The implementation of the improvement measures set forth in the Revised Improvement Plan and the Status Report announced on April 28, 2026 is being carried out as appropriate. For details on the status of implementation, please refer to "(3) Status of Implementation of the Improvement Plan and Status Report."

In addition, we received the investigation report from the Third-Party Committee on April 17, 2026, and the investigation by the Third-Party Committee has been completed.

3. Basic Rationale for Selection of Accounting Standards

NIDEC has adopted International Financial Reporting Standards (IFRS) since the first quarter in the fiscal year ended March 31, 2017 to strengthen the foundation of financial reporting and make it more efficient.

4. Consolidated Financial Statements and Other Information

(1) Consolidated Statements of Financial Position

(Yen in millions)

	As of March 31,	
	2025	2026
	(Restated)	
Assets		
Current assets		
Cash and cash equivalents	246,254	852,204
Trade and other receivables	686,589	736,512
Other financial assets	1,297	2,811
Income tax receivables	22,246	21,000
Inventories	530,436	560,987
Other current assets	79,643	101,384
Total current assets	1,566,465	2,274,898
Non-current assets		
Property, plant and equipment	668,502	449,713
Goodwill	355,694	170,238
Intangible assets	222,380	129,539
Investments accounted for using the equity method	1,044	1,621
Other investments	36,337	40,862
Other financial assets	7,614	8,484
Deferred tax assets	50,089	24,034
Other non-current assets	11,640	8,232
Total non-current assets	1,353,300	832,723
Total assets	2,919,765	3,107,621

(Yen in millions)

	As of March 31,	
	2025	2026
	(Restated)	
Liabilities		
Current liabilities		
Short term borrowings	93,710	587,026
Long term debt due within one year	164,245	95,106
Trade and other payables	615,470	704,712
Other financial liabilities	3,616	2,935
Income tax payables	29,990	22,004
Provisions	72,441	104,519
Other current liabilities	126,946	160,308
Total current liabilities	1,106,418	1,676,610
Non-current liabilities		
Long term debt	381,237	431,272
Other financial liabilities	3,718	3,646
Income tax payables	7	270
Retirement benefit liabilities	33,071	34,628
Provisions	54,883	64,939
Deferred tax liabilities	60,934	117,562
Other non-current liabilities	12,767	13,968
Total non-current liabilities	546,617	666,285
Total liabilities	1,653,035	2,342,895
Equity		
Common stock	87,784	87,784
Additional paid-in capital	97,299	97,478
Retained earnings	895,546	314,786
Other components of equity	334,790	469,715
Treasury stock	(175,604)	(175,599)
Total equity attributable to owners of the parent	1,239,815	794,164
Non-controlling interests	26,915	(29,438)
Total equity	1,266,730	764,726
Total liabilities and equity	2,919,765	3,107,621

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the years ended March 31, 2025 and 2026

Consolidated Statements of Income

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
Continuing operations		
Net Sales	2,606,347	2,708,705
Cost of sales	(2,057,720)	(2,182,070)
Gross profit	548,627	526,635
Selling, general and administrative expenses	(340,713)	(928,710)
Research and development expenses	(79,692)	(116,903)
Operating profit (loss)	128,222	(518,978)
Financial income	36,886	35,401
Financial expenses	(24,712)	(25,276)
Derivative gain (loss)	(694)	(1,033)
Foreign exchange differences	(11,947)	14,682
Share of net profit (loss) from associate accounting using the equity method	(3,179)	(1,010)
Profit (loss) before income taxes	124,576	(496,214)
Income tax expenses	(45,167)	(126,696)
Profit (loss) for the year from continuing operations	79,409	(622,910)
Discontinued operations		
Loss for the year from discontinued operations	(204)	(51)
Profit (loss) for the year	79,205	(622,961)
Profit (loss) for the year attributable to:		
Owners of the parent	84,672	(564,624)
Non-controlling interests	(5,467)	(58,337)
Profit (loss) for the year	79,205	(622,961)

Consolidated Statements of Comprehensive Income

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
Profit (loss) for the year	79,205	(622,961)
Other comprehensive income, net of taxation		
Items that will not be reclassified to net profit or loss:		
Remeasurement of defined benefit plans	2,445	859
Fair value movements on FVTOCI equity financial assets	(2,296)	6,257
Items that may be reclassified to net profit or loss:		
Foreign currency translation adjustments	(19,859)	135,869
Effective portion of net changes in fair value of cash flow hedges	(3,307)	1,651
Fair value movements on FVTOCI debt financial assets	28	36
Total other comprehensive income for the year, net of taxation	(22,989)	144,672
Comprehensive income for the year	56,216	(478,289)
Comprehensive income for the year attributable to:		
Owners of the parent	63,001	(422,573)
Non-controlling interests	(6,785)	(55,716)
Comprehensive income for the year	56,216	(478,289)

(3) Consolidated Statements of Changes in Equity

For the year ended March 31, 2025

(Yen in millions)

(Restated)	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2024	87,784	96,864	856,239	356,606	(167,945)	1,229,548	28,894	1,258,442
Comprehensive income								
Profit (loss) for the year			84,672			84,672	(5,467)	79,205
Other comprehensive income				(21,671)		(21,671)	(1,318)	(22,989)
Total comprehensive income						63,001	(6,785)	56,216
Transactions with owners directly recognized in equity:								
Purchase of treasury stock					(7,784)	(7,784)	-	(7,784)
Dividends paid to the owners of the parent			(45,969)			(45,969)	-	(45,969)
Dividends paid to non-controlling interests						-	(721)	(721)
Share-based payment transactions		(272)			123	(149)	-	(149)
Transfer to retained earnings			145	(145)		-	-	-
Increase (decrease) by business combination		631	472			1,103	5,493	6,596
Other		76	(13)		2	65	34	99
Balance at March 31, 2025	87,784	97,299	895,546	334,790	(175,604)	1,239,815	26,915	1,266,730

For the year ended March 31, 2026

(Yen in millions)

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2025 (Restated)	87,784	97,299	895,546	334,790	(175,604)	1,239,815	26,915	1,266,730
Comprehensive income								
Loss for the year			(564,624)			(564,624)	(58,337)	(622,961)
Other comprehensive income				142,051		142,051	2,621	144,672
Total comprehensive income						(422,573)	(55,716)	(478,289)
Transactions with owners directly recognized in equity:								
Purchase of treasury stock					(4)	(4)	-	(4)
Dividends paid to the owners of the parent			(22,926)			(22,926)	-	(22,926)
Dividends paid to non-controlling interests						-	(1,409)	(1,409)
Share-based payment transactions		369				369	-	369
Transfer to retained earnings			7,126	(7,126)		-	-	-
Increase (decrease) by business combination		(254)				(254)	729	475
Other		64	(336)		9	(263)	43	(220)
Balance at March 31, 2026	87,784	97,478	314,786	469,715	(175,599)	794,164	(29,438)	764,726

