

[Translation]

Annual Securities Report

(The 45th Business Term)

From April 1, 2017 to March 31, 2018

NIDEC CORPORATION

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Cover

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|---|---|
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| [Applicable Law] | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan |
| [Filed with] | Director-General of the Kanto Local Finance Bureau |
| [Filing Date] | June 21, 2018 |
| [Fiscal Year] | The 45th Business Term (from April 1, 2017 to March 31, 2018) |
| [Company Name] | Nihon Densan Kabushiki Kaisha |
| [Company Name in English] | NIDEC CORPORATION |
| [Title and Name of Representative] | Shigenobu Nagamori, Representative Director, Chairman and Chief Executive Officer |
| [Address of Head Office] | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto |
| [Phone No.] | 075-922-1111 |
| [Contact Person] | Tomohiko Hatori, General Manager, Accounting Department |
| [Contact Address] | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto |
| [Phone No.] | 075-922-1111 |
| [Contact Person] | Tomohiko Hatori, General Manager, Accounting Department |
| [Place Where Available for Public Inspection] | Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) |

This is an English translation of the Annual Securities Report filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

“Part I Information on the Company, II. Business Overview, 2. Risk Factors, (27) Risks for foreign investors” is only included in this English translation of the Annual Securities Report and not included in the original report.

Certain information in “Part I. Information on the Company, V. Consolidated Financial Statements and Other Information” in this document incorporates financial statements prepared in conformity with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board instead of the English translation of the Annual Securities Report.

The translation of the Independent Auditors’ Report for the original Annual Securities Report is included at the end of this document.

In this document, the terms “we”, “us”, “our” and “NIDEC” refer to Nidec Corporation and consolidated subsidiaries or, as the context may require, Nidec Corporation on a non-consolidated basis and the “Company” refers to Nidec Corporation on a non-consolidated basis.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

References in this document to the “Companies Act” are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data, etc.

(Yen in millions, unless otherwise stated)

| Fiscal year | IFRS | | | |
|--|-----------------|--------------------|--------------------|--------------------|
| | Transition date | 43rd business term | 44th business term | 45th business term |
| Year end | April 1, 2015 | March 2016 | March 2017 | March 2018 |
| Net sales | - | 1,178,290 | 1,199,311 | 1,488,090 |
| Profit before income taxes | - | 117,164 | 141,313 | 164,460 |
| Profit attributable to owners of the parent | - | 89,945 | 111,007 | 131,434 |
| Comprehensive income attributable to owners of the parent | - | 30,983 | 107,311 | 120,399 |
| Total equity attributable to owners of the parent | 746,491 | 763,023 | 846,572 | 933,088 |
| Total assets | 1,349,872 | 1,376,636 | 1,678,997 | 1,768,747 |
| Total equity per share attributable to owners of the parent (yen) | 2,538.23 | 2,572.56 | 2,854.28 | 3,152.75 |
| Earnings per share attributable to owners of the parent - basic (yen) | - | 303.04 | 374.27 | 443.94 |
| Earnings per share attributable to owners of the parent - diluted (yen) | - | 301.93 | - | - |
| Ratio of total equity attributable to owners of the parent to total assets (%) | 55.3 | 55.4 | 50.4 | 52.8 |
| Profit ratio of total equity attributable to owners of the parent (%) | - | 11.9 | 13.8 | 14.8 |
| Price earnings ratio (times) | - | 25.4 | 28.1 | 36.9 |
| Net cash provided by operating activities | - | 147,659 | 129,853 | 175,568 |
| Net cash used in investing activities | - | (95,377) | (211,476) | (113,915) |
| Net cash provided by financing activities | - | 7,775 | 95,848 | (116,858) |
| Cash and cash equivalents at end of year | 269,902 | 305,942 | 321,580 | 265,947 |
| Number of employees | 98,439 | 96,602 | 107,062 | 107,554 |
| [Separately, average number of temporary employees] | [29,140] | [26,116] | [25,704] | [27,657] |

(Notes) 1. Effective from the 44th business term, consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2. Figures shown in yen in millions are rounded to the nearest million.

3. “Net sales” do not include consumption taxes.

4. “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”.

5. “Earnings per share attributable to owners of the parent - diluted” are not presented for the 44th and 45th business terms because there were no securities with dilutive effect outstanding through these business terms.

6. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2018.

As a result, figures for the year ended March 31, 2017 reflect the revision of the initial allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

(Yen in millions, unless otherwise stated)

| Fiscal year | U.S. GAAP | | |
|---|-----------------------|-----------------------|-----------------------|
| | 41st business term | 42nd business term | 43rd business term |
| Year end | March 2014 | March 2015 | March 2016 |
| Net sales | 875,109 | 1,028,385 | 1,178,290 |
| Profit before income taxes | 84,460 | 107,092 | 119,328 |
| Profit attributable to owners of the parent | 56,272 | 76,015 | 91,810 |
| Comprehensive income attributable to owners of the parent | 105,658 | 155,502 | 34,003 |
| Total equity attributable to owners of the parent | 517,971 | 744,972 | 764,221 |
| Total assets | 1,166,938 | 1,357,340 | 1,384,472 |
| Total equity per share attributable to owners of the parent (yen) | 1,878.03 | 2,533.07 | 2,576.59 |
| Earnings per share attributable to owners of the parent - basic (yen) | 206.82 | 271.61 | 309.32 |
| Earnings per share attributable to owners of the parent - diluted (yen) | 193.50 | 256.05 | 308.19 |
| Ratio of total equity attributable to owners of the parent (%) | 44.4 | 54.9 | 55.2 |
| Profit ratio of total equity attributable to owners of the parent (%) | 12.1 | 12.0 | 12.2 |
| Price earnings ratio (times) | 30.4 | 29.4 | 24.9 |
| Net cash provided by operating activities | 87,219 | 91,875 | 147,610 |
| Net cash used in investing activities | (63,178) | (81,230) | (95,315) |
| Net cash (used in) provided by financing activities | 13,471 | (19,508) | 7,775 |
| Cash and cash equivalents, at end of year | 247,740 | 269,902 | 305,942 |
| Number of employees | 100,394 | 98,439 | 96,602 |
| [Separately, average number of temporary employees] | [26,281] | [29,140] | [26,116] |

(Notes) 1. Our consolidated financial statements had been prepared in conformity with accounting principles generally accepted in the United States until the 43rd business term.

2. Figures shown in yen in millions are rounded to the nearest million.

3. "Net sales" do not include consumption taxes.

4. "Total equity attributable to owners of the parent", "Ratio of total equity attributable to owners of the parent", and "Total equity per share attributable to owners of the parent" are presented based on U.S. GAAP.

5. We implemented a two-for-one share split of our ordinary shares effective April 1, 2014. Per share amounts have been calculated assuming this share split was conducted at the beginning of the 41st business term.

(2) Financial data, etc. of the Company

(Yen in millions, unless otherwise stated)

| Fiscal year | 41st business term | 42nd business term | 43rd business term | 44th business term | 45th business term |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Year end | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
| Net sales | 165,953 | 181,325 | 230,260 | 218,682 | 225,793 |
| Ordinary profit | 6,139 | 27,111 | 20,657 | 10,558 | 16,947 |
| Net profit | 5,189 | 25,217 | 17,658 | 7,808 | 16,715 |
| Common stock | 66,551 | 77,071 | 87,784 | 87,784 | 87,784 |
| Number of issued shares (thousands of shares) | 145,075 | 294,108 | 298,142 | 298,142 | 298,142 |
| Total net assets | 230,767 | 347,531 | 348,457 | 334,814 | 318,857 |
| Total assets | 628,338 | 690,302 | 702,471 | 867,645 | 906,332 |
| Net assets per share (yen) | 836.70 | 1,181.64 | 1,174.83 | 1,128.85 | 1,077.36 |
| Dividends per share (yen) | 100 | 70 | 80 | 85 | 95 |
| [Of the above, interim dividend per share (yen)] | [45] | [30] | [40] | [40] | [45] |
| Earnings per share - basic (yen) | 19.07 | 90.08 | 59.49 | 26.32 | 56.46 |
| Earnings per share - diluted (yen) | 17.64 | 84.79 | 59.27 | - | - |
| Shareholders' equity ratio (%) | 36.7 | 50.3 | 49.6 | 38.6 | 35.2 |
| Return on equity (%) | 2.4 | 8.7 | 5.1 | 2.3 | 5.1 |
| Price earnings ratio (times) | 329.3 | 88.7 | 129.5 | 402.5 | 290.3 |
| Dividend payout ratio (%) | 262.2 | 77.7 | 134.5 | 322.9 | 168.3 |
| Number of employees [Separately, average number of temporary employees] | 1,768 [196] | 1,828 [190] | 1,985 [212] | 2,392 [222] | 2,576 [253] |

(Notes) 1. "Net sales" do not include consumption taxes.

2. "Earnings per share - diluted" are not presented for the 44th and 45th business term because there were no securities with dilutive effect outstanding through this business term.

3. We implemented a two-for-one share split of our ordinary shares effective April 1, 2014. "Net assets per share", "Earnings per share - basic" and "Earnings per share - diluted" have been calculated assuming this share split was conducted at the beginning of the 41st business term. "Dividends per share" from the 41st business term are the actual dividend amounts prior to the share split.

2. History

| Month/Year | History |
|----------------|---|
| July 1973 | Established in Nishikyo-ku, Kyoto. |
| August 1973 | Started production and sales of small precision AC motors. |
| February 1975 | Established Kameoka Plant (closed in December, 1993) in Kameoka-city, Kyoto. |
| April 1975 | Launched production of brushless DC motors. |
| April 1976 | Established Nidec America Corporation in St. Paul, the U.S. |
| October 1982 | Started full-scale production and sales of axial-flow type brushless DC fans. |
| February 1984 | Established Nidec Torin Corporation (currently Nidec America Corporation) in Torrington, the U.S. |
| October 1984 | Established the Shiga Plant (currently Shiga Technical Center) in Echigawa-cho (now Aishou-cho), Echigun, Shiga. |
| November 1988 | Listed its stock on the Kyoto Stock Exchange, and the second section of the Osaka Stock Exchange. |
| March 1989 | Established Nidec Singapore Pte. Ltd. Took a stake in Shinano Tokki Co., Ltd. (currently Nagano Technical Center). |
| August 1990 | Established Nidec Electronics (Thailand) Co., Ltd. |
| February 1992 | Established Nidec (Dalian) Ltd. in China. |
| October 1992 | Established Nidec Taiwan Corporation. |
| April 1993 | Established Nidec Electronics GmbH in Germany. |
| October 1993 | Established Nidec (H.K.) Co., Ltd. |
| February 1995 | Took a stake in Kyoritsu Machinery Co., Ltd. (currently Nidec Machinery Corporation). Took a stake in Shimpo Industries Co., Ltd. (currently Nidec-Shimpo Corporation). |
| December 1995 | Established Nidec Philippines Corporation. |
| March 1997 | Took a stake in Tosok Corporation (currently Nidec Tosok Corporation). |
| April 1997 | Took a stake in Read Electronics Corporation (currently Nidec-Read Corporation). |
| May 1997 | Took a stake in Kyori Kogyo Co., Ltd. (Nidec-Kyori Corporation, merged into Nidec-Shimpo Corporation from April, 2012). |
| December 1997 | Established Nidec Tosok (Vietnam) Corporation. |
| February 1998 | Established P.T. Nidec Indonesia. Took a stake in Copal Co., Ltd. (currently Nidec Copal Corporation) and Copal Electronics Co., Ltd. (currently Nidec Copal Electronics Corporation). |
| September 1998 | Listed its stock on the first section of the Tokyo Stock Exchange. Listed its stock anew on the first section of the Osaka Stock Exchange. |
| October 1998 | Established Shibaura Nidec Corporation (currently Nidec Techno Motor Corporation) through a joint investment with Shibaura Engineering Works Co., Ltd. (currently Shibaura Mechatronics Corporation) and Toshiba Corporation. |
| April 1999 | Established Nidec Shibaura (Zhejiang) Co., Ltd. in China. |
| December 1999 | Established Nidec Korea Corporation. |
| March 2000 | Took a stake in Y-E Drive Corporation (currently Nidec Techno Motor Corporation), a subsidiary of YASKAWA Electric Corporation. |
| September 2001 | Listed on the New York Stock Exchange (voluntarily delisted in May 2016). |
| April 2002 | Established Nidec (Zhejiang) Corporation in China. |
| June 2002 | Established Nidec (Dongguan) Ltd. in China. |
| April 2003 | Established Nidec (Shanghai) International Trading Co., Ltd. in China. |
| May 2003 | Relocated its Head Office to Minami-ku, Kyoto and opened the Central Technical Laboratory. |

