News Release

Japan Credit Rating Agency, Ltd.

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NIDEC Releases Semi-annual Report and Other Financial Materials for FY2025–Loss Reporting to Have Limited Impact on Finances, Third-party Committee's Investigation Findings to Be Closely Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the release of financial statements summary for the three months ended June 2025, financial statements summary for the six months ended September 2025 and semi-annual report for the six months ended September 2025 for FY2025 by NIDEC CORPORATION (security code: 6594).

(1) NIDEC CORPORATION (the "Company") released on November 14 its financial statements summary for the three months ended June 2025, financial statements summary for the six months ended September 2025 and semi-annual report for the six months ended September 2025 for the fiscal year ending March 2026 (FY2025). Operating profit plunged 82.5% over the year to 21.1 billion yen in the six months ended September 2025. The primary factor behind this is the loss of 87.7 billion yen in the automotive segment, which can be broken down into: 36.5 billion yen for a provision for loss on contract with a customer in the automotive inverter business; 31.7 billion yen for an impairment loss on fixed assets in the EV traction motor-related and automotive inverter businesses; and 19.5 billion yen for a debt associated with the settlement of claims from suppliers by Nidec PSA emotors, a joint venture with Stellantis. Full-year financial forecasts for FY2025 have yet to be determined. Meanwhile, cash flows from operating activities and free cash flows for the six months ended September 2025 came to 112.3 billion yen and 45.2 billion yen, as opposed to 97.8 billion yen and 28.0 billion yen for the same period a year before, respectively. On a separate note, the auditor has issued a disclaimer of conclusion on the condensed interim consolidated financial statements in the semi-annual report for the six months ended September 2025.

(2) The amount of the aforementioned losses is considerably large compared to the costs of structural reforms carried out in the past. Yet, it remains at a level absorbable by periodic profits as of now, and cash flow generation capacity is also maintained. Moreover, financial base is strong enough to withstand losses to a certain extent, as indicated by total equity attributable to owners of the parent and cash/cash equivalents amounting to 1,759.4 billion yen and 344.4 billion yen as of the end of September 2025, respectively. On the other hand, the findings of the third-party committee's investigation regarding suspicions of improper accounting could result in a change in the aforementioned loss amount and may even lead to the discovery of additional losses. Moreover, the third-party committee's investigation is not expected to conclude by the end of the year, which implies that the prolonged accounting issues could adversely affect business operations. JCR will continue closely monitoring the Company's performance, financial situations and progress in the third-party committee's investigation.

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<Reference>
Issuer: NIDEC CORPORATION
Long-term Issuer Rating: AA　　Outlook: Stable

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