

Nidec Corporation

Explanation of the Improvement Plan and Status Report



Disclaimer Regarding Forward-looking Statements

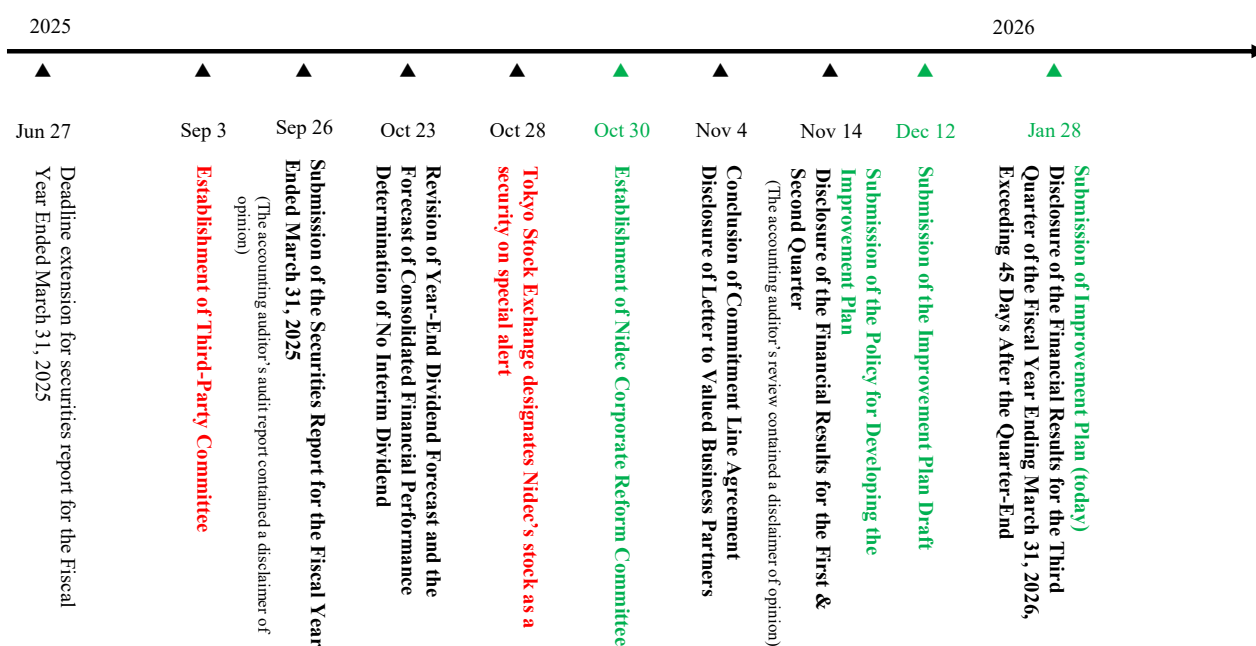
These presentation materials and the related discussions contain forward-looking statements including expectations, estimates, projections, plans and strategies. Such forward-looking statements are based on management's targets, assumptions and beliefs in light of the information currently available. Certain risks, uncertainties and other factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such risks and uncertainties include, but are not limited to, changes in customer circumstances and demand, exchange rate fluctuations, and the Nidec Group's ability to design, develop, mass produce and win acceptance of its products and to acquire and successfully integrate companies with complementary technologies and product lines. Please see other disclosure documents filed or published by the Nidec Group companies, including the Japanese securities report, for additional information regarding such risks and uncertainties. Nidec undertakes no obligation to update the forward-looking statements unless required by law.

Background

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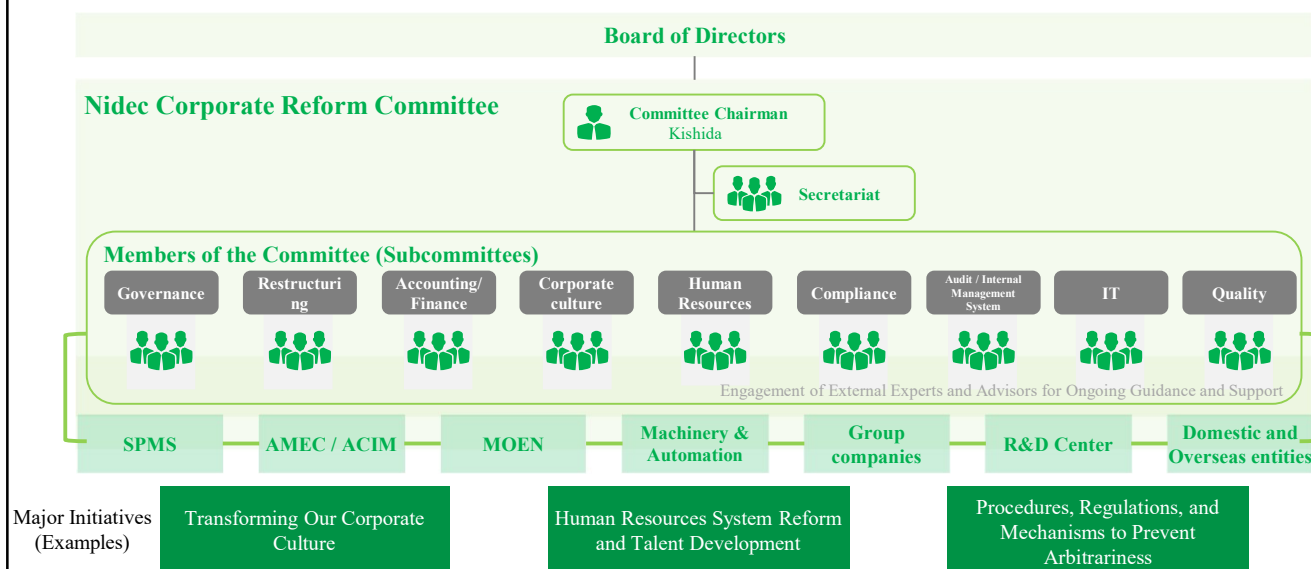
■ Key Milestones