| Month/Year | History |
|----------------|--|
| October 2003 | Took a stake in Sankyo Seiki Mfg. Co., Ltd. (currently Nidec Sankyo Corporation). |
| October 2005 | Established Nidec Vietnam Corporation. |
| February 2006 | Established Nidec Automobile Motor (Zhejiang) Corporation in China. |
| December 2006 | Established Nidec Motors & Actuators by acquiring the motor and actuator business of Valeo S.A., a French company. |
| February 2007 | Acquired Brilliant Manufacturing Ltd. of Singapore (currently Nidec Component Technology Co., Ltd.). |
| April 2007 | Established the corporate slogan “All for dreams”. Took a stake in Japan Servo Co., Ltd. (currently Nidec Servo Corporation). |
| January 2010 | Acquired the home appliance motor business of Appliances Components Companies S.p.A. of Italy. Started Nidec Sole Motor Corporation S.R.L. |
| February 2010 | Acquired SC Wado Co., Ltd. in Thailand. |
| September 2010 | Established Nidec Motor Corporation by acquiring the motors & controls business of Emerson Electric Co. of the U.S. |
| October 2010 | Established Nidec (Shaoguan) Limited in China. |
| December 2010 | Established Nidec (Beijing) Co., Ltd. in China. Established Nidec India Private Limited. |
| April 2011 | Established Nidec (Beijing) Co., Ltd. Qingdao Branch as a sales branch of Nidec (Beijing) Co., Ltd. |
| July 2011 | Took a stake in SANYO Seimitsu Corporation (currently Nidec Seimitsu Corporation), a subsidiary of SANYO Electric Co., Ltd. |
| December 2011 | Established Nidec Precision Malaysia Sdn. Bhd. in Malaysia. |
| March 2012 | Established SC Wado Component (Cambodia) Co., Ltd. in Cambodia. |
| April 2012 | Nidec-Shimpo Corporation merged Nidec-Kyori Corporation. Nidec-Shimpo Corporation acquired the Minster Machine Company (currently Nidec Minster Corporation) of the U.S. Established the Nidec Research and Development Center, Singapore. |
| May 2012 | Acquired Ansaldo Sistemi Industriali S.p.A. (currently Nidec ASI S.p.A.) of Italy. |
| June 2012 | Opened Nidec Research and Development Center, Japan. |
| September 2012 | Opened Nidec Research and Development Center, Taiwan. Acquired Avtron Industrial Automation, Inc. (Nidec Avtron Automation Corporation, merged into Nidec Motor Corporation in March, 2016) of the U.S. |
| October 2012 | Nidec Sankyo Corporation acquired SCD Co., Ltd. of Korea. |
| November 2012 | Acquired Kinetek Group Inc. (Nidec Kinetek Corporation, merged into Nidec Motor Corporation in March, 2016) of the U.S. |
| December 2012 | Took a stake in Jiangsu Kaiyu Auto Appliance (currently Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.) of China. |

| Month/Year | History |
|----------------|---|
| January 2014 | Nidec Sankyo Corporation acquired Mitsubishi Materials C.M.I. Corporation (currently Nidec Sankyo CMI corporation). |
| | Nidec Research and Development Center, Japan opened its new building in Kawasaki-city. |
| March 2014 | Acquired Honda Elesys Co., Ltd. (currently Nidec Elesys Corporation). |
| February 2015 | Acquired Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (currently NIDEC GPM GmbH) of Germany. |
| May 2015 | Acquired Motortecnica s.r.l. of Italy. |
| July 2015 | Acquired SR motor drive business of China Tex Mechanical & Electrical Engineering Ltd. (currently Nidec (Beijing) Drive Technologies Co., Ltd.) of China. |
| August 2015 | Acquired Arisa, S.A. (currently Nidec Arisa, S.L.U.) of Spain. |
| | Acquired KB electronics, Inc. (merged into Nidec Motor Corporation in March, 2016) of the U.S. |
| September 2015 | Acquired business assets of E.M.G. Elettromeccanica S.r.l. of Italy. |
| | Nidec Sankyo Corporation acquired PT. NAGATA OPTO INDONESIA. |
| October 2015 | Opened Nidec Center for Industrial Science. |
| May 2016 | Acquired E.C.E. S.r.l. of Italy. |
| | Acquired ANA IMEP S.A. (currently Nidec Motor Corporation Romania) of Romania. |
| December 2016 | Acquired Canton Elevator, Inc. of the U.S. |
| January 2017 | Acquired Emerson Electric Co.'s motors, drives and electric power generation businesses (currently Nidec Leroy-Somer Holding, Nidec Control Techniques Limited, etc.) of the U.S. |
| March 2017 | Opened Nidec Corporation Head Office ANNEX Global Learning Center. |
| | Acquired Vamco International, Inc. of the U.S. |
| | Unified corporate brand logos of group companies to "Nidec". |
| July 2017 | Acquired LGB Elettropompe S.r.l. of Italy. |
| | Acquired the Secop Group (currently Nidec Global Appliance Compressors) of Germany. |
| October 2017 | Nidec Sankyo Corporation succeeded the business of Tokyo Maruzen Industry Co., Ltd. |
| | Nidec-Read Corporation acquired SV Probe Pte. Ltd. of Singapore. |
| November 2017 | Acquired driveXpert GmbH of Germany. |
| February 2018 | Nidec Center for Industrial Science opened its new building in Seika-cho, Soraku-gun, Kyoto. |
| April 2018 | Acquired Genmark Automation, Inc. of the U.S. |
| May 2018 | Established the joint venture company Nidec PSA emotors with Groupe PSA of France. |

3. Description of Business

Major businesses of our group, which is comprised mainly of the Company, 310 consolidated subsidiaries and 4 equity-method associates, are manufacturing and sales of small precision motors, automotive, appliance, commercial and industrial products, machinery, electronic and optical components, and others.

We prepare our consolidated financial statements in accordance with IFRS. The scope of affiliates is also based on the definition of IFRS. Our segments comprise nine reportable segments and others.

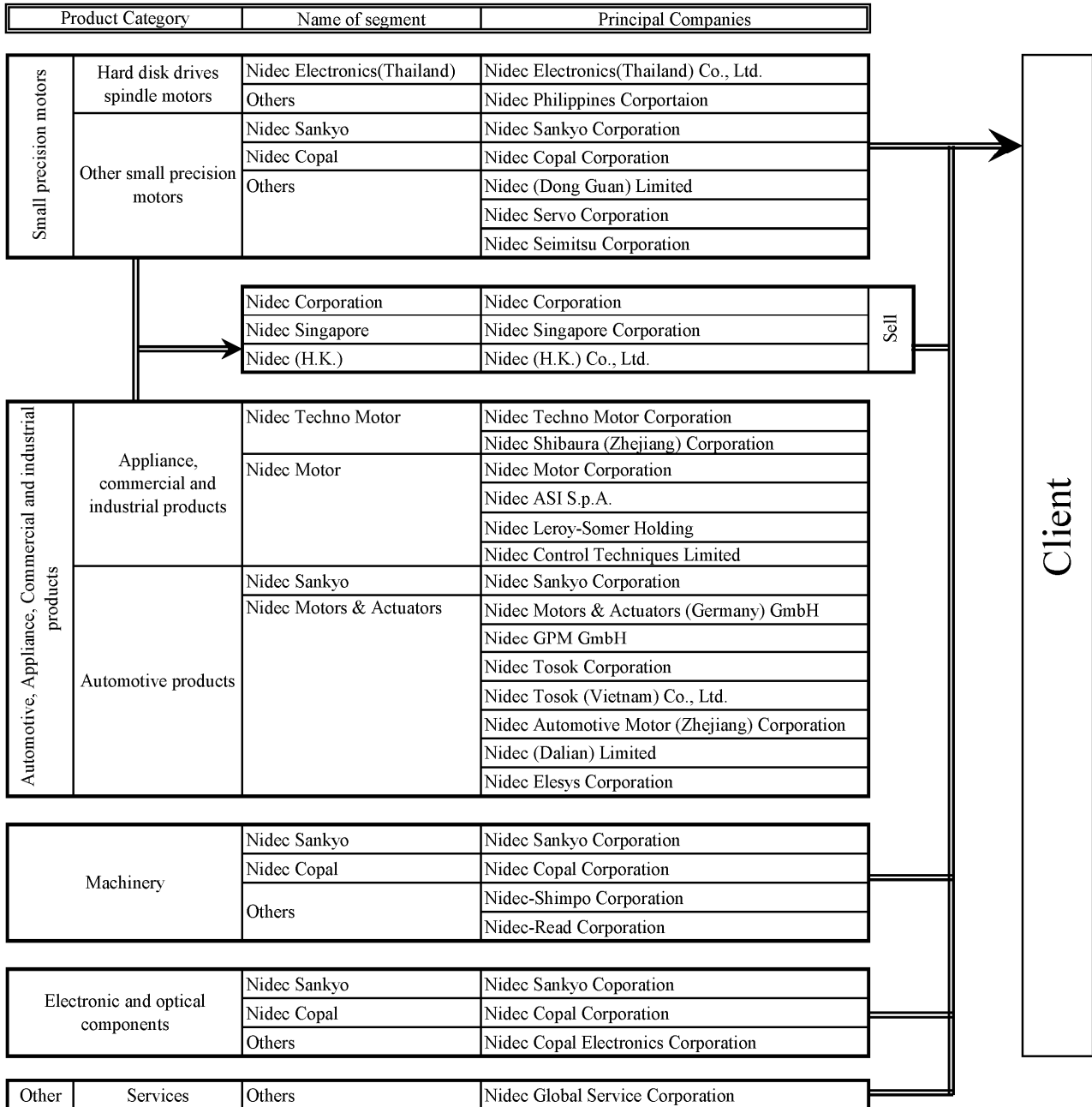
Outline for each segment is described as follows. These segment categories are the same as those in the segment information in notes to consolidated financial statements in “V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Statements of Financial Position” and segments for the year ended March 31, 2018 in all other parts in this annual securities report.

| Name of segment | Outline of segment | Principal companies |
|------------------------------|--|---|
| Nidec Corporation | The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors, automotive products and machinery. | Nidec Corporation |
| Nidec Electronics (Thailand) | The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives. | Nidec Electronics (Thailand) Co., Ltd |
| Nidec Singapore | The Nidec Singapore segment comprises Nidec Singapore Pte. Ltd., a subsidiary in Singapore, which primarily sell hard disk drives spindle motors and other small precision motors. | Nidec Singapore Pte. Ltd. |
| Nidec (H.K.) | The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors. | Nidec (H.K.) Co., Ltd. |
| Nidec Sankyo | The Nidec Sankyo segment comprises Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic parts and other small precision motors. | Nidec Sankyo Corporation |
| Nidec Copal | The Nidec Copal segment comprises Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts, machinery and other small precision motors. | Nidec Copal Corporation |
| Nidec Techno Motor | The Nidec Techno Motor segment comprises Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products. | Nidec Techno Motor Corporation, Nidec Shibaura (Zhejiang) Co., Ltd. |
| Nidec Motor | The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec Leroy-Somer Holding and Nidec Control Techniques Limited which were consolidated in the three months ended March 31, 2017, and Nidec Global Appliance Compressors which was consolidated in the three months ended September 30, 2017. | Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Leroy-Somer Holding, Nidec Control Techniques Limited |
| Nidec Motors & Actuators | The Nidec Motors & Actuators segment comprises Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe and North America, South America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products. | Nidec Motors & Actuators (Germany) GmbH, Nidec Tosok Corporation, Nidec Elesys Corporation, Nidec GPM GmbH |
| Others | The Others segment comprises subsidiaries that are operating segments but not designated as reportable segments due to their immateriality. | Nidec Seimitsu Corporation, Nidec Philippines Corporation, Nidec (Dongguan) Limited, Nidec Servo Corporation, Nidec Copal Electronics Corporation |

The positioning of the Company and its principal consolidated companies in relation to the product category of our group is as follows:

| Product Category | | Principal Companies |
|---|---|---|
| Small precision motors | Hard disk drives spindle motors | Nidec Corporation, Nidec Electronics (Thailand) Co., Ltd., Nidec Philippines Corporation, Nidec (H.K.) Co., Ltd., Nidec Singapore Pte. Ltd. |
| | Other small precision motors | Nidec Corporation, Nidec Sankyo Corporation, Nidec (H.K.) Co., Ltd., Nidec (Dongguan) Limited, Nidec Servo Corporation, Nidec Seimitsu Corporation, Nidec Copal Corporation |
| Automotive, appliance, commercial and industrial products | Appliance, commercial and industrial products | Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Techno Motor Corporation, Nidec Shibaura (Zhejiang) Co., Ltd., Nidec Leroy-Somer Holding, Nidec Control Techniques Limited |
| | Automotive products | Nidec Corporation, Nidec Tosok Corporation, Nidec Tosok (Vietnam) Co., Ltd., Nidec Motors & Actuators (Germany) GmbH, Nidec GPM GmbH, Nidec Automobile Motor (Zhejiang) Corporation, Nidec (Dalian) Limited, Nidec Elesys Corporation, Nidec Sankyo Corporation |
| Machinery | | Nidec Sankyo Corporation, Nidec-Shimpo Corporation, Nidec-Read Corporation, Nidec Copal Corporation |
| Electronic and optical components | | Nidec Copal Corporation, Nidec Copal Electronics Corporation, Nidec Sankyo Corporation |
| Others | | Nidec Global Service Corporation |

[Business Diagram]