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
Cash flows from operating activities:		
Profit (loss) for the year from continuing operations	79,409	(622,910)
Loss for the year from discontinued operations	(204)	(51)
Profit (loss) for the year	79,205	(622,961)
Adjustments to reconcile profit for the year to net cash provided by operating activities		
Depreciation	82,943	80,612
Amortization	19,811	22,270
Loss (gain) from sales, disposal or impairment of property, plant and equipment	114,976	626,949
Loss (gain) from discontinued operations	204	51
Financial expenses (income)	(14,478)	(12,584)
Share of net loss (profit) from associate accounting using the equity method	3,179	1,010
Deferred income taxes	(12,496)	74,850
Current income taxes	57,663	51,846
Foreign currency adjustments	8,144	(54,935)
Increase (decrease) in retirement benefit liability	(1,834)	(628)
Decrease (increase) in accounts receivable	(30,177)	(3,925)
Decrease (increase) in inventories	5,074	4,351
Increase (decrease) in accounts payable	46,238	60,008
Other, net	(19,752)	52,062
Interests and dividends received	36,940	35,183
Interests paid	(21,306)	(21,008)
Income taxes paid	(81,863)	(58,933)
Net cash provided by operating activities	272,471	234,218

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
Cash flows from investing activities:		
Additions to property, plant and equipment	(117,864)	(130,482)
Proceeds from sales of property, plant and equipment	9,236	15,215
Additions to intangible assets	(18,962)	(17,144)
Acquisitions of business, net of cash acquired	(4,279)	(5,210)
Other, net	(3,759)	1,383
Net cash used in investing activities	(135,628)	(136,238)
Cash flows from financing activities:		
Increase (decrease) in short term borrowings	50,860	492,904
Proceeds from issuance of long term debt	72,770	95,771
Repayments of long term debt	(16,368)	(14,695)
Redemption of bonds	(130,000)	(131,040)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,386)	(1,239)
Purchase of treasury stock	(7,784)	(4)
Dividends paid to the owners of the parent	(45,969)	(22,926)
Other, net	(510)	(525)
Net cash used in financing activities	(80,387)	418,246
Effect of exchange rate changes on cash and cash equivalents	(36,197)	89,724
Net increase (decrease) in cash and cash equivalents	20,259	605,950
Cash and cash equivalents at beginning of year	217,022	246,254
Cash and cash equivalents at beginning of year of newly consolidated subsidiaries	8,973	-
Cash and cash equivalents at end of year	246,254	852,204

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes to Consolidated Financial Statements)

（Status of the Company's Remediation Measures Relating to Corporate Governance）

As described in the Note 8, Additional Information, "Improper Accounting Practices and Other Related Matters," section "(1) Investigations by the Third-Party Committee," the Company established a Third-Party Committee on September 3, 2025, received the investigation report from the Third-Party Committee on February 27, 2026, and received the investigation report (supplement) as its final report on April 17, 2026. The investigation reports describe numerous instances of improper accounting practices carried out at various operating bases within the Company and its group companies with the involvement or knowledge of management, including premature revenue recognition, understatement of provisions, overstatement of inventories, avoidance of impairment losses on fixed assets, and capitalization of expenses. The reports further identified instances in which management or accounting personnel of the Company and its group companies provided inaccurate or misleading information to the independent auditor, concealed relevant documents, or provided altered records in order to obtain the independent auditor's concurrence. The improper accounting practices identified by the Third-Party Committee have been corrected in the consolidated financial statements.

In addition, as described in section "(2) Internal Investigation regarding Potential Quality Issues," the Company completed an investigation regarding potential quality issues and identified falsification of testing and inspection records and unauthorized use of non-conforming materials at multiple production bases. Furthermore, as described in section "(3) Other Internal Investigation," the Company completed its investigation into matters relating to trade transactions and tariffs and identified underpaid tariffs associated with import transactions amounting to USD 94.1 million (approximately ¥14,160 million), including interest. Related costs, liabilities and disclosures have been reflected in the consolidated financial statements.

However, the Company has identified certain officers and employees of the Company and its group companies who, as described in section "(1)Investigations by Third-Party Committee" or section "(3) Other Internal Investigation," participated in, directed, or had knowledge of the improper accounting practices, or who provided false explanations to the independent auditor, and is evaluating and taking remedial personnel actions to determine appropriate measures; however, some of those actions have not been completed. As a result, certain officers and employees who participated in, directed, or had knowledge of the improper accounting practices, or who provided false explanations to the independent auditor, continue to hold positions of responsibility within the financial reporting process of the Company and its group companies.

The matters identified in the Third-Party Committee's reports indicate that material weaknesses existed in the control environment over an extended period and raise substantial concerns regarding whether the Company's governance and control environment relating to financial reporting is operating effectively, including whether the risk of management override of controls has been sufficiently mitigated. This condition also affects the reliability of records, documents and information submitted to the independent auditor by, or prepared, responded to, or reviewed by, individuals involved in the improper accounting practices, as well as the reliability of management representations provided to the independent auditor.

Although the Company is evaluating and taking remedial personnel actions to determine appropriate measures for individuals involved in the improper accounting practices, some of those remedial personnel actions have not been completed, and it has not been confirmed that successor personnel have assumed responsibility for financial reporting and are appropriately performing their responsibilities. Accordingly, the possible effects of any undetected misstatements on the consolidated financial statements would not be confined to specific line items or disclosures and could be material and pervasive. Such effects, if any, have not been reflected in the consolidated financial statements.

1. Reporting entity

Nidec Corporation (the "Company") is a corporation located in Japan, whose shares are listed on the Tokyo Stock Exchange.

The registered addresses of headquarters and principal business offices are available on the Company's website (https://www.nidec.com/en/).

Consolidated financial statements as of March 31, 2026 and for the fiscal year then ended consist of the Company and its consolidated subsidiaries ("NIDEC") and interests in associates of NIDEC.

NIDEC mainly designs, develops, produces, and sells products as described below:

1) Small precision motors, which include spindle motors for hard disk drives, brushless motors, fan motors, vibration motors, brush motors, water-cooling modules and motor applications.
2) Automotive products, which include automotive motors and components, and traction motor system.
3) Appliance, commercial and industrial products, which include home appliance, commercial and industrial motors and related products.
4) Machinery, which includes industrial robots, card readers, test systems, press machines, power transmission drives and machine tools.
5) Electronic and optical components, which include switches, sensors, lens units and camera shutters.
6) Others, which include music boxes and services.