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■ Initiatives: Establishment of the Nidec Corporate Reform Committee (Oct. 30, '25)

Object Rebuilding as Nidec that Prioritizes "What is Right" with the Highest Ethical Standards



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■ Overview of Nidec Corporate Reform Committee Activities

We established the Nidec Corporate Reform Committee to formulate and implement improvement measures at an early stage to prevent recurrence, and are working to reform ourselves as a Company that can put "what is right" first with highest ethical standards.

Establishment of the Reform Committee



- Chaired by Representative Director and President and CEO, the committee consists of 13 members who will lead the next generation
- Several working groups consisting of executives and employees of the Company and global Group companies have been established under the umbrella

Interviews and Analysis of Causes



- Conducted interviews (to understand the background) with officers and employees in Japan and overseas
- Based on the results of these interviews, the causes were analyzed

Planning and Formulation of Measures



- Draft and formulate improvement measures to prevent recurrence based on cause analysis
- Since November 2025, the Nidec Corporate Reform Committee meetings have been held two to three times a month to confirm progress of the WG activities

Execution and Monitoring



- Implementation of improvement measures to prevent recurrence
- Monitor the progress of each measure to ensure that it is firmly established

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Improvement Plan

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■ Outline of the Improvement Plan



Various issues derived from internal discussions



Improvement plan

Autonomous improvement measures and progress status taking issues and suspicions seriously

Our analysis of the causes

1. Excessive management focus to demonstrate continued growth
2. A corporate culture that gives top priority to short-term profits and does not allow targets to be missed
3. Priority for the opinions of the former representative
4. Governance vulnerabilities
5. Internal control weaknesses
6. Vulnerability of the global group company management system

I. Improvement measures and status of the FIR issue

II. Improvement measures based on suspected improper accounting practices

- A) Measures related to plan formulation and performance management
- B) Measures related to accounting functions and policies
- C) Measures related to corporate culture
- D) Measures related to governance
- E) Measures related to internal audits, whistle-blowing and disciplinary actions
- F) Clarification of responsibilities

The investigation is ongoing and the improvement plan is an “anticipatory analysis of the ‘structural causes’ assuming that the suspicions are true.”

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Pillars of Concrete Improvement Measures

II. Improvement measures based on suspected improper accounting practices

A) Plan formulation and performance management

- Introduction of bottom-up planning and medium- to long term evaluations
- ✓ Bottom-up planning and adoption of performance evaluation criteria that contribute to medium- to long term growth
- ✓ Discourage excessive pressure to achieve short-term profit targets

B) Accounting functions and policies

- Independence and unified operation of accounting organization
- ✓ Ensure the independence of accounting functions from business divisions
- ✓ Clarify the Group Accounting Policy and ensuring strict company-wide operation
- ✓ Define correct accounting practices as a top priority

C) Corporate culture

- Fostering an open corporate culture based on compliance
- ✓ Review the personnel evaluation system and enhance education
- ✓ Instill awareness of compliance as a major prerequisite of business activities throughout the Group
- ✓ Foster a corporate culture that encourages frank expression of opinions and discussion of issues (establishment of the Culture Transformation Office)

D) Governance

- Improve the effectiveness of governance and reform the executive officer evaluation system based on medium- to long term perspectives
- ✓ Initiatives to improve the effectiveness of the Board of Directors and the Audit and Supervisory Committee
- ✓ Review the nomination criteria for Vice Presidents and remuneration evaluation criteria for executive officers

E) Internal audits, whistle-blowing, and disciplinary measures

- Establishment of autonomous corrective capabilities through stricter internal audits and reporting systems
- ✓ Stricter internal audits, whistle-blowing and disciplinary measures
- ✓ Strengthen the system to detect and correct compliance violations

F) Clarification of responsibilities

- Appropriate disciplinary actions
- ✓ Clarify responsibilities based on results of Third-Party Committee and internal investigations
- ✓ Implement appropriate disciplinary actions on target individuals

Even at the stage of suspicion, we take the weakness of the organization caused by our failure seriously. We are determined to rebuild the value of “always do it right” as an effective system, not only a theory, and strive to regain trust.