4. Information on Affiliates

(1) Consolidated subsidiaries

| Name | Address | Capital | Principal business | % of voting rights interests | Relationship | | | | |
|---|---------------------------------|------------------------|---|------------------------------|--------------------------|-----------------|--|--|--------|
| | | | | | Interlocking directorate | Funding support | Major business transaction | Lease of property, plant and equipment | Others |
| Nidec Electronics (Thailand) Co., Ltd. | Pathumthani Province, Thailand | USD 231,657 thousand | Small Precision Motors | 99.9 | Yes | | Supply of products to the Company, Receipt of royalties | | *1 |
| Nidec Singapore Pte. Ltd. | Singapore | USD 4,656 thousand | Small Precision Motors | 100.0 | Yes | | Sales of products of the Company, Payment of commissions | | *1 |
| Nidec (H.K.) Co., Ltd. | Hong Kong, China | HKD 2,352 thousand | Small Precision Motors | 100.0 | Yes | | Sales of products of the Company | | *1 |
| Nidec Sankyo Corporation | Shimosuwa-cho, Suwagun, Nagano | JPY 35,270 million | Small Precision Motors, Automotive Products, Machinery and Electronic parts | 100.0 | Yes | | Receipt of royalties | Yes | *1 |
| Nidec Copal Corporation | Itabashi-ku, Tokyo | JPY 11,080 million | Small Precision Motors, Machinery and Electronic and Optical parts | 100.0 | Yes | Loan | Receipt of royalties | | *1 |
| Nidec Techno Motor Corporation | Ohama, Fukui | JPY 2,500 million | Commercial and Industrial products | 100.0 | Yes | Loan | Receipt of royalties | Yes | |
| Nidec Motor Corporation | Missouri, U.S.A. | USD 1,410,523 thousand | Appliance, Commercial and Industrial products | 100.0 (100.0) | Yes | | Receipt of royalties | | |
| Nidec Motors & Actuators (Germany) GmbH | Baden-Württemberg, Germany | EUR 25 thousand | Automotive products | 100.0 | Yes | | Sales of products of the Company, Payment of commissions, Receipt of royalties | | *1 |
| Nidec Philippines Corporation | Province of Laguna, Philippines | USD 39,207 thousand | Small Precision Motors | 99.9 | Yes | | Supply of products to the Company, Receipt of royalties | | *1 |

| Name | Address | Capital | Principal business | % of voting rights interests | Relationship | | | | |
|---|----------------------------|----------------------|---|------------------------------|--------------------------|-----------------|---|--|--------|
| | | | | | Interlocking directorate | Funding support | Major business transaction | Lease of property, plant and equipment | Others |
| Nidec (Dongguan) Ltd. | Dongguan, Guangdong, China | USD 23,000 thousand | Small Precision Motors | 100.0 (37.5) | Yes | | Supply of products to the Company, Receipt of royalties | | |
| Nidec Servo Corporation | Kiryu, Gunma | JPY 2,548 million | Small Precision Motors | 100.0 | Yes | | Receipt of royalties | Yes | |
| Nidec Seimitsu Corporation | Ueda, Nagano | JPY 300 million | Small Precision Motors | 100.0 | Yes | Loan | Receipt of royalties | | |
| Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd | Dongguan, Guangdong, China | USD 7,000 thousand | Small Precision Motors | 100.0 (100.0) | | | Supply of products to the Company | | *1 |
| Nidec ASI S.p.A. | Lombardia, Italy | EUR 15,644 thousand | Industrial products | 100.0 (100.0) | Yes | | Receipt of royalties | | |
| Nidec Shibaura (Zhejiang) Co., Ltd. | Pinghu, Zhejiang, China | CNY 553,944 thousand | Appliance, Commercial and Industrial products | 100.0 (91.7) | Yes | | | | |
| Nidec Leroy-Somer Holding | Angouleme, France | USD 55,413 thousand | Appliance, Commercial and Industrial products | 99.85 | | | | | |
| Nidec Control Techniques Limited | Powys, UK | USD 13,032 thousand | Appliance, Commercial and Industrial products | 100.0 (100.0) | | | | | |
| Nidec Tosok Corporation | Zama, Kanagawa | JPY 5,087 million | Automotive products | 100.0 | Yes | | Receipt of royalties | | |
| Nidec Tosok (Vietnam) Co., Ltd. | Ho Chi Minh, Vietnam | JPY 4,105 million | Automotive products | 100.0 (61.5) | Yes | | | | |
| NIDEC GPM GmbH | Thüringen, Germany | EUR 1,534 thousand | Automotive products | 100.0 (100.0) | Yes | | | | |
| Nidec Automobile Motor (Zhejiang) Corporation | Pinghu, Zhejiang, China | USD 13,000 thousand | Automotive products | 100.0 (23.0) | Yes | | Supply of products to the Company | | *1 |
| Nidec (Dalian) Ltd. | Dalian, Liaoning, China | USD 36,500 thousand | Automotive products | 100.0 | Yes | | Supply of products to the Company, Receipt of royalties | Yes | |

| Name | Address | Capital | Principal business | % of voting rights interests | Relationship | | | | |
|-------------------------------------|-------------------------------|---------------------|------------------------|------------------------------|--------------------------|-----------------|---|--|--------|
| | | | | | Interlocking directorate | Funding support | Major business transaction | Lease of property, plant and equipment | Others |
| Nidec Elesys Corporation | Saiwai-ku, Kawasaki, Kanagawa | JPY 1,950 million | Automotive products | 100.0 (5.0) | Yes | | Receipt of royalties | Yes | |
| Nidec-Shimpo Corporation | Nagaokakyo, Kyoto | JPY 2,593 million | Machinery | 100.0 | Yes | Loan | Receipt of royalties | | |
| Nidec-Read Corporation | Ukyo-ku, Kyoto | JPY 938 million | Machinery | 100.0 | Yes | | Receipt of royalties | Yes | |
| Nidec Copal Electronics Corporation | Shinjyuku-ku, Tokyo | JPY 2,362 million | Electronic parts | 100.0 | Yes | | Receipt of royalties | | |
| Nidec Global Service Corporation | Minami-ku, Kyoto | JPY 109 million | Service | 100.0 (70.2) | Yes | Loan | | | |
| Nidec Europe B.V. | CH ALMERE, The Netherlands | EUR 322 thousand | Small Precision Motors | 100.0 | Yes | Loan | Payment of commissions | | *1 |
| Nidec Vietnam Corporation | Ho Chi Minh, Vietnam | USD 11,000 thousand | Small Precision Motors | 100.0 | Yes | | Supply of products to the Company, Receipt of royalties | Yes | *1 |
| Other 281 companies | | | | | | | | | |

(Notes) *1. Companies that fall under the definition of a specified subsidiary or “Tokutei Kogaisha”. Under the Financial Instruments and Exchange Act of Japan, a subsidiary corresponds to a “Tokutei Kogaisha” when the total amount of its net sales to or the total amount of its purchases from the parent company during the period corresponding to the most recent fiscal year of the parent company are 10% or more of the total amount of the parent company’s purchases or the total amount of the parent company’s net sales during the same period.

2. A number in the round brackets in the “% of voting rights interests” column shows the % of indirect voting interests, which is a part of the total voting interest.

(2) Associated company under the equity method

We have 4 associated companies under the equity method. We have omitted a description of them as they are immaterial.

5. Employees

(1) Consolidated basis

(As of March 31, 2018)

| Name of segment | Number of employees | |
|------------------------------|---------------------|----------|
| Nidec Corporation | 1,597 | (164) |
| Nidec Electronics (Thailand) | 11,039 | (4,333) |
| Nidec Singapore | 62 | (-) |
| Nidec (H.K.) | 243 | (-) |
| Nidec Sankyo | 12,969 | (2,836) |
| Nidec Copal | 6,918 | (2,196) |
| Nidec Techno Motor | 3,027 | (2,740) |
| Nidec Motor | 24,494 | (1,199) |
| Nidec Motors & Actuators | 16,495 | (871) |
| Others | 29,601 | (13,226) |
| Corporate | 1,109 | (92) |
| Total | 107,554 | (27,657) |

(Note) The number of employees indicates fulltime employees and the figures in round brackets are excluded from the number of employees and indicate the annual average number of temporary employees.

(2) The Company

(As of March 31, 2018)

| Number of employees | Average age | Average length of service | Average annual salary |
|---------------------|-------------|---------------------------|-----------------------|
| 2,576 (253) | 39.5 | 9.4 | 6,630,076 |

| Name of segment | Number of employees | |
|-------------------|---------------------|-------|
| Nidec Corporation | 1,597 | (164) |
| Corporate | 979 | (89) |
| Total | 2,576 | (253) |

(Notes) 1. The number of employees indicates fulltime employees and the figures in round brackets are excluded from the number of employees and indicate the annual average number of temporary employees.

2. Average annual salary includes extra wages and bonuses.

3. The number of employees increased by 184 since the end of the fiscal year ended March 31, 2017 due to the mid-term hiring and the acceptance of employees seconded from consolidated subsidiaries upon business expansion.

(3) Labor union

Labor unions have been organized at several consolidated subsidiaries at the company and its consolidated subsidiaries. The relationship between management and labor unions is favorable and there are no material facts to report.

II. Business Overview

1. Management Policies, Business Environment, and Challenges

Forward-looking statements below were determined by NIDEC as of the end of the current fiscal year and do not guarantee the achievement.

(1) Basic management policies

We aim to become the world's leading comprehensive motor manufacturer, maximize shareholder value, and meet the expectations of shareholders by delivering higher technology solutions, offering higher wages, and thus achieving higher growth, profit and stock prices, over the long-term. We seek to uphold the following three management goals and principles:

- 1) Employment stability based on sustainable business growth;
- 2) Available supply of highest quality, indispensable, and widely desired products for the common good for all;
- 3) Pursuit of the top leader position in each of the company's chosen paths.

(2) Management targets

We endeavor to pursue profitable growth by setting a medium-term strategic target for the fiscal year ending March 31, 2021. Its main components are as follows:

- 1) Consolidated net sales of ¥2 trillion (including approximately ¥500 billion contributed by new M&A activity);
- 2) Consolidated net sales of automotive products of ¥700 billion to ¥1 trillion;
- 3) Consolidated operating profit ratio of at least 15%;
- 4) ROE (return on shareholders' equity) of at least 18% (assuming shareholders' equity to total assets of 60%);
- 5) Establishment of a five-pronged global matrix-based business management system

(3) NIDEC's medium- to long-term business strategies

To achieve the targets set forth in our medium-term strategic target, NIDEC, acting based on "its organic growth strategy" and "M&A strategy" strives to enhance and expand its business portfolio and achieve more uniformity among the group companies.

We are currently shifting from our current business portfolio to an improved and expanded business portfolio consisting of four core business lines, namely "small precision motors", "appliance, commercial and industrial products", "automotive products" and "other products", and have launched in the fiscal year ended March 31, 2013, a business enhancement system through which we aim to promote a market-oriented approach for each area of operation, particularly in terms of formulating new strategic ideas and operational implementation.

To strengthen the group's advanced R&D structures, we intend to develop new business and shift to an improved and expanded business portfolio under the leadership of our Chief Technology Officer while actively interacting with external research institutions. Taking advantage of our core technologies, we seek to realize innovation and achieve growth by exploring the market with high value-added products developed by our group's unique technology and pursuing Technology Application Development to cultivate new market demand.

As a critical part of the growth strategy of NIDEC, we plan to continue to actively seek M&A opportunities as we aim to achieve growth quickly and efficiently. In the fiscal year ended March 31, 2018, we successfully acquired companies formerly LGB Elettropompe S.r.l, Secop Group (currently, Nidec Global Appliance Compressors, etc.), Tokyo Maruzen Industry Co., Ltd., SV Probe Pte. Ltd., and driveXpert GmbH.

Furthermore, to improve our production engineering capabilities, we established Nidec Center for Industrial Science (NCIS) in October 2015 to engage in advanced development of new materials, engineering methods, robots and automation equipment, followed by the completion of NCIS's first-phase building in February 2018. Going forward, the entire facility will be improved as the Nidec group's central site for production engineering.

On another front, Global Learning Center, a training facility completed in March 2017, is now home to Nidec group employees who are trained to be capable of working globally to support Nidec's future global business expansion.

(4) Business environment

In the world economy, while expectations are growing that major regions will sustain their economic growth, the room for optimism is limited as the U.S.-China trade conflict on the world economy, as well as the possible geopolitical and other risks in the East Asia, Europe, and the Middle East, may trigger a financial unrest. Since improved competitiveness is essential for NIDEC's sustainable growth, NIDEC has strived to launch new products with superior competitiveness, improved added value by employing new technologies, and improved cost competitiveness through better productivity realized through working style reforms.

(5) NIDEC's challenges

1) Enhancing the corporate governance system

Since the closing of the general meeting of shareholders held on June 20, 2018, NIDEC has had three independent outside members of the Audit and Supervisory Board and two independent outside members of the Board of Directors, five individuals in total, who have been contributing to the carrying out of more lively discussions in the Meetings of the Board of Directors. With this system in the Meetings of the Board of Directors as a prime example, NIDEC is striving to further enhance corporate governance.

2) Building and strengthening global management infrastructure

NIDEC as a global company will further enhance its group's business management, accounting and financial reporting, and business information disclosure systems in accordance with global standards.

To secure a global sustainable growth and accelerate the pace of the post-merger integration (PMI) process of companies purchased overseas, we are building a "five-pronged global matrix-based business management system" intended to strengthen the foundation of our growth strategy. Specific actions include the establishment and functional expansion of regional management companies, which will be tasked to improve management quality (in the areas of governance, compliance, and internal control), secure good management efficiency (providing high-quality, low-cost shared services for individual regions), and actively support PMI.

We previously maintained a "federate-style" management system, under which individual group companies maintained a high degree of independence and autonomy in their business operations; however, to address globalization needs, we are shifting towards a "unified group management" increasingly quickly.

NIDEC's Corporate Administration & Internal Audit Department, which is responsible for group-wide internal controls, has in place a global auditing system to strengthen auditing of the sphere related to prevention of improprieties as a response to strengthening the global management system. NIDEC is striving to further strengthen internal controls based on the experience and know-how gained through the past audits of our financial statements and the implementation of measures to comply with the U.S. Sarbanes-Oxley Act of 2002. We also seek to improve our information disclosure system and policy through enhanced cooperation between a committee responsible for information disclosure and other relevant specialized departments.

Such specialized departments and offices, including the Compliance Office, the Risk Management Office, and the Investor relations & CSR Promotion Department, also collaborate with one another and other departments as appropriate. We seek to find ways to create and maintain jobs and otherwise contribute to society based on our basic management policy as a good corporate citizen.

2. Risk Factors

Risks that have the potential to affect the performance, stock price and financial position of NIDEC include, but are not limited to, the issues discussed below. Forward-looking statements in this discussion reflect the judgment of NIDEC as of March 31, 2018.