2. Material accounting policies

With the exception of the item explained below, material accounting policies adopted in preparation of the annual consolidated financial statements are consistent with those used in the preparation of the NIDEC's annual consolidated financial statements for the year ended March 31, 2025.

IFRS Accounting		Summaries of new standards and amendments
IAS 21	The Effects of Changes in Foreign Exchange Rates	Providing accounting and disclosure of currencies that are not convertible for other currencies.

There are no material impacts of the above statement on NIDEC's condensed annual consolidated financial statements.

3. Significant accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

The estimates and assumptions are reviewed on an ongoing basis, and the effects resulting from the revisions of accounting estimates are recognized in the period in which the estimates are revised and in future periods.

Judgments and estimates with accompanying significant risks of causing material adjustments to the carrying amounts of assets and liabilities in the current fiscal year are the same as those for the financial statements for the year ended March 31, 2025.

4. Segment Information

(Operating segment information)

The operating segments reported below are defined as components of NIDEC about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. Business units and domestic group companies that are currently profit management units of NIDEC are identified as its reportable segments. The operating segments have not been aggregated.

NIDEC's operating segments are as follows:

Name	Main products
1. SPMS	Hard disk drives spindle motors and other small precision motors
2. AMEC	Automotive products
3. MOEN	Appliance, commercial and industrial products

4. ACIM	Appliance, commercial and industrial products
5. Nidec Machinery and Automation	Machinery, machine tools
6. Group Company Business	Automotive products, appliance, commercial and industrial products, machinery, electronic components, other small precision motors and others

The following tables show net sales to external customers and other financial information by operating segment:

-Net sales to external customers:

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
SPMS	391,372	403,997
AMEC	350,132	363,330
MOEN	573,846	702,824
ACIM	462,342	441,190
Nidec Machinery and Automation	209,352	203,776
Group Company Business	619,303	593,588
Consolidated net sales	2,606,347	2,708,705

(Note) The above amounts no longer include discontinued operations.

-Net sales to other operating segments:

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
SPMS	4,323	2,986
AMEC	4,821	6,753
MOEN	3,986	3,705
ACIM	5,507	2,801
Nidec Machinery and Automation	7,538	7,812
Group Company Business	46,770	41,759
Total	72,945	65,816
Intersegment elimination	(72,945)	(65,816)
Consolidated net sales	-	-

(Note) The above amounts no longer include discontinued operations.

-Segment profit/loss:

(Yen in millions)

	For the years ended March 31,	
	2025	2026
	(Restated)	
SPMS	44,386	62,844
AMEC	53	(25,089)
MOEN	68,919	(72,573)
ACIM	35,668	(289,333)
Nidec Machinery and Automation	(84,926)	(13,827)
Group Company Business	79,175	(131,711)
Total	143,275	(469,689)
Elimination and Corporate (Note)	(15,053)	(49,289)
Operating profit	128,222	(518,978)
Financial income (expenses)	12,174	10,125
Derivative gain (loss)	(694)	(1,033)
Foreign exchange differences	(11,947)	14,682
Share of net profit (loss) of investments accounted for using the equity method	(3,179)	(1,010)
Profit before income taxes	124,576	(496,214)

(Notes) 1. “Elimination and Corporate” includes corporate expenses, which do not belong to any operating segment, of ¥49,751 million and ¥16,140 million for the year ended March 31, 2026 and 2025, respectively. The corporate expenses include basic research expenses and head office expenses.

2. The above amounts no longer include discontinued operations.

3. The company has recorded impairment losses of Non-financial assets ¥18,387 million in the "AMEC" segment and has recorded impairment losses of Non-financial assets ¥116,287 million in the "MOEN" segment and has recorded impairment losses of Non-financial assets ¥298,800 million in the "ACIM" segment for the year ended March 31, 2026.

5. Earinings per share

The basis for calculating basic and diluted earnings (loss) per share attributable to owners of the parent is as follows:

	For the years ended March 31,	
	2025	2026
	(Restated)	
Profit (loss) attributable to owners of the parent (Yen in millions)	84,672	(564,624)
Profit (loss) from continuing operations attributable to owners of the parent (Yen in millions)	84,876	(564,573)
Loss from discontinued operations attributable to owners of the parent (Yen in millions)	(204)	(51)
Weighted average shares (Shares)	1,148,916,724	1,146,308,959
Stock benefit trust (Shares)	148	—
Diluted weighted average shares (Shares)	1,148,916,872	1,146,308,959
Earnings (loss) per share attributable to owners of the parent-basic (Yen)	73.69	(492.55)
Continuing operations (Yen)	73.87	(492.51)
Discontinued operations (Yen)	(0.18)	(0.04)
Earnings (loss) per share attributable to owners of the parent - diluted (Yen)	73.69	(492.55)
Continuing operations (Yen)	73.87	(492.51)
Discontinued operations (Yen)	(0.18)	(0.04)

(Notes) In the calculation of "Earnings (loss) per share attributable to owners of the parent - basic" and "Earnings (loss) per share attributable to owners of the parent - diluted", the Company's shares owned by the BIP Trust and the ESOP Trust are included in treasury stock. Therefore, the number of those shares is deducted from calculating the number of "Weighted average shares".

6. Impairment of non-financial assets

For the year ended March 31, 2025

1) Impairment of goodwill and equipment, etc. related to Nidec Drive Technology of the Nidec Machinery and Automation reporting segment

With respect to the goodwill related to Nidec Drive Technology in the Nidec Machinery and Automation segment, due to a decline in profitability of the Reducers business and Press machines business, NIDEC revised its business plan and performed an impairment test. As a result, the recoverable amount fell below the carrying amount, and NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount.

NIDEC recognized the reduction of the carrying amount of ¥95,277 million as impairment losses including ¥20,465 million of goodwill and ¥27,040 million of machinery and equipment.

2) Impairment of equipment, etc. related to the EV traction motor business and BSG business of the AMEC reporting segment

With respect to the EV traction motor business and BSG business of the AMEC reporting segment, due to continuously recording operating losses resulting from a decline in profitability, NIDEC revised its business plan and performed an impairment test. As a result, the recoverable amount fell below the carrying amount, and NIDEC reduced the carrying amount of non-current assets to its recoverable amount. NIDEC recognized the reduction of the carrying amount of ¥19,490 million as impairment losses including ¥17,406 million of machinery and equipment.