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A) Plan Formulation and Performance Management

Issues identified by the Company

- Profit targets were determined by the top-down approach, and there was a large perception gap between management and the frontline regarding feasibility.
- Dedication to short-term profits, excessive performance management and frequent meetings created severe pressure on all levels.

Improvement direction

- By adopting bottom-up planning and performance evaluation criteria conducive to medium- to long term growth, we will prevent excessive pressure to achieve short-term profit targets.

Specific improvement measures

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

Example: Establish a bottom-up process and system for formulating medium-term management plans

(2) Reorganization of the business plan formulation process (next fiscal year: 2026)

Example: Develop business plan formulation processes and systems based on business characteristics

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

Example: Eliminate daily performance reporting and move to performance evaluations that focus on actual results instead of expected values

(4) Review of performance evaluation criteria

Example: Change to diversified evaluation criteria including cash flows and balance sheet, and newly establish performance evaluation criteria for non-financial indicators

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B) Accounting Functions and Accounting Policies

Issues identified by the Company

- The accounting department and business divisions worked together to achieve profit targets, and control did not function sufficiently.
- There were variations in the interpretation and application of the Group Accounting Policy, and individual responses to accounting practices were commonplace.

Improvement direction

- While ensuring that the accounting function is independent from the business divisions, we will give top priority to proper accounting practices by clarifying the Group Accounting Policy and strictly enforcing accounting policies throughout the Group.

Specific improvement measures

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

Example: Separate accounting functions and business management functions, transfer responsibility and personnel authority for accounting functions of Business Units and global Group companies to accounting functions of the head office

(6) Clarification of accounting policies and proper operation

Example: Abolish request for exception, conduct periodic review of Business Units and global Group companies

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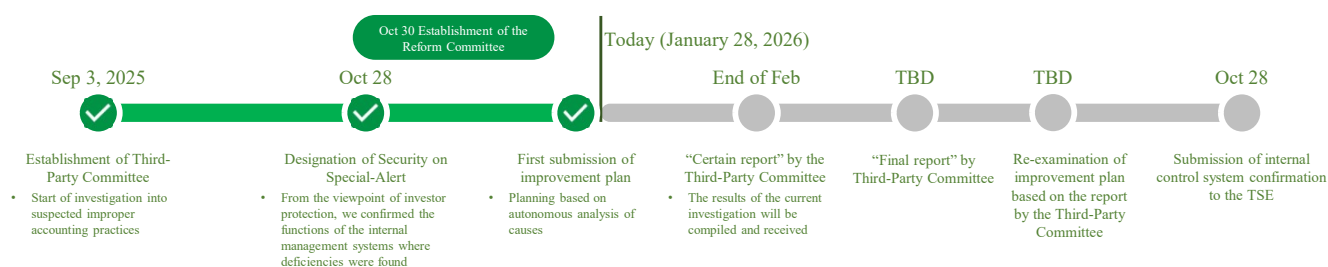
Upcoming Schedule

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Upcoming Schedule



We are fully cooperating with the Third-Party Committee's investigation to thoroughly uncover the truth.



Milestones and Status

Milestones	Status
Third-Party Committee report	The Third-Party Committee report will be conducted in two stages. (1) End of February: Reporting of interim investigation findings as of that time, including cause analysis and recommendations for recurrence prevention measures (2) Later date: Reporting of the results of the final impact calculation.
Date of release of 3Q Financial Statements Summary	Notice Regarding the Disclosure of the Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2026, Exceeding 45 Days After the Quarter-End due to the continued investigation of the Third-Party Committee.

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Under any circumstances, we will continue to do business with our customers and suppliers wholeheartedly without delay.

Business overview

- Order status: Orders remain strong and there have been no major changes to the production plan.
- Operational status: The production bases are operating normally and have maintained supply capacity.
- Cash flow: There are no concerns about the availability of borrowing facilities and cash on hand, and there is no hindrance to business operations.

We will sincerely accept the investigation report of the Third-Party Committee, which will be announced in the future, and promptly implement further improvement measures based on its results.

Through a series of initiatives, we will strive to restore trust as soon as possible, by improving the soundness and effectiveness of internal management systems and working together as a company to ensure the implementation and operation of improvements towards de-designation of Nidec's stock as a Security on Special Alert.

Q&A