(1) Risks related to economic downturns

Demand for our products may be adversely affected by unexpected economic trends in the countries or regions in which our products, and the end-products in which they are used, are sold. In particular, our products are often used in end-products that are subject to discretionary spending, such as personal computers, consumer electronic goods and automobiles, and thus a decline in general consumption levels could adversely affect our sales. Similarly, capital investment levels in the manufacturing sector can be particularly sensitive to economic trends, and a decline in capital investment could adversely affect sales of our products that are used in industrial applications. Our business, results of operations and financial position may be materially and adversely affected by negative economic trends in future periods.

(2) Risks related to our expansion of business portfolio to new business areas

While our business has traditionally been centered on motors and their derivative products, equipment and components used in the information technology sector, we are currently expanding our business portfolio into other prospective markets which would give us broader scope for producing technological synergies and new growth opportunities. However, there can be no assurance that we will be able to secure the necessary information, business resources, customer relationships, business expertise and brand recognition in a timely manner. For example, the success of our acquisition and investment activities which is a key factor in our ability to succeed in our business portfolio expansion is constantly subject to uncertainty. In addition, the automotive, appliance, commercial and industrial product markets in which we are endeavoring to expand are subject to various risks such as those stemming from vast supply chains that increase the risk of manufacturing disruptions and labor problems of third parties having an adverse effect on our business and increased compliance costs related to more stringent environmental and safety regulations. Furthermore, our operating profit ratio could be adversely affected if, in the course of our business portfolio expansion, our product mix changes in a manner that increases the proportion of sales related to less profitable products and businesses.

(3) Ongoing significant risk related to hard disk drive market

NIDEC is moving forward with switching the business portfolio to include new business area, and the results of such progress has reduced its traditional dependence on sales for hard disk drive (HDD) motors. The level of this dependence, however, continues to be high.

HDD motor demand is directly affected by the HDD market. Currently HDD faces competition from solid state drives, and this is one factor lowering demand for HDD motors.

Furthermore, there are only three HDD manufacturers, and holding more than an 80% share of the market, NIDEC supplies HDD motors to all as a key supplier. Therefore, if the purchasing trends of any one of these customers were to suddenly change, NIDEC's business, results of operations, and financial position could be materially affected.

(4) Risks related to competition

We generally face aggressive competition in the markets in which we conduct business. Particularly in the markets for automotive and appliance components, we often face fierce competition with domestic manufacturers in emerging economies. To maintain our competitiveness in the markets, we believe that we should maintain, or may need to increase, our substantial level of investment in research and development, expand our production, sales and marketing capabilities, enhance services and support, timely develop new products, and further improve our existing products. We will also need to continue our cost reduction efforts in order to maintain our profitability.

Our competitiveness may decline and/or our profitability may be adversely affected if:

- any of our markets develops faster than our expectations due to rapidly increasing demand or otherwise, causing our market share to decline relative to our competitors that are able to better meet increasing demand or otherwise cope with developing markets;
- our cost reduction efforts are insufficient to offset declines in market price levels or increases in raw material costs;
- our competitors' competitive efforts result in technological innovations, improved manufacturing efficiencies or enhanced research and developmental capabilities, rendering our products and technologies obsolete ;
- mergers or consolidations among our competitors result in a relative decline in our competitive position; or
- we are unable to obtain financial, technological, human or other resources necessary to maintain or enhance our investments.

(5) Risks related to our research and development

We engage in continuous research and development activities, including those related to basic technologies, new products, product improvements and manufacturing processes. The markets for our products are characterized by continual and fast-paced technological development, and our customers' requirements regarding the performance of our products are expected to continue to heighten. In such markets, our success will depend upon our ability to continue to develop superior technologies, products and processes in a timely manner in order to meet our customers' needs effectively. If third parties succeed in developing new technologies, products or processes that are more attractive to our customers than ours due to our inability to accurately anticipate the direction of the market, our inability to conduct research and development in an effective or timely manner or otherwise, our products could be rendered obsolete or the competitiveness of our products could decline. Anticipating such shifts accurately and developing appropriate technologies, products and processes in a timely manner present a significant challenge. Determining the direction of our research activities related to basic technologies is particularly difficult, and the risk of our being unable to recoup the costs related to such activities can be significant. If we are unsuccessful in our research and development activities, our business, results of operations and financial position could be materially and adversely affected.

In addition, our customers generally require us to provide customized products within a set delivery timetable. Our customers are increasingly demanding that we provide them with more complex products on a shorter timetable. Any future failure to meet customer requirements could damage our relationship with the customer, harm our reputation and negatively affect our market share, as well as impede the business development of these new products and the expansion of the products' markets.

Furthermore, if a customer fails to successfully commercialize or sell products that incorporate in them any customized product in which we invested significant resources to develop, we may be unable to recoup the relevant development costs. As a result, our business, results of operations and financial position could be materially and adversely affected.

(6) Risks related to quality of our products

We manufacture state-of-the-art motors and other electronic products and, as a result, are exposed to potential warranty and product liability claims arising from alleged or actual defects in our products in the normal course of business. In particular, widespread malfunction of any end-product in which our products are incorporated may lead to consumer dissatisfaction, recalls and lawsuits. In the automotive, appliance, commercial and industrial motors and other parts markets, where we seek to expand our business, strict safety standards are imposed by societal demand, and if we were unable to provide safe and high quality products, such an event could result in an accident involving serious property damage and/or loss of life, a product may become subject to a mandatory recall and so forth. If such malfunction is caused by or attributed or alleged to be attributed to defects in our products, our brand image could be damaged, we may be subject to adverse regulatory action and significant legal claims or drawn into disputes with our customers, and our results of operations may be adversely affected by lost sales or costs associated with recalls. In addition, significant financial and human resources may be incurred, and management's attention may be diverted, if we are required to defend ourselves against legal claims.

We generally maintain insurance against product liability claims, but our insurance coverage may not be adequate for any potential liability ultimately incurred. In addition, insurance could become unavailable in the future on terms acceptable to us. A successful claim that exceeds our available insurance coverage or a significant product recall could have a material adverse impact on our business, results of operations and financial position.

(7) Risks related to procurement of raw materials or components

We rely on third party suppliers for raw materials, components and unit assemblies used in our manufacturing processes. Our production capacity will be limited if one or more of these materials or components become unavailable or available only in reduced quantities or at increased prices.

Furthermore, a country's governmental policy changes relating to specific raw materials or conditions of use of components, etc. may place constraints on NIDEC's capacity to procure raw materials or components. If our ability to procure raw materials or components is constrained by various factors, we would invest in product design and development to enable us to reduce our usage of the raw material or component in question and/or secure suppliers of alternative materials. However, in the event of prolonged quantitative shortages of, or qualitative deficiencies in, materials or components, we may experience production delays that could adversely affect our business, operating results and financial position.

(8) Risks related to our operations in overseas countries

A substantial portion of NIDEC's manufacturing and marketing activity is conducted in the United States, Europe and in other region, such as China. There are a number of risks in doing business in such overseas markets, including the following:

- economic slowdown or downturn in the relevant industries in foreign markets;
- international currency fluctuations;

- general strikes or other disruptions in working conditions;
- labor shortages and labor cost increases, especially in China and Thailand;
- political instability;
- changes in trade restrictions and tariffs;
- difficulties associated with staffing and managing international operations;
- generally longer receivables collection periods;
- unexpected changes in or imposition of new legislative or regulatory requirements;
- relatively limited protection for intellectual property rights in some countries;
- potentially adverse taxes;
- cultural and trade differences;
- additional cost of products exported overseas, including tariffs, shipping costs, and other duties and impositions, which may make our products less price competitive, and
- significant time and capital required for expanding overseas businesses before achieving a return on capital.

(9) Risks related to quarter-to-quarter comparisons of our operating results

We have experienced, and expect to continue to experience, fluctuations in sales and results of operations from one quarter to the next. As a result, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful, and that such comparisons cannot be relied upon as indicators of future performance. Our results of operations may be subject to significant quarterly fluctuations as a result of the various factors, including:

- fluctuations in product demand as a result of the cyclical and seasonal nature of the markets in which our products are sold and used, including the information storage and communication, appliance, commercial and industrial products markets;
- translation effect of exchange rate fluctuations on the results of our overseas subsidiaries and monetary assets and liabilities denominated in foreign currencies;
- the availability and extent of utilization of our manufacturing capacity;
- changes in our product, customer or competitor mix, which can occur on short notice;
- cancellation or rescheduling of significant orders, which can occur on short notice;
- deferrals of customer orders for our new products and strategic products; and
- ability on short notice to procure components and raw materials, particularly with respect to limited suppliers, and variability of such prices.

(10) Risks related to prior investments for anticipated customer demands

We typically plan our production and inventory levels based on customers' advance orders, commitments or forecasts, as well as our internal assessment and forecasts of customer demand, which are highly unpredictable and can fluctuate substantially, especially if competition becomes more intense or the demand is reduced due to seasonality or other factors. In order to secure sufficient production scale and productivity, we may make capital investments to expand our manufacturing capabilities in advance of anticipated customer demand. For example, we plan to make additional capital investments particularly in emerging economic regions. If our manufacturing capabilities significantly exceed demand, an increase in amortization burden due to operating loss or a devaluation of inventories due to overstock may adversely affect our business, results of operations and financial position. On the other hand, if we underestimate our customers' needs and fail to make the necessary capital investments, we may lose market share due to our inability to meet customers' demands.

In addition, in anticipation of long lead times to obtain inventory and materials from our suppliers, we may also from time to time order materials in advance of anticipated customer demand. This advance investment and ordering may result in excess inventory levels, resulting in unanticipated inventory write-downs if expected orders fail to materialize.

In addition, as we have only limited leeway to reduce operating expenses in response to any rapid decline in demand, if net sales fall below projection due to a decrease in demand, it may adversely affect our overall business results.

(11) Risks related to M&A

We have achieved much of our growth by acquiring and otherwise investing in other companies that have provided us with complementary technologies, product lines, marketing and sales networks, and customer base. The continued success of our acquisition and investment activities constitutes a key factor in achieving our current business strategy. To the extent that we are unable to make successful acquisitions or investments, we may not be able to continue to expand our product range, marketing or sales networks or customer base, and our growth rates could be adversely affected. Critical to the success of our acquisitions is the ordered

and efficient integration of acquired businesses into our organization. Our acquisitions may not generate the operational and financial returns we expect. The success of our future acquisitions will depend upon factors such as:

- our ability to manufacture and sell the products of the businesses acquired and to integrate the technologies of the acquired businesses with our own to develop new products;
- continued demand for such products by our customers;
- our ability to integrate the acquired businesses' operations, products and personnel;
- our ability to retain key personnel of the acquired businesses;
- our ability to extend our financial and management controls as well as our reporting and compliance systems and procedures to acquired businesses;
- accuracy of various due diligence analyses; and
- our preliminary survey's ability to detect those liabilities of the acquiree that could negatively affect NIDEC.

Our new and additional investments in other companies are subject to other uncertainties that may have a material adverse impact on our business. For example, the fair value of our investments in other companies may be impaired if their business results deteriorate. Changes in economic policies of local governments, laws and regulations, and accounting rules applicable to companies in which we invest may also have a significant adverse effect on our financial results. In addition, in cases where we have a non-controlling interest in an investee, we typically cannot control the operations and the assets of the investee or make major decisions without the consent of other shareholders or participants, or at all, unless we acquire a controlling interest by increasing our shareholding interest.

Failure to succeed in acquisitions or investments, or an inability to find suitable acquisition or investment targets, could have a material adverse effect on our business, results of operations and financial position.

(12) Risks related to our growth increasing burdens on management and our resources

Our future success depends to a large extent on our ability to integrate and manage our group of companies as we seek to continue expanding our business and operations organically or through acquisitions of or investments in businesses in accordance with our growth strategy. As we pursue our growth strategy, we may face increasing burdens on management and our resources and, as a result, fail to timely and appropriately enhance our group-wide administrative, operational, information technology, and financial and compliance management systems.

If we face a burden that is larger than anticipated, we may not be able to sufficiently enhance the management system, which may have an adverse impact on our business, results of operations and financial position.

(13) Risks related to our dependence on our Representative Director and Chairman, Mr. Shigenobu Nagamori

Our continued success will depend to a significant extent on the efforts and abilities of our founder and current Representative Director, Chairman and Chief Executive Officer, Mr. Shigenobu Nagamori. Mr. Nagamori is actively engaged in our management and determines our strategic direction, especially with regard to acquisition activities. Going forward, NIDEC's management team headed by newly appointed Representative Director, President and Chief Operating Officer, Mr. Hiroyuki Yoshimoto will improve organizational coordination and formulate and execute group business strategies. However, in the event of Mr. Nagamori's sudden departure, his absence may adversely affect our business, operating results and financial position.

(14) Risks related to recruiting and retaining highly skilled personnel

Our business depends on the continued employment of our senior management, engineers and other technical personnel, many of whom would be extremely difficult to replace. To maintain our current market position and support future growth, we will need to hire, train, integrate and retain significant numbers of additional highly skilled human resources. The competition is intense worldwide for recruiting such personnel, and we and our affiliates may be unable to attract and retain such additional personnel.

(15) Risks related to compliance with various laws and regulations

We conduct our business subject to ongoing regulation and associated regulatory compliance risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice, accounting standards and interpretations in Japan and other countries in which we conduct our business. As we expand the range of our products and the geographical scope of our business, we will be exposed to risks that are unique to particular industries, markets or jurisdictions. Our compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

Our business activities are subject to a wide range of environmental laws and regulations in Japan, Asia, North America, Europe and other areas. These laws and regulations include those relating to discharge of chemicals into the air and water, management, treatment and disposal of hazardous substances and wastes, product recycling, prevention of global warming and the obligation to investigate and remediate soil and groundwater contamination.

Many of our operations require environmental permits, the terms of which may impose limits on our manufacturing activities and require the incurrence of costs to achieve compliance and which may be subject to modification, renewal and revocation by the issuing authorities. Moreover, if these laws, regulations and permits become more stringent in the future, the amount of capital expenditures and other expenses which may be required to complete remedial actions and to continue to comply with applicable environmental laws, regulations and permits could increase and be significant, which would materially and adversely affect our business, results of operations and financial position.