For the year ended March 31, 2026

1) Impairment of goodwill and equipment, etc. related to ACIM

With respect to the goodwill related to ACIM, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to a decline in the competitiveness resulting from intensified competition in the Chinese household appliance motor market. NIDEC recognized the reduction of the carrying amount of ¥298,800 million as impairment losses including ¥116,674 million of goodwill, ¥74,291 million of machinery and equipment and ¥36,819 million of trademarks .

2) Impairment of goodwill and equipment, etc. related to Nidec Mobility

With respect to the goodwill related to Nidec Mobility included in Group Company Business, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to a decline in profitability of the North America business.NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount. NIDEC recognized the reduction of the carrying amount of ¥73,126 million as impairment losses including ¥37,902 million of goodwill and ¥12,240 million of machinery and equipment.

3) Impairment of goodwill and equipment, etc. related to Nidec-PSA emotors

With respect to the goodwill related to Nidec-PSA emotors included in the MOEN reporting segment, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to a decline in profitability resulting from the slowdown in the EV market growth. NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount.

NIDEC recognized the reduction of the carrying amount of ¥116,287 million as impairment losses including ¥10,941 million of goodwill and ¥33,531 million of machinery and equipment ¥29,075 million of construction in progress..

4) Impairment of goodwill and equipment, etc. related to Nidec Instruments

With respect to the goodwill related to Nidec Instruments included in Group Company Business, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to a decline in the profitability resulting from intensified competition in the Asian market. NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount. NIDEC recognized the reduction of the carrying amount of ¥56,072 million as impairment losses including ¥31,067 million of goodwill and ¥10,449 million of machinery and equipment.

5) Impairment of goodwill and equipment, etc. related to Nidec Techno Motor

With respect to the goodwill related to Nidec Techno Motor included in Group Company Business, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to a decline in the profitability resulting from intensified competition in the Chinese market. NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount. NIDEC recognized the reduction of the carrying amount of ¥26,801 million as impairment losses including ¥2,049 million of goodwill and ¥20,205 million of machinery and equipment.

6) Impairment of goodwill and equipment, etc. related to Nidec Powertrain Systems

With respect to the goodwill related to Nidec Powertrain Systems included in Group Company Business, NIDEC performed an impairment test and determined that the recoverable amount fell below the carrying amount due to the deterioration in profitability resulting from a decline in the competitiveness in the Chinese market. NIDEC reduced the carrying amount of the goodwill, machinery and equipment, etc. to its recoverable amount. NIDEC recognized the reduction of the carrying amount of ¥28,123 million as impairment losses including ¥1,038 million of goodwill and ¥18,378 million of machinery and equipment.

7. Business combinations

NIDEC adopts the provisions of IFRS 3 "Business Combinations".

During the three months ended September 30, 2025, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Linear Transfer Automation Inc., Linear Automation USA Inc., and Presstrader Limited. NIDEC's consolidated financial statements for the year ended March 31, 2025 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

During the three months ended June 30, 2026, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Changzhou Xecom Energy Technologies Co., Ltd. (currently, Nidec Scroll Technology (Changzhou) Co., Ltd. ''Scroll"). NIDEC's consolidated financial statements for the year ended March 31, 2026 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

8. Additional information

(Improper accounting practices and other related matters)

(1)Investigations by Third-Party Committee

The Company identified that suspected improper accounting practices involving or recognized by the management of the Company and the group companies were found for the fiscal year ended March 31, 2026, and these practices, including arbitrarily adjusting the timing of write-downs of certain assets with risk in terms of their asset value, may impose a material impact on the Company's overall consolidated financial statements. Thus, the Company determined that it would need to launch an objective investigations by the independent Third-Party Committee, and established such a committee on September 3, 2025, in accordance with the "Guidelines for Third-Party Committees in Cases of Corporate Misconduct" established by the Japan Federation of Bar Associations. The Company commissioned the Third-Party Committee: fact-finding investigations into suspected improper accounting practices; calculation of the amount of impact if improper accounting practices is found; root cause investigations and recommendation of recurrence prevention measures if improper accounting practices is found; and other matters deemed necessary by the Third-Party Committee.)

In addition, while ensuring a mechanism that an external expert confirms the details of each procedure to ensure objectivity under the management and supervision of the Third-Party Committee, the Company conducted a self-inspection to investigate the appropriateness of the accounting treatment from the fiscal year ended March 31, 2020 to the first quarter of fiscal year ended March 31, 2026 for 288 companies, including the Company and group companies, excluding certain bases not subject to performance management by the Company, such as regional headquarters, dormant companies, companies in liquidation, and shared services. For this inspection, the Company created a procedure checklist that considers types of improper accounting practices, such as premature revenue recognition, understatement of provisions, overstatement of inventories, and avoidance of fixed asset impairment losses and capitalization of expenses, which were identified in the Third-Party Committee's investigation, issues of improper accounting practices generally assumed, and improper accounting methods based on methods used in past cases of accounting fraud or improper accounting practices in the Nidec Group. Based on this checklist, personnel in charge at each base conducted an inspection, which was cross-checked by personnel in charge of other bases, and confirmed by an external expert. The inspection took a conservative approach and covered a period of one year earlier than that of the Third-Party Committee investigation (from the fiscal year ended March 31, 2021 to the first quarter of fiscal year ended March 31, 2026).

The Company received the investigation report from the Third-Party Committee on February 27, 2026, and the investigation report (supplement) as its final report on April 17 of the same year.

In these reports, a large number of instances of improper accounting practicies through misconduct and errors were pointed out at various operating bases in the Company and the group companies. In light of the final report from the Third-Party Committee, including the results of the self-inspection, and the internal investigations and other internal investigations regarding potential quality issues, the Company decided that it was necessary to retroactively correct misstatements associated with the improper accounting practices and other practices in the consolidated financial statements and other related documents included in the past annual securities reports, semi-annual reports and quarterly reports, including corrections to errors related to matters that were not corrected from the viewpoint of materiality in previous years and matters that were additionally identified in the course of the investigation, and has submitted amendment reports, including annual securities amendment reports.

The amount of impact on operating profit due to the correction of the past fiscal years' accounts was a positive effect by ¥66,201 million for the fiscal year ended March 31, 2026 and a negative effect by ¥109,615 million for the fiscal year ended March 31, 2025. Additionally, the amount of impact on total net assets in the consolidated financial statements as of the end of the prior periods subject to correction (from the fiscal year ended March 31, 2021 through the second quarter of the fiscal year ended March 31, 2026) was a negative effect of ¥482,457 million.

