



**FOR IMMEDIATE RELEASE**

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## **Notice Regarding Material Weakness about Internal Control over Financial Reporting and Disclaimer of Evaluation Results in Internal Control Report**

Nidec Corporation (the “Company”) hereby announces, as described below, that the Company has stated in the internal control report for the fiscal year ended March 31, 2025, submitted on September 26, 2025 to the Kanto Local Finance Bureau in accordance with Article 24-4-4(1) of the Financial Instruments and Exchange Act, that the Company has identified a material weakness and that the Company’s internal control over financial reporting is not effective, and that the Company has also stated therein that the Company determined that it could not express the results of the evaluation of internal controls over financial reporting for the fiscal year ended March 31, 2025.

1. Details of the material weakness

The Company group identified an issue concerning trade transactions at NIDEC FIR INTERNATIONAL S.R.L. (located in Italy; hereinafter “FIR”), one of the consolidated subsidiaries of the Company under Appliance, Commercial and Industrial Motors Business Unit of Appliance and Automotive Division. The Company has engaged an external expert, experienced in international trade and customs law, to investigate. As a result, it was recognized that, for certain motors manufactured by FIR, erroneous declarations of country of origin were made for the United States, which resulted in the accrual of unpaid tariffs. Based on the results of the investigation, the Company proceeded with further internal investigation and consideration of this matter, in collaboration with the external expert. Therefore, the Company could not submit the securities report for the fiscal year ended March 31, 2025 by June 30, 2025, the original deadline, and after obtaining approval for an extension of the deadline, submitted the report on September 26, 2025.

With respect to the issues of FIR, the Company recognizes that the primary causes lie with the Company as the parent company for failing to reflect the issues in the consolidated financial statements in a timely manner after recognizing them. Specifically, since the Company’s officers and employees who received the information regarding the conduct that potentially violated laws and regulations failed to report such information to the Company’s management through the designated reporting line, necessary internal discussions and reviews regarding the information on the material risk were not conducted, resulting in a loss of opportunity for early correction (company-wide internal controls: information and communication), and the Company’s internal control system designed to ensure comprehensive collection of material risk information to reflect them in the consolidated financial statements was not properly organized (internal controls over the Company’s accounting closing and reporting processes.).

Based on the above, the Company has identified the weakness about its internal controls, specifically, the inadequacies in its company-wide internal control (information and communication) and its internal control over accounting closing and reporting processes. As these inadequacies are considered to have a potentially significant impact on the Company’s financial reporting, the Company has determined that they constitute a material weakness.

2. Reasons as to why corrections could not be made by the end of the consolidated fiscal year

Corrections could not be made by the end of the consolidated fiscal year ended March 31, 2025 because the aforementioned fact became evident after the end of the consolidated fiscal year.

3. Correction policy for the material weakness

The Company sufficiently understands the importance of internal control over financial reporting. To correct the material weakness currently identified by the Company, the Company group will promptly design and implement the following recurrence prevention measures and thereby ensure the reliability of financial reporting.

The following recurrence prevention measures could be changed based on the results of the investigation by the third-party committee and other internal investigations.

- (1) Foster a mindset and corporate culture that prioritize compliance above all else

- (i) Deliver clear messages from the Company's board of directors to the Company group
  - Do not overlook or ignore compliance violations or potential violations.
  - If a violation is discovered, immediately report it to the legal and compliance departments and prioritize the cessation of the violation above all else.
  - Subsequently, take appropriate measures, including investigating the facts and implementing recurrence prevention measures.
- (ii) Thoroughly communicate the necessity of prioritizing compliance above all else through disciplinary actions
  - Thoroughly communicate the details of disciplinary actions that have been implemented to employees.
- (iii) Strengthen the power and authority and enhance the capabilities of the legal and compliance departments
  - The legal and compliance departments will lead responses to investigations, etc.
  - Clarify escalation procedures when business units, etc. do not comply with instructions from the legal and compliance departments.
- (2) Strengthen organization and structure
  - (i) Strengthen the trade compliance structure
    - Clarify the role of the Company's Trade Management Office and strengthen its workforce.
    - Reorganize the Company group's trade compliance departments and clarify their roles and authority.
  - (ii) Strengthen the global governance structure
    - Establish the position of CLO (Chief Legal Officer) and appoint a person with specialized expertise and experience. Additionally, deploy legal compliance specialists in North America. Improve the sharing of risk information and responsiveness by enhancing collaboration between the Company and each regional Legal Compliance Officer.
- (3) Improve procedures, regulations, and mechanisms
  - (i) Improve the Company group's reporting lines
    - Stipulate the following matters in regulations to prevent delays in information communication, as occurred in this case:
      - 1) Report material risk information directly to the Company's Chief Compliance Officer (CCO); and
      - 2) If a regional Legal 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 and compliance department.
  - (ii) Information sharing among the Company group's legal and compliance departments
    - Establish regular information-sharing sessions with overseas legal affairs personnel and share such information among key members within the Company's legal and compliance department.
  - (iii) Properly organize the internal control system
    - The accounting department will inquire with the legal and compliance department and confirm whether the material risk information that has been identified is comprehensive.
- (4) Disciplinary actions
  - (i) Implement appropriate disciplinary actions

4. Contents of the important evaluation process not performed, and reasons as to why the results of the evaluation of internal controls could not be expressed

As stated in the Internal Control Report, section 3 [Matters concerning the evaluation results], "Investigations by Third-Party Committees and Other Internal Investigations," the investigation by the third-party committee and other internal investigations and other are still ongoing. Therefore, the Company was unable to revise the scope of the evaluation of internal control over financial reporting based on the results of the said investigation, and to perform the internal control evaluation process within the revised evaluation scope. Hence, the Company determined that it could not express the results of the evaluation of internal control over financial reporting as of the end of the consolidated fiscal year.

5. Impact of the material weakness on the Company's consolidated financial statements

All necessary corrections currently identified resulting from the material weakness as mentioned above are reflected in the Company's consolidated financial statements. As stated in the Notes to Consolidated Financial Statement in the Securities Report "Investigations by Third-Party Committees and Other Internal Investigations," the investigation by the third-party committee and other internal investigations and other are still ongoing. If misstatements are identified through these investigations, such misstatements could have a material and widespread impact on the Company's consolidated financial statements. However, the impact has not been reflected in the Company's consolidated financial statements because the items, amounts and notes that should be included are unclear at this point.

6. Audit opinions in the consolidated financial statements' audit report

Opinions are disclaimed.

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