Our business activities are also subject to various other governmental regulations, both local and international, including antitrust, anti-bribery, anti-terrorism, intellectual property, consumer protection, taxation, export regulations, tariffs, foreign trade and exchange controls. Because we have a leading market share globally for small precision motors, any regulatory development or measure that affects sales or manufacturing of small precision motors in particular could materially and adversely affect our business, results of operations and financial position. Moreover, as we expand our operations into new products and geographical markets, we may be required to further enhance our compliance policies and procedures. Our failure or inability to comply fully with applicable laws, regulations, standards and rules could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business.

In addition, future changes in laws, regulations, rules, policies, voluntary codes of practice, accounting standards, fiscal or other policies and their effects are difficult to predict, and additional financial, administrative and human resources may be required to put in place new compliance systems.

(16) Risks related to internal controls over financial reporting

As a public company, we are subject to the requirements regarding internal controls over financial reporting under the Financial Instruments and Exchange Act of Japan, and it is essential for us to have effective internal controls, corporate compliance functions and accounting systems to manage our assets and operations.

Designing and implementing an internal control system requires significant management, human and other resources. Once we identify any significant deficiencies or material weaknesses in our internal control systems, we may require additional resources and incur additional costs to remediate such deficiencies or weaknesses.

Furthermore, if management determines that our internal control over financial reporting is not effective for any period, we may be unable to timely file financial reports or such internal control may interrupt stakeholders and management's effective decision making, and as a result, our market perception could be negatively affected. Depending on the severity of, and causes and other factors relating to, a material weakness in internal control over financial reporting, we could be subject to liabilities or sanctions of applicable laws and regulations. In addition, we could be restricted in our ability to access financial markets for capital raising.

(17) Risks related to intellectual property

Our business is dependent on our ability to protect the proprietary rights to our technologies and products and other intellectual property, which we seek to protect through patent, trademark, copyright and other legal protection afforded to intellectual property rights as well as contractual provisions and our internal information control system. Despite these efforts, we face the following risks:

- we could incur substantial costs in defending against claims of infringement of the intellectual property of others, and such claims could result in damage awards against us, orders to pay for the use of previously unrecognized third-party intellectual property or injunctions preventing us from continuing aspects of our business, which could in turn have a material adverse effect on our business, results of operations and financial position;
- our protective measures may not be adequate to protect our proprietary rights;
- other parties, including competitors with substantially greater resources, may independently develop or otherwise acquire equivalent or superior technology, and we may be required to pay royalties to license the intellectual property of those parties;
- patents may not be issued pursuant to our current or future patent applications, and patents issued pursuant to such applications, or any patents we own or have licenses to use, may be invalidated, circumvented or challenged;
- the rights granted under any such patents may not provide competitive advantages to us or adequately safeguard and maintain our technology;
- we could incur substantial costs in seeking enforcement of our patents against infringement or the unauthorized use of our trade secrets, proprietary know-how or other intellectual property by others; and
- the laws of foreign countries in which our products are manufactured and sold may not protect our products and intellectual property rights to the same extent as the laws of Japan, and such laws may not be enforced in an effective manner.

(18) Risks related to leaks of confidential information

In the normal course of business, we possess personal and other confidential information on our customers, other companies and other third parties with whom we do business as well as personal information of our employees. Although we have security measures in place to protect such information, we may be subject to liability or regulatory action if any of such information is leaked due to human or technical error, unauthorized access, other illegal conduct or otherwise. Failure to protect confidential information could also lead to a loss of our competitive advantage and customer and market confidence in us, adversely affecting our business, results of operations and financial position. Moreover, societal trust in our sales activities, systems and brand image will be lowered.

(19) Risks related to our pension plans

Some companies of the NIDEC Group adopt both a defined benefit pension plan and a defined contribution pension plan for their employees who fulfill certain requirements. We may incur losses if the fair value of our pension plans' assets declines, if the rate of return on our pension assets declines, or if there is a change in the actuarial assumptions on which the calculations of the projected benefit obligations are based. We may also experience unrecognized service costs in the future due to amendments to existing pension plans. Moreover, fluctuation in interest rates, changes to the environment surrounding NIDEC and other factors may adversely affect the amount of unfunded pension obligations, among other factors. In addition, the assumptions used in the computation of future pension expenses may not remain constant.

(20) Risks related to impairment of our goodwill and tangible assets

We have significant goodwill and tangible assets, including property, plant and equipment. In connection with any acquisition we make in the future, we may record additional goodwill depending on the terms of the acquisition. According to declines in the profitability of our assets, we may be required to record an impairment loss. Any significant amount of such impairment losses will adversely affect our results of operations and financial position.

(21) Risks related to recoverability of deferred tax assets

We must assess the likelihood that our deferred tax assets will be recovered from future taxable profit and to the extent we believe that recovery is not likely, we are required to reduce our deferred tax assets. In the event of a deterioration in market conditions or results of operations in which we determine that there is additional uncertainty regarding realization of all or part of our net deferred tax assets, the resulting adjustment to our deferred tax assets would decrease our profit during the period in which such determination is made.

(22) Risks related to fluctuations of foreign currency exchange rates

A significant portion of our overseas sales is denominated in currencies other than the Japanese yen, primarily the U.S. dollar, Euro, the Chinese yuan and Thai baht. As a result, the appreciation of the Japanese yen against the U.S. dollar, Euro and other currencies will generally have a negative effect on our sales, operating profit and profit. In order to mitigate against this risk, in recent years we have been attempting to offset a portion of our foreign currency revenue by matching the currency of revenue with the currency of expense. For example, if revenue for a particular product is in U.S. dollars, we attempt to purchase the supplies and resources used to produce that product in U.S. dollars. Nevertheless, we remain exposed to the effects of foreign exchange fluctuations.

We may also experience significant effects from foreign currency exchange rate fluctuations when the results of operations of subsidiaries operating in currencies other than the yen are consolidated into our financial statements, which are reported in Japanese yen.

(23) Risks related to fluctuations of interest rates

We have long-term receivables and interest-bearing liabilities with fixed and variable interest rates, and we may enter into interest rate swaps and other contracts in order to prevent risks related to the fluctuation of such interest rates and to increases or decreases in cash flows. To the extent that their effects are not hedged, we are exposed to interest rate fluctuation risks which may affect our interest expenses, interest income and the value of our financial assets and liabilities.

(24) Risks related to our liquidity of funds

We rely on borrowings from financial institutions and direct equity financing from financial markets to finance our operations, capital expenditures and acquisitions of other companies. If, due to changes in financial market conditions or other factors, financial institutions reduce the amounts of their lending, credit lines, or terms of lending to us, and if we are unable to find alternative financing sources on equally or more favorable terms, our business may be materially adversely affected. In addition, if there is a significant downgrade of our credit ratings by one or more credit rating agencies as a result of any deterioration of our financial

position or if investor demand significantly decreases due to economic downturns or otherwise, we may not be able to access funds when we need them on acceptable terms, our access to capital markets may become more restricted, or the cost of financing our operations through indebtedness may significantly increase. This could adversely affect our business, results of operations and financial position.

(25) Risks related to contingencies

Natural disasters, fires, public health issues, armed hostilities, terrorism and other incidents, whether in Japan or any other country in which we or our suppliers operate, could bring about political or economic instability and cause damage to us, our suppliers or customers. For example, a large-scale natural disaster that causes massive damage to infrastructure and power outages, or a contagious disease pandemic could adversely affect our operations by rendering our employees unable to work, reducing orders from customers or disrupting our suppliers' operations. If any such disaster occurs in any region in which any of our major customers or production or development bases are concentrated, such as Thailand or China, or in Japan where our headquarters and key research and development facilities are located, the adverse effect on our results of operations and financial condition could be particularly pronounced. Our network and information systems are important for normal operations, but such systems are vulnerable to shutdowns caused by unforeseen events such as power outages or natural disasters or terrorism, hardware or software defects, or computer viruses and computer hacking. Any such events, over which we have little or no control, could significantly hinder our production activities and our sales activities, delay the delivery of products, and make it difficult for us to obtain materials and components from suppliers, and also require large expenditures to repair or replace our facilities.

We maintain third-party insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain are determined based on the usefulness of the insurance, its cost, and the scope of compensation from self-insurance. Our insurance policies are subject to deductibles, policy limits and exclusions that result in our retention of a level of risk on a self-insured basis. While we believe our insurance coverage is comparable to the coverage maintained by similar companies in our industry, losses not covered by insurance could be significant, adversely affecting our business, results of operations and financial position.

(26) Risks related to sudden decline in our stock price

The issued shares of our ordinary shares can be bought and sold on the Tokyo Stock Exchange. Sales of a substantial amount of our ordinary shares in the public market by a large shareholder, or the perception that such sales may occur, could cause the market price of our ordinary shares to decline. This could also impair our ability to raise additional capital through the issuance or sale of our securities. Also, in the future, we may issue or sell securities to raise cash for additional capital expenditures, working capital, research and development or acquisitions. We may also pay for additional shares of subsidiaries or affiliated companies by cash or our ordinary shares. We may also issue securities convertible into our ordinary shares. Any of these events may dilute the ownership interest in us and have an adverse impact on the price of our ordinary shares.

(27) Risks for foreign investors

1) Japan's unit share system imposes restrictions in holdings of our common stock that do not constitute whole units

Our Articles of Incorporation provide that 100 shares of our stock constitute one "unit". The Companies Act of Japan imposes significant restrictions and limitations on holdings of shares that constitute less than a whole unit. Holders of shares constituting less than a unit do not have the right to vote. A shareholder who owns shares representing less than one unit will not be able to exercise any rights relating to voting rights, such as the right to participate in a demand for the resignation of a director, the right to participate in a demand for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose an agenda item to be addressed at a general meeting of shareholders. Under the unit share system, holders of shares constituting less than a unit have the right to require us to purchase their shares. However, holders of the American Depositary Shares ("ADSs") that represent other than multiples of whole units cannot withdraw the underlying shares representing less than one unit and, therefore, they will be unable to exercise the right to require us to purchase the underlying shares. As a result, holders of ADSs representing shares in lots of less than one unit may not have access to the Japanese markets to sell their shares through the withdrawal mechanism.

2) Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions

Our Articles of Incorporation, Regulations of the Board of Directors, Share Trading Regulations and the other related regulations, as well as the Companies Act govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions within the United States. Shareholders may have more difficulty in asserting their rights as a shareholder than they would as a shareholder of a corporation organized in another jurisdiction. In addition, Japanese courts may not

be willing to enforce liabilities against us in actions brought in Japan that are based upon the securities laws of the United States or any U.S. state.

3) A holder of our ADSs will have fewer rights than a shareholder has and will need to act through the depositary to exercise those rights

The rights of the shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders of record. Because the depositary, through its custodian agent, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs as instructed by the ADS holder and will pay to ADS holders the dividends and distributions collected from us. However, as an ADS holder, shareholders will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights in their capacity as ADS holder.

4) Because of daily price range limitations under Japanese stock exchange rules, shareholders may not be able to sell their shares of our common stock at a particular price on any particular trading day, or at all

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

5) Foreign exchange fluctuations may affect the dollar value of our ADSs and dividends payable to holders of our ADSs

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

6) It may not be possible for investors to effect service of process within the United States upon us or our members of the Board of Directors or members of the Audit and Supervisory Board or to enforce against us or these persons judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States

We are a limited liability, joint-stock corporation incorporated under the laws of Japan. Most of our members of the Board of Directors or members of the Audit and Supervisory Board reside in Japan. A substantial portion of our assets and all or substantially all of the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States upon us or these persons or to enforce against us or these persons judgment obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Japan, in original actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

3. Management Analysis of Financial Position, Operating Results and Cash Flows

Forward-looking statements below were determined as of the end of the current fiscal year.

(1) Significant accounting policies and estimates

NIDEC's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to the provision of Article 93 of the *Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements*.

In preparing IFRS-compliant consolidated financial statements, NIDEC developed and used estimates, judgment, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may be different from such estimates, judgment, and assumptions.

In the event that accounting estimates must be prepared under a high level of uncertainty at the time when accounting estimates are made, such accounting estimates will be different from accounting estimates based on rational comparison with the most recent accounting period or rational estimates of the corresponding period of occurrence, and can be expected to have significant effect on the estimates of financial position, changes in the financial position, and operating results.

For further information, refer "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 3. Significant accounting policies, 4. Significant accounting estimates, judgments and assumptions".

(2) Operating results

During the year ended March 31, 2018 the global economy saw the U.S. economy continue its moderate expansion, and China continue its high-level economic growth, while the trade conflict between the two countries became increasingly serious, due to China's retaliatory measures against the U.S.'s economic sanctions on the world's second largest economy. In the meantime, the European economy, the euro zone in particular, maintained its broad expansion, while Japan intended to achieve the longest postwar economic recovery, though the recent appreciation of the yen is feared to cause a decline in corporate profitability.

It was under such an environment that NIDEC continued to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit ratio of 15% based on our mid-term strategic goal, "Vision 2020," and achieved in the year ended March 31, 2018 the highest net sales, operating profit, profit before income taxes and profit for the year attributable to owners of the parent in our history.