In addition, considering the impact of these corrections on our financial statements, it was revealed that the acquisition of treasury shares executed in the fiscal year ended March 31, 2022 (¥31,413 million), and the total amount of dividends of surplus and acquisition of treasury shares executed in the fiscal year ended March 31, 2023 (¥94,014 million), the fiscal year ended March 31, 2024 (¥41,244 million), and the fiscal year ended March 31, 2025 (¥53,793 million), as well as the dividends of surplus executed in the fiscal year ended March 31, 2026 (¥22,960 million), all exceeded the distributable amount calculated in accordance with the Companies Act of Japan and the Regulation on Corporate Accounting.

The Company may be subject to an investigation by regulatory authorities or a payment order for administrative monetary penalty in relation to the corrections to the past annual securities reports and other documents, as a violation of disclosure regulations under the Financial Instruments and Exchange Act. If an investigation is conducted, the Company will respond appropriately, including by cooperating with the investigation. However, since it is currently difficult to reasonably estimate the impact of these matters on the financial condition and operating results of the Company and its Group companies, they have not been reflected in the consolidated financial statements.

(2)Internal Investigation regarding Potential Quality Issues

As part of efforts to improve the internal management system under the "Nidec Corporate Reform Committee," which was established on October 30, 2025, the Company conducted a comprehensive quality inspection through various measures, including interviews with employees at each production base, verifying records related to process and design changes, etc., and establishing whistle-blowing contact points (the Quality Feedback Channel) for all employees to report quality-related concerns. As a result, it was identified that there were suspicions of inappropriate conduct by the Company and its group companies, including changes to materials, processes, and designs for certain products without customer approval. It was identified that there were suspicions of inappropriate conduct by the Company and its group companies, including changes to materials, processes, and designs for certain products without customer approval.

Following reports of allegations of misconduct, the Company established an investigation committee on May 13, 2026, consisting of external experts with extensive experience and expertise in investigating similar incidents, to clarify the facts in greater detail, determine the causes, and consider effective improvement actions to strengthen its commitment to product quality. We received the investigation report on September 2, 2026.

As a result of the investigation by the Investigation Committee, expenses and other costs related to inspection and corrective measures concerning the inappropriate acts regarding quality that have been identified by the end of the current consolidated fiscal year have been reasonably estimated and recorded as a provision for product warranties in the current consolidated fiscal year; however, the impact on the consolidated financial statements is limited.

As discussions with customers are ongoing and expenses, such as customer compensation, compensation for damage, and expenses related to inspections and corrective measures, may arise depending on the outcome of future discussions, which could affect our financial condition and operating results in the future.

(3)Other Internal Investigation

The Company has conducted internal investigations, including those involving external expert with experience in international trade law and customs law, regarding matters such as those described below (such as issues related to trade transactions and tariffs), and has appropriately reflected the resulting financial impact in its consolidated financial statements.

1)Internal Investigation Regarding tariff issues

Regarding the matters where there is a high likelihood of errors in U.S. import declarations related to tariff classification, country of origin declarations, claims under trade preference agreements, and import valuation at the Company's consolidated subsidiary,

NIDEC FIR INTERNATIONAL S.R.L. (hereinafter, "FIR"), the Company conducted the investigation by external experts as part of its internal investigation. The investigation was completed, and FIR paid additional tariffs of USD 6.8 million(approximately ¥ 991 million), including interest, for the period from April 1, 2021 to September 30, 2025. On December 2, 2025, FIR received notification from the U.S. Customs Service that the review of the voluntary declaration had been closed. This matter has been appropriately reflected in the consolidated financial statements.

In addition, we commissioned external experts to investigate whether there were any similar problems in terms of trade compliance outside of FIR, and discovered an error in the indication of the country of origin in the Group's exports to the United States. As a result of a statistical sampling survey of all transactions of major import bases pertaining to exports from the Company's bases to the United States (over the past five years), it was found that there were some errors in tariff classification, country of origin, application of preferential treatment based on preferential trade agreements, and import prices in import declarations to the United States. As a result, additional tariffs on import transactions for which NIDEC MOTOR CORPORATION and NIDEC GLOBAL APPLIANCE NORTH AMERICA, the major U.S. bases, served as the Importer of Record (IOR) were calculated to be USD 70.7 million (approximately ¥10,667 million), including interest, and they filed a voluntary declaration in August 2026. As the examination of the voluntary declaration by the U.S. customs authorities has not been completed, the Company has properly reflected the amount of USD 70.7 million (approximately ¥10,667 million), including interest in the consolidated financial statements based on the investigation results by external experts. For other U.S. import bases, a statistical sampling survey was conducted for five bases selected based on the materiality of the financial impact in the same manner as NMC and NGANA, and by applying the declaration errors identified in the extracted transactions to the target transactions, the impact was estimated at USD 16.6 million (approximately ¥ 2,502 million) and properly reflected in the consolidated financial statements. A sample survey is currently underway for the remaining 21 bases, and a reasonable current estimate of the impact was properly reflected in the consolidated financial statements. These 26 bases plan to file a voluntary declaration for additional tariffs.

Furthermore, the Company conducted investigations and analyses not only for export transactions to the United States but also for intra-group transactions other than imports to the United States, to determine whether there were any tariff risks. Specifically, after examining the relevant transactions, the Company conducted an analysis of the transaction details and a further investigation through surveys and interviews, etc., and analyzed the impact of the confirmed matters from accounting, tax, and legal perspectives. As a result, no issues with a significant financial impact were identified.

2)Internal Investigation Regarding Nidec Elesys Corporation

Regarding the matters in which it was suspected that the declared tariff values for the gratuitous transactions of used products had been understated below appropriate values without legitimate justification at the Company's consolidated subsidiary, Nidec Elesys Corporation (currently the Inverter Business Division of Nidec Corporation's Automotive Motor & Electronic Control Business Unit), in prior-period export transactions to China, the Company conducted the investigation by external experts as part of our internal investigation.The investigation was finalized and the company recognized it had no material impact on the consolidated financial statements.

3)Internal Investigation Regarding a Swiss Consolidated Subsidiary

Regarding the matters in which the Company's consolidated subsidiary in Switzerland had conducted export transactions without obtaining the necessary registrations, the Company conducted the investigation by external experts as part of our internal investigation. The investigation was finalized and the company recognized it had no material impact on the consolidated financial statements.

4)Internal Investigation Regarding a Chinese Consolidated Subsidiary

As it was recognized through whistle-blowing reports that a Chinese consolidated subsidiary of the Company could have intentionally underreported withholding income taxes in the consolidated fiscal years including the previous fiscal year, an investigation was conducted by an external expert as part of the internal investigation. The investigation was completed and revealed that employees in managerial positions had intentionally understated the amount of withholding income tax and that provisions had been recorded for reasons that were unclear. However, the Company recognized that the impact of these issues on the consolidated financial statements would be limited.

(4) Background of the Improper Accounting and Measures to Prevent Recurrence

As previously mentioned, the investigation by the Third-Party Committee and the other internal investigations revealed a large number of instances of improper accounting practices through misconduct and errors across various bases in the Group.

The identified improper accounting practices involves a wide range of instances, including those by errors, such as: an instance where loss on valuation of inventory was not recorded by falsely recognizing asset values in raw materials and products with extremely low

future usage and sales prospects and no asset value; an instance where impairment was avoided by including projects with low probability of realization in sales plans used as assumptions for fixed asset impairment tests; an instance where labor costs, for which it was not appropriate to include in fixed assets as incidental expenses, were recorded as fixed assets and expensed through depreciation, thereby deferring the timing of expense recognition; an instance where, in the course of preparing the Group's consolidated financial statements, provisions related to return of government grants and so on, recorded in the non-consolidated financial statements of subsidiaries were improperly reversed in the consolidated financial statements; an instance where grants, which due to their nature, should not be recognized as revenue, were falsely represented and recognized as revenue; and an instance where provisions for allowance for doubtful accounts of bad debts were not appropriately recorded.

The Third-Party Committee's investigation concluded that each improper accounting practices discovered was a misconduct undertaken against a backdrop of excessive pressure to achieve performance targets, particularly operating profit targets. Within the Group, under the forceful leadership of its founder, Mr. Nagamori, the idea that "losses are unacceptable" had been thoroughly entrenched over many years, and achieving performance targets had come to be seen as imperative. For many years, the Group's performance targets were set by Mr. Nagamori using a top-down approach and allocated to individual business divisions and subsidiaries. However, these targets were set from the perspective of the level of growth expected by investors, and they exceeded the capabilities of the business divisions and subsidiaries. On top of that, Mr. Nagamori applied considerable pressure to the Vice Presidents and the CFO at the head office, who were in charge of the business divisions and subsidiaries, to achieve performance targets, and this pressure on the Vice Presidents and others at the head office was then passed on to the executives of the business divisions and subsidiaries. Under such circumstances, the check-and-balance function of the management departments, such as the internal audit and accounting departments, did not work sufficiently (internal control failure). Consequently, as the excessive performance pressure was placed on the entire Group and internal controls did not function sufficiently, a large number of instances of improper accounting practices occurred at various bases.

The Company published its Improvement Plan and Status Report (hereinafter referred to as the "improvement plan") for the purpose of fundamentally improving the internal management system, etc. and submitted it to the Tokyo Stock Exchange on January 28, 2026.

Since then, the Company has been working on the development and operation of corrective measures in accordance with the improvement plan. On February 27 and April 17, 2026, the Company received the investigation report from the Third-Party Committee and, based on this report and other internal investigation results, re-examined and reviewed the improvement plan. A revised improvement plan reflecting these contents and the status of corrective measures was submitted to the Tokyo Stock Exchange.

The Company will implement the improvement of the internal management system etc., and the reform of governance and organizational culture and continuously monitor the status of implementation. At the same time, executives and employees will work together to implement this revised improvement plan.

More details on the improvement plan are provided in "2. Management Policies, Business Environment, and Challenges".

(5)Major impacts of Restatement

(Yen in millions, unless otherwise stated)

	For the fiscal year ended March 31, 2025 (From April 1, 2024 to March 31,2025)		Impact
	Before Restatement	After Restatement	
Net sales	2,607,813	2,606,347	(1,466)
Operating profit	237,837	128,222	(109,615)
Profit before income taxes	233,030	124,576	(108,454)
Profit attributable to owners of the parent	164,159	84,672	(79,478)
Comprehensive income attributable to owners of the parent	139,222	63,001	(76,221)
Total equity attributable to owners of the parent	1,716,947	1,239,815	(477,132)
Total assets	3,315,253	2,919,765	(395,488)
Earnings per share attributable to owners of the parent - basic (yen)	142.88	73.69	(69.19)

Earnings per share attributable to owners of the parent - diluted (yen)	-	73.69	-
Ratio of total equity attributable to owners of the parent to total assets (%)	51.8	42.5	(9.3)
Net cash provided by operating activities	284,428	272,471	(11,957)
Net cash used in investing activities	(147,255)	(135,628)	11,627
Net cash used in financing activities	(80,193)	(80,387)	(194)
Cash and cash equivalents at end of year	246,239	246,254	15

(6) Major cumulative impacts on periods prior to the periods presented

The cumulative effect of correcting these improper accounting practices for periods prior to the beginning of the fiscal year ended March 31, 2024 (including 46 business terms, which was subject to the self-assessment) was reflected in the opening balance of retained earnings for the fiscal year ended March 31, 2024. Consequently, the opening balance of retained earnings for the previous consolidated fiscal year decreased by ¥356,433 million.

(Special Investigation Expenses)

Within the Group, it was discovered that improper accounting practices had been conducted until the second quarter of the fiscal year ended March 31, 2026. These instances of improper accounting practices and related issues incurred expenses, including expenses for investigations conducted by the Third-Party Committee and external experts such as independent outside attorneys and certified public accountants, expenses for correcting financial statements to ensure appropriate accounting treatment based on the investigation results, and additional audit fees for consolidated financial statements and other documents covering multiple accounting periods, including previous years. As a result, ¥30,522 million was recorded as selling, general and administrative expenses for the fiscal year ended March 31, 2026. However, the final recorded amount is expected to increase, as the improvement activities supported by external experts continue.

9. Events after the Reporting Period

(1) Amendment of Contract Terms in the Automotive Inverter Business

In September 2026, the Company entered into a memorandum of understanding with a customer to amend the terms of a contract attributable to the inverter business in the AMEC segment, including an agreement to shorten the supply period and reduce the number of units that the Company is obligated to supply. As a result of the contract modification, the provision for contract losses recognized in connection with the contract is expected to decrease in financial statements for periods ending after March 31, 2026. Meanwhile, the Company expects to recognize a provision in connection with claims from suppliers from which it procures raw materials. As of the filing date of the annual securities report, the Company is still assessing the financial impact of the decrease in and recognition of these provisions.

As the contract modification was agreed upon after the end of the current consolidated fiscal year, its impact has not been reflected in the consolidated financial statements for the current consolidated fiscal year.

(2) Commencement of Tariff Refund Claim Procedures in the U.S.

Following the U.S. Supreme Court decision ruling that tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were invalid, certain U.S. subsidiaries of the Company have commenced procedures to claim refunds for such tariffs, amounting to approximately USD 70 million.