The following table sets forth consolidated operating results for the year ended March 31, 2018:

(Yen in millions)

| | Year ended March 31, 2017 | Year ended March 31, 2018 | Increase or decrease | Increase or decrease ratio |
|---|------------------------------|------------------------------|----------------------------|-------------------------------------|
| Net sales | 1,199,311 | 1,488,090 | 288,779 | 24.1% |
| Operating profit | 139,366 | 167,637 | 28,271 | 20.3% |
| Operating profit ratio | 11.6% | 11.3% | - | - |
| Profit before income taxes | 141,313 | 164,460 | 23,147 | 16.4% |
| Profit attributable to owners of the parent | 111,007 | 131,434 | 20,427 | 18.4% |

Consolidated net sales increased 24.1% to ¥1,488,090 million for this fiscal year compared to the previous fiscal year, recording the highest annual net sales in our history. Although there were expenses of structural reform for streamlining of parts production bases in Japan and abroad accompanying transformation of the business portfolio, strengthening research and development employees for future growth, an increase of M&A expense and other factors, operating profit increased 20.3% to ¥167,637 million for this fiscal year compared to the previous fiscal year, also recording the highest annual operating profit in our history. Profit before income taxes increased 16.4% to ¥164,460 million for this fiscal year compared to the previous fiscal year and profit attributable to owners of the parent increased 18.4% to ¥131,434 million for this fiscal year compared to the previous fiscal year, achieving the highest annual profits in our history, respectively.

The following table sets forth operating results by segment:

(Yen in millions)

| | For the years ended March 31, | | | | | |
|------------------------------|-------------------------------|-----------|----------------------|------------------|----------|----------------------|
| | Net sales | | | Operating profit | | |
| | 2017 | 2018 | Increase or decrease | 2017 | 2018 | Increase or decrease |
| Nidec Corporation | 218,648 | 222,689 | 4,041 | 16,556 | 25,381 | 8,825 |
| Nidec Electronics (Thailand) | 127,122 | 130,832 | 3,710 | 18,792 | 18,380 | (412) |
| Nidec Singapore | 53,470 | 50,853 | (2,617) | 704 | 797 | 93 |
| Nidec (H.K.) | 133,300 | 125,980 | (7,320) | 1,698 | 1,248 | (450) |
| Nidec Sankyo | 136,161 | 150,282 | 14,121 | 19,408 | 21,661 | 2,253 |
| Nidec Copal | 46,676 | 51,028 | 4,352 | 4,628 | 4,674 | 46 |
| Nidec Techno Motor | 67,017 | 88,599 | 21,582 | 7,879 | 9,363 | 1,484 |
| Nidec Motor | 249,419 | 435,586 | 186,167 | 20,251 | 31,129 | 10,878 |
| Nidec Motors & Actuators | 266,091 | 302,824 | 36,733 | 29,572 | 34,932 | 5,360 |
| Others | 343,826 | 380,552 | 36,726 | 38,425 | 41,567 | 3,142 |
| Elimination/corporate | (442,419) | (451,135) | (8,716) | (18,547) | (21,495) | (2,948) |
| Consolidated total | 1,199,311 | 1,488,090 | 288,779 | 139,366 | 167,637 | 28,271 |

(Note) Net sales are the total of sales to external customers and sales to other operating segments.

Net sales of Nidec Corporation increased 1.8% to ¥222,689 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the positive effect of the depreciation of the Japanese yen against the U.S. dollar and Euro, despite the decrease in demand for the hard disk drives spindle motors. Operating profit of Nidec Corporation increased 53.3% to ¥25,381 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales and cost reduction.

Net sales of Nidec Electronics (Thailand) increased 2.9% to ¥130,832 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the positive effects of the depreciation of Japanese yen against the U.S. dollar and an increase in sales caused by production shift for hard disk drives spindle motors. However, operating profit of Nidec Electronics (Thailand) decreased 2.2% to ¥18,380 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This decrease was primarily due to the appreciation of Thai baht against the U.S. dollar and expenses of structural reform.

Net sales of Nidec Singapore decreased 4.9% to ¥50,853 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors, despite the positive effect of the depreciation of the Japanese yen against the U.S. dollar. However, operating profit of Nidec Singapore increased 13.2% to ¥797 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the positive effect of the changes in the product mix.

Net sales of Nidec (H.K.) decreased 5.5% to ¥125,980 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors and other small precision motors, despite the positive effect of the depreciation of the Japanese yen against the Hong Kong dollar. Operating profit of Nidec (H.K.) decreased 26.5% to ¥1,248 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This decrease was primarily due to the decrease in sales.

Net sales of Nidec Sankyo increased 10.4% to ¥150,282 million for the years ended March 31, 2018 compared to the years ended March 31, 2017. This increase was primarily due to an increase in demand for other small precision motors and LCD panel handling robots. Operating profit of Nidec Sankyo increased 11.6% to ¥21,661 million for the years ended March 31, 2018 compared to the years ended March 31, 2017. This increase was primarily due to the increase in sales.

Net sales of Nidec Copal increased 9.3%, to ¥51,028 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to an increase in demand for mounting machine units and the positive effect of the

depreciation of Japanese yen against the Thai baht, despite a decrease in demand for other small precision motors. Operating profit of Nidec Copal increased 1.0% to ¥4,674 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales, although one-off expenses are incurred.

Net sales of Nidec Techno Motor increased 32.2% to ¥88,599 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to an increase in demand for motors for air conditioning equipment in China. Operating profit of Nidec Techno Motor increased 18.8% to ¥9,363 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales, despite an increase of material expenses.

Net sales of Nidec Motor increased 74.6% to ¥435,586 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017. Operating profit of Nidec Motor increased 53.7% to ¥31,129 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales.

Net sales of Nidec Motors & Actuators increased 13.8% to ¥302,824 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to an increase in demand for automotive motors such as electric power steering motors and products of control valves at the Nidec Tosok Corporation and the positive effect of the depreciation of the Japanese yen against the Euro. Operating profit of Nidec Motors & Actuators increased 18.1% to ¥34,932 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales.

With respect to the Others segment, net sales increased 10.7% to ¥380,552 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to an increase in demand for other small precision motors, press machines and the speed reducers. Operating profit increased 8.2% to ¥41,567 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was primarily due to the increase in sales.

Operating results by product category are as follows:

(Yen in millions)

| | For the years ended March 31, | | | | | |
|---|-------------------------------|-----------|----------------------|------------------|----------|----------------------|
| | Net sales | | | Operating profit | | |
| | 2017 | 2018 | Increase or decrease | 2017 | 2018 | Increase or decrease |
| Small precision motors | 437,105 | 452,376 | 15,271 | 67,929 | 72,714 | 4,785 |
| Automotive, appliance, commercial and industrial products | 572,085 | 814,002 | 241,917 | 57,120 | 79,386 | 22,266 |
| Machinery | 122,341 | 146,561 | 24,220 | 21,791 | 27,419 | 5,628 |
| Electronic and optical components | 64,072 | 70,976 | 6,904 | 9,862 | 9,720 | (142) |
| Other | 3,708 | 4,175 | 467 | 559 | 574 | 15 |
| Elimination/corporate | - | - | - | (17,895) | (22,176) | (4,281) |
| Consolidated total | 1,199,311 | 1,488,090 | 288,779 | 139,366 | 167,637 | 28,271 |

Net sales of small precision motors increased 3.5% to ¥452,376 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥9,000 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. Net sales of spindle motors for HDDs, for the year ended March 31, 2018 increased 0.2% to ¥191,497 million compared to the year ended March 31, 2017. Although the number of units sold of spindle motors for HDDs decreased approximately 8.0% compared to the year ended March 31, 2017, there was the increase in sales due to a positive effect of the foreign currency exchange rate fluctuations. Net sales of other small precision motors for the year ended March 31, 2018 increased 6.0% to ¥260,879 million compared to the year ended March 31, 2017. This increase was mainly due to an increase in sales of DC motors and fan motors. Operating profit of small precision motors increased 7.0% to ¥72,714 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥900 million for the year ended March 31, 2018 compared to the year ended March 31, 2017.

Net sales of automotive, appliance, commercial and industrial products increased 42.3% to ¥814,002 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥25,100 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. Net sales of appliance, commercial and industrial products for the year ended March 31, 2018 increased 66.8% to ¥518,642 million compared to the year ended March 31, 2017. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017 and other factors. Net sales of automotive products for the year ended March 31, 2018 increased 13.1% to ¥295,360 million compared to the year ended March 31, 2017 mainly due to an increase in sales of electric power steering motors and products of control valves at Nidec Tosok Corporation and a positive effect of the foreign currency exchange rate fluctuations. Operating profit of automotive, appliance, commercial and industrial products increased 39.0% to ¥79,386 million for the year ended March 31, 2018 compared to the year ended March 31, 2017 mainly due to the increase in sales. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥4,400 million for the year ended March 31, 2018 compared to the year ended March 31, 2017.

Net sales of machinery increased 19.8% to ¥146,561 million for the year ended March 31, 2018 compared to the year ended March 31, 2017 due to the newly consolidated subsidiaries, an increase in sales of press machines, speed reducers and LCD panel handling robots and other factors. Operating profit of this category increased 25.8% to ¥27,419 million for the year ended March 31, 2018 compared to the year ended March 31, 2017 due to the increase in sales.

Net sales of electronic and optical components increased 10.8% to ¥70,976 million for the year ended March 31, 2018 compared to the year ended March 31, 2017 and operating profit of this category decreased 1.4% to ¥9,720 million for the year ended March 31, 2018 compared to the year ended March 31, 2017.

Net sales of other products increased 12.6% to ¥4,175 million and operating profit of this category increased 2.7% to ¥574 million for the year ended March 31, 2018 compared to the year ended March 31, 2017.

(3) Financial position

Our cash and cash equivalents decreased ¥55,633 million to ¥265,947 million as of March 31, 2018 from ¥321,580 million as of March 31, 2017. This decrease was due to a net cash outflow from investing activities of ¥113,915 million and a net cash outflow from financial activities of ¥116,858 million used for repayment of borrowings, although they were supplemented by a net cash inflow from operating activities of ¥175,568 million. In order to use our working cash reserves efficiently, we continue to utilize surplus funds inside the NIDEC group by making effective use of our cash management systems (the CMSs) that we established on a region-by-region basis including Japan, China, U.S. and other countries. In addition, we have linked the CMSs one to another (so far, Japan - U.S., Japan - China and Japan - other Asian countries) for expanding the CMSs network globally. As of March 31, 2018, approximately 82% of our cash and cash equivalents were held by our consolidated subsidiaries outside Japan.

NIDEC participates in an arrangement with a single financial institution to carry out notional pooling within the NIDEC group, including overseas subsidiaries, to fund short-term liquidity needs. This arrangement contains specific provisions for the right to offset positive and negative cash balances. The facility allows for cash withdrawals from this financial institution based upon our aggregate cash deposits within the same financial institution. The cash in banks, which is included in cash and cash equivalents, is the net amount after the offsetting cash deposits and borrowings through the notional pooling arrangement. As of March 31, 2017 and 2018, the cash deposits that were offset by the cash withdrawals are ¥42,439 million and ¥91,579 million, respectively.

Cross-border cash transfers between group companies are subject to restrictions in certain circumstances. Where local restrictions prevent efficient intercompany transfers of funds, particularly to Nidec Corporation from its subsidiaries outside Japan, Nidec Corporation seeks to meet its liquidity needs through ongoing cash flows, external borrowings, or both, as further discussed below. We do not expect such restrictions on transfers of funds held outside Japan to have a material effect on our overall liquidity, financial condition or results of operations.

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) purchases of raw materials, (4) employees' salaries, wages and other payroll costs, (5) mergers and acquisitions, (6) investments in subsidiaries, (7) repayment of short term borrowings and long term debt, and (8) purchase of treasury stock. As of March 31, 2018, we had ¥317,031 million of trade and other payables, ¥1,657 million of short term borrowings, and ¥344,140 million of long term debt, including the long term debt due within one year.

Investments for the purchase of property, plant, equipment and other assets totaled ¥90,841 million for the year ended March 31, 2018. We plan to invest ¥16,908 million in additions to property, plant and equipment for the year ending March 31, 2019.

Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥4,236 million as of March 31, 2018.

Research and development expenses were ¥55,438 million for the year ended March 31, 2018 and are expected to reach approximately ¥63,000 million for the year ending March 31, 2019.

In the year ended March 31, 2018, we acquired the following companies.

| Company name | Country | Principal Businesses |
|--------------------------------------|-----------|--|
| LGB Elettropompe S.r.l. | Italy | Design, manufacturing and sales of pumps for commercial dishwashers and motors for convection ovens |
| Secop Holding GmbH | Germany | Development, manufacturing and sales of refrigeration compressors for household and light commercial refrigerators |
| Secop s.r.o. | Slovakia | |
| Secop Compressors (Tianjin) Co. Ltd. | China | |
| Secop Inc. | U.S.A. | |
| Tokyo Maruzen Industry Co., Ltd. | Japan | Development, manufacturing, and sales of electric contact materials, contact rivets, and contact staking |
| SV Probe Pte. Ltd. | Singapore | Manufacturing and sales of probe cards |
| driveXpert GmbH | Germany | Development and design of automotive ECU hardware and software |

On April 24, 2018, we entered into a stock purchase agreement of Embraco (compressor business of Whirlpool Corporation) which engages in development, manufacturing and sale of home appliances. We will make an application for the necessary approval from regulatory authorities and we will plan to complete the transaction within 1st half of the fiscal year 2019. In addition, we have completed the acquisition of 100% equity shares of Genmark Automation, Inc. which engages in development, manufacturing and sale of semiconductor wafer handling robots, motion control products and integrated tool automation on April 30, 2018, Germany time. We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

Our short term borrowings decreased ¥164,949 million to ¥1,657 million as of March 31, 2018 compared to March 31, 2017. This decrease was mainly due to repayment by procurement of long term debt and cash on hand. The short term borrowings as of March 31, 2018 consisted of borrowings from banks. We had no commercial paper outstanding as of March 31, 2018.