As these procedures are ongoing and the eligibility and amount of any refund are subject to review by U.S. Customs and Border Protection (CBP), the final refund amount and the timing of receipt remain undetermined.

5. Others

(1)For the three months ended March 31, 2025 and 2026

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	For the three months ended March 31, 2025	2026
	(Restated)	
Continuing operations		
Net sales	665,846	722,348
Cost of sales	(516,981)	(598,475)
Gross profit	148,865	123,873
Selling, general and administrative expenses	(162,818)	(727,418)
Research and development expenses	(20,164)	(31,168)
Operating loss	(34,117)	(634,713)
Financial income	8,492	8,589
Financial expenses	(6,312)	(6,703)
Derivative gain (loss)	(415)	(321)
Foreign exchange differences	(7,552)	(85)
Share of net profit (loss) from associate accounting using the equity method	(2,410)	(417)
Loss before income taxes	(42,314)	(633,650)
Income tax expenses	(4,095)	(15,731)
Loss for the period from continuing operations	(46,409)	(649,381)
Discontinued operations		
Loss for the period from discontinuing operations	(27)	(4)
Loss for the period	(46,436)	(649,385)
Loss for the period attributable to:		
Owners of the parent	(42,713)	(603,741)
Non-controlling interests	(3,723)	(45,644)
Loss for the period	(46,436)	(649,385)

Condensed Quarterly Consolidated Statements of Comprehensive Income *(Yen in millions)*

	For the three months ended March 31,	
	2025	2026
	(Restated)	
Loss for the period	(46,436)	(649,385)
Other comprehensive income, net of taxation		
Items that will not be reclassified to net profit or loss:		
Remeasurement of defined benefit plans	1,882	915
Fair value movements on FVTOCI equity financial assets	(1,226)	1,078
Items that may be reclassified to net profit or loss:		
Foreign currency translation adjustments	(92,756)	8,891
Effective portion of net changes in fair value of cash flow hedges	1,430	(894)
Fair value movements on FVTOCI debt financial assets	22	(4)
Total other comprehensive income for the period, net of taxation	(90,648)	9,986
Comprehensive income for the period	(137,084)	(639,399)
Comprehensive income for the period attributable to:		
Owners of the parent	(131,512)	(566,535)
Non-controlling interests	(5,572)	(72,864)
Comprehensive income for the period	(137,084)	(639,399)

(2) Quarterly Financial Data for This Fiscal Year

(Yen in millions)

	For the three months ended			
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026
	(Restated)	(Restated)		
Net sales	639,233	665,665	681,459	722,348
Operating profit (loss)	33,339	53,969	28,427	(634,713)
Profit (loss) before income taxes	33,077	62,224	42,135	(633,650)
Profit (loss) for the period	6,326	11,974	8,124	(649,385)
Profit (loss) attributable to owners of the parent	15,852	13,543	9,722	(603,741)

(3) Information by Product Category

For the year ended March 31, 2025

(Yen in millions)

(Restated)	Small precision motors	Automotive Products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:									
External sales	487,994	666,791	1,052,308	310,532	85,190	3,532	2,606,347	-	2,606,347
Intersegment	5,833	3,070	6,028	16,922	3,143	576	35,572	(35,572)	-
Total	493,827	669,861	1,058,336	327,454	88,333	4,108	2,641,919	(35,572)	2,606,347
Operating expenses	432,176	644,606	950,681	392,063	75,052	3,974	2,498,552	(20,427)	2,478,125
Operating profit (loss)	61,651	25,255	107,655	(64,609)	13,281	134	143,367	(15,145)	128,222

For the year ended March 31, 2026

(Yen in millions)

	Small precision motors	Automotive Products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:									
External sales	498,696	718,309	1,104,605	298,782	84,560	3,753	2,708,705	-	2,708,705
Intersegment	5,214	4,319	4,943	11,120	2,549	748	28,893	(28,893)	-
Total	503,910	722,628	1,109,548	309,902	87,109	4,501	2,737,598	(28,893)	2,708,705
Operating expenses	473,915	973,164	1,360,672	310,832	84,694	3,993	3,207,270	20,413	3,227,683
Operating profit (loss)	29,995	(250,536)	(251,124)	(930)	2,415	508	(469,672)	(49,306)	(518,978)

For the three months ended March 31, 2025

(Yen in millions)

(Restated)	Small precision motors	Automotive products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:									
External sales	120,342	170,111	272,987	82,138	19,454	814	665,846	-	665,846
Intersegment	1,551	773	1,287	4,578	833	142	9,164	(9,164)	-
Total	121,893	170,884	274,274	86,716	20,287	956	675,010	(9,164)	665,846
Operating expenses	105,034	169,099	244,352	170,851	15,963	943	706,242	(6,279)	699,963
Operating profit (loss)	16,859	1,785	29,922	(84,135)	4,324	13	(31,232)	(2,885)	(34,117)

For the three months ended March 31, 2026

(Yen in millions)

	Small precision motors	Automotive products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:									
External sales	131,768	195,249	297,544	77,051	19,727	1,009	722,348	-	722,348
Intersegment	1,126	1,018	1,209	3,529	686	192	7,760	(7,760)	-
Total	132,894	196,267	298,753	80,580	20,413	1,201	730,108	(7,760)	722,348
Operating expenses	158,474	428,935	624,291	94,631	27,864	1,126	1,335,321	21,740	1,357,061
Operating profit (loss)	(25,580)	(232,668)	(325,538)	(14,051)	(7,451)	75	(605,213)	(29,500)	(634,713)

(Notes) 1. Product categories are classified based on similarities in product type, product attributes, and production and sales methods.

2. Major products of each product category:

(1) Small precision motors: Spindle motors for HDDs, brushless motors, fan motors, vibration motors, brush motors, water-cooling modules and motor applications, etc.

(2) Automotive products: Automotive motors, components, and traction motor system.

(3) Appliance, commercial and industrial products: Home appliance, commercial and industrial motors and related products.

(4) Machinery: Industrial robots, card readers, test systems, press machines, power transmission drives and machine tools, etc.

(5) Electronic and optical components: Switches, sensors, lens units and camera shutters, etc.
(6) Others: Music boxes and services, etc

(4) Sales by Geographic Segment

(Yen in millions)

	For the year ended March 31,				Increase or decrease	
	2025		2026			
	(Restated)					
	Amounts	%	Amounts	%	Amounts	%
Japan	402,125	15.4	392,650	14.5	(9,475)	(2.4)
China	549,835	21.1	563,489	20.8	13,654	2.5
Other Asia	350,159	13.4	362,066	13.4	11,907	3.4
U.S.A.	594,627	22.8	617,423	22.8	22,796	3.8
Europe	596,326	22.9	670,455	24.7	74,129	12.4
Others	113,275	4.4	102,622	3.8	(10,653)	(9.4)
Total	2,606,347	100.0	2,708,705	100.0	102,358	3.9

(Yen in millions)

	For the three months ended March 31,				Increase or decrease	
	2025		2026			
	(Restated)					
	Amounts	%	Amounts	%	Amounts	%
Japan	109,907	16.5	99,116	13.7	(10,791)	(9.8)
China	126,649	19.0	140,190	19.4	13,541	10.7
Other Asia	86,567	13.0	100,113	13.9	13,547	15.6
U.S.A.	156,726	23.6	170,389	23.6	13,663	8.7
Europe	158,549	23.8	185,933	25.7	27,384	17.3
Others	27,448	4.1	26,607	3.7	(842)	(3.1)
Total	665,846	100.0	722,348	100.0	56,503	8.5

(Notes) 1. The sales are classified by domicile of the seller, and the figures exclude intra-segment transactions.
2. Major countries which belong to segments are as follows:
Other Asia : Thailand, South Korea, India
Europe : France, Germany, Italy
Others : Brazil, Mexico, Canada

(5) Sales by Region

(Yen in millions)

	For the year ended March 31,				Increase or decrease	
	2025		2026			
	(Restated)					
	Amounts	%	Amounts	%	Amounts	%
Japan	268,335	10.2	259,722	9.6	(8,613)	(3.2)
China	558,587	21.4	557,883	20.6	(705)	(0.1)
Other Asia	422,752	16.2	442,491	16.3	19,739	4.7
U.S.A.	523,296	20.1	555,470	20.5	32,174	6.1
Europe	558,147	21.4	644,802	23.8	86,655	15.5
Others	275,230	10.6	248,337	9.2	(26,893)	(9.8)
Total	2,606,347	100.0	2,708,705	100.0	102,358	3.9

(Yen in millions)

	For the three months ended March 31,				Increase or decrease	
	2025		2026			
	(Restated)					
	Amounts	%	Amounts	%	Amounts	%
Japan	69,481	10.4	67,497	9.4	(1,984)	(2.9)
China	126,566	19.0	129,385	17.9	2,819	2.2
Other Asia	111,585	16.8	127,857	17.7	16,273	14.6
U.S.A.	134,393	20.2	154,173	21.3	19,779	14.7
Europe	155,763	23.4	180,013	24.9	24,250	15.6
Others	68,058	10.2	63,423	8.8	(4,635)	(6.8)
Total	665,846	100.0	722,348	100.0	56,502	8.5

(Notes) 1. The sales are classified by domicile of the buyer, and the figures exclude intra-segment transactions.
2. Major countries which belong to segments are as follows:
Other Asia : Thailand, South Korea, India
Europe : France, Germany, Italy
Others : Brazil, Mexico, Canada

6. Overview of Consolidated Financial Results

September 30, 2026

(1) Summary of Consolidated Financial Performance

(Yen in millions)

	For the year ended March 31, 2025	For the year ended March 31, 2026	Increase or decrease	For the three months ended March 31, 2025	For the three months ended March 31, 2026	Increase or decrease
	(Restated)			(Restated)		
Net Sales	2,606,347	2,708,705	3.9 %	665,846	722,348	8.5 %
Operating profit (loss)	128,222 4.9 %	(518,978) (19.2) %	— %	(34,117) (5.1) %	(634,713) (87.9) %	— %
Profit (loss) before income taxes	124,576 4.8 %	(496,214) (18.3) %	— %	(42,314) (6.4) %	(633,650) (87.7) %	— %
Profit (loss) attributable to owners of the parent	84,672 3.2 %	(564,624) (20.8) %	— %	(42,713) (6.4) %	(603,741) (83.6) %	— %
Earnings (loss) per share attributable to owners of the parent-basic (Yen)	73.69	(492.55)		(30.41)	(526.68)	
Earnings per share attributable to owners of the parent-diluted (Yen)	73.69	(492.55)		(30.41)	(526.68)	

(2) Summary of Consolidated Financial Position and Cash Flows

(Yen in millions)

	As of March 31, 2025	As of March 31, 2026
	(Restated)	
Total assets	2,919,765	3,107,621
Total equity attributable to owners of the parent	1,239,815	794,164
Ratio of equity attributable to owners of the parent to total asset	42.5 %	25.6 %
	For the year ended March 31, 2025	For the year ended March 31, 2026
	(Restated)	
Net cash provided by operating activities	272,471	234,218
Net cash used in investing activities	(135,628)	(136,238)
Net cash used in financing activities	(80,387)	418,246
Cash and cash equivalents at end of year	246,254	852,204

(3) Dividends

(Yen)

	2nd quarter end	Fiscal year end	Total
Year ended March 31, 2025 (actual)	40.00	20.00	-
Year ended March 31, 2026 (actual)	0.00	0.00	0.00
Year ending March 31, 2027 (forecast)	-	-	-

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries	341
Number of associates accounted for under the equity method	4

	Change from March 31, 2025
Number of companies newly consolidated	4
Number of companies excluded from consolidation	6
Number of companies newly accounted for by the equity method	0
Number of companies excluded from accounting by the equity method	0

(Notes) 1. The amounts of percentage in "(1) Summary of Consolidated Financial Performance" represent percentage of sales.
2. "Earnings per share attributable to owners of the parent-basic" and "Earnings per share attributable to owners of the parent-diluted" have been calculated based on figures of "Profit attributable to owners of the parent".
3. NIDEC implemented a two-for-one common stock split, effective October 1, 2024. Earnings per share attributable to owners of the parent-basic and Earnings per share attributable to owners of the parent-diluted were calculated on the assumption that the relevant stock split had been implemented at the beginning of the year ended March 31, 2025.
4. The Company carried out a two-for-one stock split of shares of common stock on October 1, 2024. For this reason, the year-end dividend per share for the fiscal year ended March 31, 2025 is presented in an amount that takes the impact of this stock split into account. The total amount of annual dividends for the fiscal year ended March 31, 2025 is not shown because a simple sum cannot be calculated due to the stock split. The annual dividends per share before the stock split are 40 yen at the end of the fiscal year and 80 yen in total.
5. We have not yet decided on the forecast for a dividend from retained earnings (interim dividend) with a record date of September 30, 2026.
6. We have not yet decided on the forecast for a dividend from retained earnings (year-end dividend) with a record date of March 31, 2027.