Our long term debt due within one year decreased ¥54,502 million to ¥29,538 million as of March 31, 2018 compared to March 31, 2017. This decrease was mainly due to the redemption of approximately ¥65,000 million aggregate outstanding principal amount of First Series of Domestic Unsecured Bonds (limited inter-bond pari-passu clause) issued in November 2012. The long term debt due within one year as of March 31, 2018 consisted of borrowings from banks denominated in U.S. dollar and Euro.

Our long term debt increased ¥152,817 million to ¥314,602 million as of March 31, 2018 compared to March 31, 2017. This increase was mainly due to the issue of approximately ¥50,000 million aggregate outstanding principal amount of Sixth Series of Domestic Unsecured Bonds (limited inter-bond pari-passu clause) issued in May 2017 and approximately ¥65,000 million aggregate outstanding principal amount of Seventh Series of Domestic Unsecured Bonds (limited inter-bond pari-passu clause) issued in August 2017. The long term debt as of March 31, 2018 consisted of ¥200,000 million aggregate principal amount of Domestic Unsecured Bonds (limited inter-bond pari-passu clause) and the borrowings from banks denominated in U.S. dollar and Euro.

In August 2015, in an effort to reduce financing costs and foreign exchange risks, Nidec India Private Limited, the Company's subsidiary in India, announced a plan to receive Indian rupee ("Rs.") -denominated financing by utilizing the "overseas development assistance financing facility" provided by JBIC. The subsidiary had Rs.278 million of loans under the program as of March 31, 2018, which were recorded in long term debt.

In addition, in April 2017, as a part of acquisition funds for Emerson Electric Co.'s Motors, Drives and Electric Power Generation Businesses (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.), Nidec Corporation announced a plan to receive U.S. dollar-denominated financing by utilizing the "overseas development assistance financing facility" provided by JBIC. The Company had \$525 million of loans under the program as of May 31, 2018, which were recorded in long term debt.

The total par values of corporate bonds carried on the consolidated statements of financial position as of March 31, 2018, were as follows:

| Issue | Month of issuance | Total par value (Yen in millions) | Maturity | Use of proceeds |
|--|-------------------|-----------------------------------|----------------|--|
| Second Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | November 2012 | 15,000 | September 2019 | Repayment of commercial paper and short term borrowings |
| Third Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | November 2012 | 20,000 | September 2022 | Repayment of commercial paper and short term borrowings |
| Fifth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | November 2016 | 50,000 | November 2019 | Redemption of corporate bonds |
| Sixth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | May 2017 | 50,000 | May 2020 | Repayment of short term borrowings |
| Seventh Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | August 2017 | 65,000 | August 2022 | Redemption of corporate bonds and repayment of short term borrowings |

Additionally, the following bond issue was redeemed during the fiscal year ended March 31, 2018.

| Issue | Month of issuance | Total par value (Yen in millions) | Maturity | Use of proceeds |
|--|-------------------|-----------------------------------|----------------|---|
| First Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) | November 2012 | 65,000 | September 2017 | Repayment of commercial paper and short term borrowings |

The above corporate bonds were issued pursuant to two shelf registration statements filed with the Director-General of the Kanto Local Finance Bureau, each authorizing up to ¥200 billion of bond issuance. The first, filed in March 2012, was valid from April 5, 2012, through April 4, 2014. The second, filed in March 2016, was valid from April 5, 2016, through April 4, 2018. We registered these issuance for the purpose of improving our financial stability through diversifying our financing methods by establishing a system that provides NIDEC with flexible availability of funds as required to complement our procurement of funds through indirect financing from financial institutions.

A substantial portion of our unsecured funding is raised by the parent company (Nidec Corporation), and is then lent to its subsidiaries to meet their respective capital requirements. Through this funding approach, we seek to lower our financing costs, maintain sufficient lines of credit and ensure agile funding for our group companies.

We expect to seek additional financing in connection with, among other things, our future mergers and acquisitions, research and development activities and facility investments. We may also consider and obtain additional financing in order to enhance our financial agility in mergers and acquisitions, research and development activities, and facility investments in the future.

As of the filing date, we have a share repurchase plan pursuant to which we are authorized to repurchase the lesser amount of an aggregate of 3,000,000 shares of treasury stock and an aggregate of ¥50,000 million of treasury stock between January 29, 2018 and January 28, 2019. Between January 29, 2018 and March 31, 2018, we repurchased an aggregate of 114,000 shares for approximately ¥1,800 million, and between April 1, 2018 and May 31, 2018, we repurchased an aggregate of 180,200 shares for approximately ¥2,900 million under the plan. We resolved to implement the same repurchase of treasury stock from January 27, 2017 until January 26, 2018, and we repurchased an aggregate of 520,000 shares for approximately ¥5,100 million under said resolution between April 1, 2017 and January 26, 2018.

We believe that these funding sources, together with our cash flows from operating activities and undrawn credit lines will sufficiently meet our future capital requirements.

Our total assets increased ¥89,750 million to ¥1,768,747 million as of March 31, 2018 compared to March 31, 2017. Except an effect of Secop group (the “newly consolidated subsidiaries”) acquired in the three months ended September 30, 2017, our total assets increased ¥50,396 million to ¥1,729,393 million as of March 31, 2018 compared to March 31, 2017. This increase of ¥89,750 million was mainly due to an increase of ¥47,584 million in property, plant and equipment and an increase of ¥15,330 million in goodwill affected by investment and newly consolidated subsidiaries, although there was a decrease of ¥55,633 million in cash and cash equivalents. In addition, there was an increase of ¥39,844 million in trade and other receivables and an increase of ¥30,965 million in inventories affected by newly consolidated subsidiaries and an increase in customers demand.

Our total liabilities increased ¥2,578 million to ¥825,769 million as of March 31, 2018 compared to March 31, 2017. Except an effect of the newly consolidated subsidiaries, total liabilities decreased ¥35,909 million to ¥787,282 million as of March 31, 2018 compared to March 31, 2017. This increase of ¥2,578 million was mainly due to an increase of ¥65,795 million in trade and other payables affected by the newly consolidated subsidiaries and an increase in customers demand, while there was a decrease of ¥66,634 million in interest-bearing liabilities.

Our working capital (subtract total current liabilities from total current assets) increased ¥169,219 million to ¥470,428 million as of March 31, 2018 compared to March 31, 2017.

Accounts receivable (trade and other receivables) turnover ratio (net sales divided by account receivables) increased 0.4 to 3.8 as of March 31, 2018 compared to March 31, 2017. In addition, inventory turnover ratio (cost of sales divided by inventories) increased 0.4 to 5.0 as of March 31, 2018 compared to March 31, 2017.

Our total equity attributable to owners of the parent increased ¥86,516 million to ¥933,088 million as of March 31, 2018 compared to March 31, 2017. This increase was mainly due to an increase of ¥107,278 million in retained earnings. As a result, the ratio of our equity attributable to owners of the parent to total assets increased to 52.8% as of March 31, 2018 compared to 50.4% as of March 31, 2017.

(4) Cash flows

The respective cash flows in the year ended March 31, 2018 were as follows:

(Cash flows from operating activities)

Cash and cash equivalents (“net cash”) provided by operating activities increased ¥45,715 million to ¥175,568 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase in net cash provided by operating activities was mainly due to increases of ¥34,950 million of change in accounts receivable and ¥20,164 million in profit for the year. On the other hand, there was a decrease of ¥18,974 million of change in inventories.

For the year ended March 31, 2018, NIDEC had ¥175,568 million of net cash inflows provided by operating activities primarily due to profit for the year of ¥132,121 million and an increase in accounts payable of ¥47,809 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivables of ¥30,632 million and an increase in inventories of ¥24,916 million. Accounts receivable, inventories and accounts payable increased primarily due to an increase in customers demand as of March 31, 2018 compared to March 31, 2017.

For the year ended March 31, 2017, NIDEC had ¥129,853 million of net cash inflows provided by operating activities primarily due to profit for the year of ¥111,957 million and an increase in accounts payable of ¥39,229 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivables of ¥65,582 million. Accounts receivable and accounts payable increased primarily due to an increase in sales as of March 31, 2017 compared to March 31, 2016.

(Cash flows from investing activities)

Net cash used in investing activities decreased ¥97,561 million to ¥113,915 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. The decrease was mainly due to decreases in acquisition of businesses, net of cash acquired of ¥119,791 million. On the other hand, there was an increase of ¥22,123 million of additions to property, plant and equipment.

For the year ended March 31, 2018, NIDEC had ¥113,915 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥90,841 million and acquisition of businesses, net of cash acquired of ¥20,071 million.

For the year ended March 31, 2017, NIDEC had ¥211,476 million of net cash outflows in investing activities mainly due to acquisition of businesses, net of cash acquired of ¥139,862 million and additions to property, plant and equipment of ¥68,718 million.

(Cash flows from financing activities)

Net cash used in financing activities increased ¥212,706 million to ¥116,858 million for the year ended March 31, 2018 compared to the year ended March 31, 2017. This increase was mainly due to an increase in net changes in short term borrowings of

¥272,508 million and an increase in outflow from redemption of corporate bonds of ¥15,000 million. On the other hand, issuance of corporate bonds and inflow from long term debt increased ¥65,000 million and ¥25,355 million, respectively.

For the year ended March 31, 2018, NIDEC had ¥116,858 million of net cash outflows from financing activities mainly due to a decrease in short term borrowings of ¥178,724 million, redemption of corporate bonds of ¥65,000 million, repayments of long term debt of ¥38,023 million and dividends paid to the owners of the parent of ¥26,670 million partially offset by proceeds from issuance of corporate bonds of ¥115,001 million and proceeds from issuance of long term debt of ¥84,062 million.

For the year ended March 31, 2017, NIDEC had ¥95,848 million of net cash inflows from financing activities mainly due to an increase in short term borrowings of ¥93,784 million and proceeds from issuance of long term debt of ¥58,707 million and proceeds from issuance of corporate bonds of ¥50,001 million partially offset by redemption of corporate bonds of ¥50,000 million, repayments of long term debt of ¥32,782 million and dividends paid to the owner of the parent of ¥23,728 million.

As a result of the foregoing factors and the effect of exchange rate changes, NIDEC's total outstanding balance of net cash decreased ¥55,633 million from ¥321,580 million as of March 31, 2017 to ¥265,947 million as of March 31, 2018.

The main currencies we had as of March 31, 2018 were U.S. dollars, Chinese yuan, Thai baht, Euros and Japanese yen.

(5) Production, Orders Received and Sales

1) Production results

Consolidated production results by reporting segment for the year ended March 31, 2018 were as follows:

| Reporting segment | Amount (Yen in millions) | Current to previous year ratio (%) |
|------------------------------|--------------------------|------------------------------------|
| Nidec Corporation | - | - |
| Nidec Electronics (Thailand) | 134,855 | 104.9 |
| Nidec Singapore | - | - |
| Nidec (H.K.) | - | - |
| Nidec Sankyo | 152,358 | 112.4 |
| Nidec Copal | 51,028 | 81.9 |
| Nidec Techno Motor | 85,904 | 126.0 |
| Nidec Motor | 437,897 | 175.4 |
| Nidec Motors & Actuators | 260,857 | 115.6 |
| Others | 333,617 | 107.4 |
| Total | 1,456,516 | 123.4 |

(Notes) 1. Amounts are recorded at sales price, including intersegment transfers.

2. Amounts do not include consumption taxes.

3. Production results of "Nidec Motor" segment for the year ended March 31, 2018 increased significantly compared to the year ended March 31, 2017, due to the effect of the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017.

2) Orders received

Consolidated orders received by reporting segment for the year ended March 31, 2018 were as follows:

| Reporting segment | Amount (Yen in millions) | Current to previous year ratio (%) | Balance (Yen in millions) | Current to previous year ratio (%) |
|------------------------------|-----------------------------|---------------------------------------|------------------------------|---------------------------------------|
| Nidec Corporation | 37,024 | 112.5 | 4,726 | 115.6 |
| Nidec Electronics (Thailand) | 113,526 | 125.4 | 18,263 | 119.5 |
| Nidec Singapore | 52,103 | 100.6 | 9,265 | 117.2 |
| Nidec (H.K.) | 125,345 | 97.7 | 5,992 | 101.4 |
| Nidec Sankyo | 160,276 | 115.2 | 35,017 | 147.2 |
| Nidec Copal | 39,831 | 109.5 | 1,104 | 119.6 |
| Nidec Techno Motor | 82,620 | 133.8 | 2,139 | 110.4 |
| Nidec Motor | 436,353 | 181.7 | 100,615 | 111.7 |
| Nidec Motors & Actuators | - | - | - | - |
| Others | 464,774 | 108.8 | 67,795 | 108.6 |
| Total | 1,511,852 | 125.2 | 244,916 | 115.3 |

(Notes) 1. Intersegment transactions are eliminated.

2. Amounts do not include consumption taxes.

3. Nidec Motors & Actuators adopts the production system based on estimated orders.

Made-to-order, which Nidec Motors & Actuators partially adopts, is included in the Others segment.

4. Orders received of "Nidec Motor" segment for the year ended March 31, 2018 increased significantly compared to the year ended March 31, 2017, due to the effect of the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017.

3) Revenues

Consolidated revenues by reporting segment for the year ended March 31, 2018 were as follows:

| Reporting segment | Amount (Yen in millions) | Current to previous year ratio (%) |
|------------------------------|--------------------------|------------------------------------|
| Nidec Corporation | 36,386 | 112.3 |
| Nidec Electronics (Thailand) | 109,565 | 122.3 |
| Nidec Singapore | 50,244 | 95.0 |
| Nidec (H.K.) | 124,872 | 96.8 |
| Nidec Sankyo | 149,005 | 109.8 |
| Nidec Copal | 39,650 | 108.2 |
| Nidec Techno Motor | 82,418 | 134.1 |
| Nidec Motor | 435,272 | 174.7 |
| Nidec Motors & Actuators | 273,236 | 112.0 |
| Others | 187,442 | 111.2 |
| Total | 1,488,090 | 124.1 |

(Notes) 1. Intersegment transactions are eliminated.

2. Amounts do not include consumption taxes.

3. Revenues of "Nidec Motor" segment for the year ended March 31, 2018 increased significantly compared to the year ended March 31, 2017, due to the effect of the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017.

4. Material Agreements, etc.

(1) Cross license agreement

| Party | Counterparty | Country | Item under contract | Contract description | Contract period |
|---------------------------------|-----------------------|---------|---|--|--|
| Nidec Corporation (The Company) | MinebeaMitsumi Inc. | Japan | Fluid dynamic bearing and spindle motors for HDD | Cross license agreement of patents, etc. *1 | From December 18, 2004 to the expiration of the patent under contract |
| Nidec Corporation (The Company) | NTN Corporation | Japan | Motors with Fluid dynamic bearing (B, G type) (Mainly for 3.5-inch HDD) | Cross license agreement of patents, etc. *2 | 10 years from July 24, 2009. (Extend or renew the contract if the Company and NTN Corporation agree) |
| Nidec Corporation (The Company) | Panasonic Corporation | Japan | Fluid dynamic bearing and spindle motors for HDD | Cross license agreement of patents, etc. *3 | From April 1, 2013 to the expiration of the patent under contract |

(Notes) *1. The Company receives consideration at once.

*2. This is an agreement under which the Company pays consideration to NTN Corporation twice a year continuously.

*3. This is an agreement under which the Company pays consideration to Panasonic Corporation at once.

(2) Share purchase and transfer agreement

(Secop Holding GmbH and other 3 entities)

NIDEC agreed to acquire 100% equity shares of four companies Secop Holding GmbH (currently, Nidec Global Appliance Compressors GmbH), Secop s.r.o. (currently, Nidec Global Appliance Slovakia s.r.o.), Secop Compressors (Tianjin) Co., Ltd. (currently, Nidec Compressors (Tianjin) Co., Ltd.) and Secop Inc. (currently, Nidec Global Appliance USA Inc.) (herein collectively “Secop”) and loan receivables from Secop Beteilligungs GmbH through the Company’s subsidiaries, Nidec Europe B.V. and Nidec Americas Holding Corporation. NIDEC entered into stock purchase agreement on April 25, 2017, and in accordance with said agreement, completed the acquisition on July 31, 2017, Germany time (the “Transaction”).

1. Purpose of the Transaction

Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators. Under the Transaction, our appliance motor business in Global Appliance Division which is our new growth platform with particular focus on appliance, industrial and commercial business improves competitiveness in the European market. Through the Transaction, NIDEC is adding compressors to its product portfolio, which allows NIDEC to expand further into the refrigeration market.

2. Funds for the Transaction

Own funds

3. Information on Secop

Company Name (Head office): Secop GmbH

Headquarters: Flensburg, Germany

Business: Development, manufacturing and sales of compressors for consumer and commercial type refrigerators

4. Execution date of the share purchase and transfer agreement

April 25, 2017

5. Date of the completion of the share acquisition

July 31, 2017 (Germany time)

(SV Probe Pte. Ltd.)

Nidec-Read Corporation (“Nidec-Read”), the Company's subsidiary, agreed to acquire 100% equity shares of SV Probe Pte. Ltd. (“SV Probe”) from Ellipsiz Ltd., and entered into a share purchase agreement on August 21, 2017, Singapore time (the “Transaction”).

1. Purpose of the Transaction

Nidec-Read's main business is the development, manufacturing and sales of inspection equipment for semiconductor package substrates and printed circuit boards, as well as inspection fixture. In recent years, it has expanded its product portfolio into small capacitance measurement equipment for touch screen panels and optical inspection equipment for semiconductor wafers. Inspection requirements are being diversified and tightened, and a new inspection method that responds to the foregoing development in semiconductor package is essential to Nidec-Read's mid- to long- term growth target. Through the Transaction, Nidec-Read expects to gain competitiveness in the inspection market. In addition, by mutually sharing its cutting-edge processing and assembly technology with SV Probe, Nidec-Read will be able to reduce manufacturing costs and improve investment efficiency. Nidec-Read also expects to sell its inspection equipment through SV Probe's sales channel to the leading semiconductor manufacturers.

2. Funds for the Transaction

Own funds

3. Information on SV Probe

Company Name: SV Probe Pte. Ltd.

Headquarters: Serangoon, Singapore

Business: Manufacturing and sales of probe cards

4. Execution date of the share purchase and transfer agreement

August 21, 2017

5. Date of the completion of the acquisition

October 31, 2017

(Whirlpool Corporation)

NIDEC has agreed to acquire the compressor businesses, Embraco, of Whirlpool Corporation ("Whirlpool"). For this purpose, NIDEC entered into a stock purchase agreement on April 24, 2018 (Japan time). Details of the agreement are stated in "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 38. Events after the reporting period".

(Genmark Automation, Inc.)

Nidec Sankyo Corporation, the NIDEC's subsidiary, acquired 100% equity shares of Genmark Automation, Inc. through Genmark Sub Corporation on April 30, 2018 (U.S. time). Details of the acquisition are stated in "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 38. Events after the reporting period".

(3) Equity transfer agreement

(LGB Elettropompe S.r.l.)

Nidec Europe B.V., a subsidiary of the Company, entered into an equity transfer agreement on June 27, 2017 to acquire 100% of the ownership interest of LGB Elettropompe S.r.l. ("LGB") in Italy from its shareholders, and in accordance with said agreement, completed the acquisition on July 3, 2017 (the "Transaction").

1. Purpose of the Transaction

LGB designs, manufactures and sells products of pumps for commercial dishwashers and motors for convection ovens. Through the Transaction, it will be another foothold for NIDEC to increase its presence in the European commercial food equipment market.

2. Funds for the Transaction

Own funds

3. Information on LGB

Company Name: LGB Elettropompe S.r.l.
Headquarters: Padua, Italy
Business: Design, manufacturing and sales of pumps for commercial dishwashers and motors for convection ovens

4. Execution date of the equity transfer agreement

June 27, 2017

5. Date of the completion of the share acquisition

July 3, 2017

(driveXpert GmbH)

NIDEC agreed to acquire 100% ownership interest of driveXpert GmbH (“driveXpert”) through the Company’s subsidiary, Nidec Motors & Actuators (Germany) GmbH. In accordance with said agreement, the acquisition was completed on November 30, 2017 (the “Transaction”).

1. Purpose of the Transaction

NIDEC places importance on the market for automotive Electronic Control Unit (ECU) and electric motors, as electrification of in-vehicle parts accelerates. driveXpert has the high technical capability in designing ECUs for automotive motors and applications. The Transaction will enable the combination of Nidec’s high-performance motors and driveXpert’s high precision ECUs.

2. Funds for the Transaction

Own funds

3. Information on driveXpert

Company Name: driveXpert GmbH
Headquarters: Ilmenau, Germany
Business: Development and design of automotive ECU hardware and software

4. Execution date of the equity transfer agreement

November 22, 2017 (Germany time)

5. Date of the completion of the acquisition

November 30, 2017

(4) Business succession agreement

(Tokyo Maruzen Industry Co., Ltd.)

Nidec Corporation resolved at a meeting of Board of Directors held on August 9, 2017 to make Nidec Sankyo Corporation (“Nidec Sankyo”), the Company’s subsidiary, succeed the business of Tokyo Maruzen Industry Co., Ltd. (“Tokyo Maruzen”) by way of an absorption type company split. For this purpose, both companies have entered into an agreement under which Nidec Sankyo will form a new company (the “New Company”) to succeed the business of Tokyo Maruzen (the “Transaction”). In accordance with said agreement, we completed succeeding the business on October 1, 2017, by the company split.

1. Purpose of the Transaction

Tokyo Maruzen develops, manufactures and sells electric contact materials, contact rivets and contact staking. The Transaction will help strengthen their capacity in material development, production engineering and manufacturing responsiveness, which will allow to introduce unparalleled sophistication in electric contacts both in terms of quality and reliability to automotive market.

2. Funds for the Transaction

Own funds

3. Company split method

Under this absorption type company split, the New Company will be the succeeding company and Tokyo Maruzen will be the splitting company.

4. Split date (Effective date)

October 1, 2017

5. Details of allotment

The Transaction will be funded by cash. There shall be no allotment of shares.

6. Details of the transferred business

- 1) Development, manufacturing and sales of electric contact materials
- 2) Development, manufacturing and sales of rivet contacts
- 3) Development, manufacturing and sales of contact staking
- 4) Other related business

7. Operating results of the transferred business

Net sales: 3,745 million yen (year ended March 31, 2017)

8. Information on the succeeding company (New Company)

Company Name: Tokyo Maruzen Industry Co., Ltd.

Headquarters: 591-11, Ishikawa, Sakura-shi, Chiba

Business: Development, manufacturing, and sales of electric contact materials, contact rivets, and contact staking

Establishment: August 17, 2017

Capital: 20 million yen

(5) Joint venture agreement

The Company's subsidiary, Nidec Leroy-Somer Holding ("Nidec Leroy-Somer") resolved to enter into a joint venture agreement on automotive electric traction motors with Groupe PSA ("PSA") at a meeting of a Board of Directors held on December 4, 2017 (the "Transaction").

1. Purpose of the Transaction

NIDEC has been actively developing a new growth platform with particular emphasis on automotive motor business. Especially, traction motor has gained attention as one of the most important parts that will replace conventional internal combustion engines, and is the area NIDEC has particularly concentrated its efforts on. Nidec Leroy-Somer, acquired by NIDEC in February 2017, is the leading motor company in France and renowned for its high quality products in industrial area as well as various other areas. PSA, with the second largest market share of automotive industry in Europe where environmental awareness is high, has been actively accelerating its shift to electrified vehicles. Nidec Leroy-Somer and PSA have acknowledged the strategic importance of traction motor in coming electrification age and agreed mutual cooperation for developing high-performance and competitive electric traction motor range for electrified vehicles for PSA such as Mild-hybrid ("MHEV"), Electric Vehicles ("EV") and Plug-in Hybrid ("PHEV").

2. Information on the joint venture

Company Name: Nidec PSA emotors

Headquarters: Carrières sous Poissy, France

Representative: Ghislain Boiteau

Foundation: May 16, 2018

Business: Development, production, and sales of automotive electric traction motor and inverter

Capital: 15 million euro

Investment Ratio: Nidec Leroy-Somer Holding 50%, PSA automobiles 50% (Note)

(Note) PSA automobiles is a French company of PSA.

3. Information on PSA automobiles

Company Name: PSA automobiles SA

Headquarters: Poissy, France

Business: Design, manufacturing and sales of automobiles and automotive engines

Capital: 300 million euro

5. Research and Development

NIDEC, which has established itself as the world's leading company in the area of small precision motors, has been actively expanding its production lineup to include small to large motors of various kinds, as well as their application products such as machinery and electronic and optical components. Today, our products are used not only in information-communication and office automation equipment, but also in diverse fields including home appliance, automobile, industrial machinery, and environmental energy. In the area of R&D, our group companies' development departments individually engage in new product development and element technology research, while working speedily to develop new business fields through mutual technological integration and create high-growth businesses.

Our research and development expenses for the fiscal year ended March 31, 2018 were ¥55,438 million.

In the "Corporate" segment, which does not belong to any other business segments, we conduct element technology research at Nidec Research and Development Centers in Japan, Singapore and Taiwan on motors in general that are needed for our future business, in the effort to further advance our element technology research capabilities, which will become the core of Nidec's global technology development strategy. Nidec Center for Industrial Science engages in research and development activities aiming to realize smart factories with robot and IoT. This center also establishes the new industrial technology being free from the existing manufacturing methods such as new materials and system. These centers engage in enhancing the technological synergy effect between each development department and diversifying domestic and overseas group companies, and then promote the growth.

The research and development expenses for the fiscal year ended March 31, 2018, which is categorized as "Corporate," were ¥6,726 million.

A status report of the research and development activities and the associated research and development expenses by business segment are as follows:

(1) Nidec Corporation

In the Nidec Corporation segment, Nidec Central Technical Laboratory conducts basic and applied research generally covering small precision motors, research and development for new products, and research to provide technical support to other research bases. This laboratory also engages in research and development activities aimed at mass production of new models of HDD motors and product quality improvement. Shiga Technical Center engages in research and development activities aimed at new product development, mass production of new models, and improvement of product quality related to small precision DC motors excluding HDDs and fan motors and other products, including various automotive motors such as those for automotive power steering systems. Moreover, Nagano Technical Center conducts research and development aimed at mass production of new models of motors for HDDs and product quality improvement.

Our research and development activities during the fiscal year ended March 31, 2018 were as follows:

In the area of HDD motors, Nidec Corporation is developing 7mm-thick HDD motors used for ultra-slim mobile PCs, Fluid Dynamic Bearing (FDB) motors for air drives and helium-enclosed HDD motors for high-capacity servers (cloud and near-line) and motors for virtual reality systems.

With respect to fan motors, Nidec Corporation is developing new models in which FDB technology, which has been traditionally used in HDD motors are applied.

As for automotive motors, Nidec Corporation is strengthening its development of new products targeting markets in emerging countries such as China, India and Brazil as well as markets in developed countries. Nidec Corporation is developing next-generation of small and high-performance power steering motors, motors for applications other than power steering such as seats, brakes and sunroofs, and ancillary electronic control units (ECUs), as well as dual clutch transmission, other motor products such as brushless motors used for hydraulic and electric power systems. Nidec Corporation is lately also developing package products that combine driving and automotive motors for electric vehicle (EV) with sensors and control units.

The Nidec Corporation segment's research and development expenses for the fiscal year ended March 31, 2018 were ¥20,829 million.

(2) Nidec Sankyo

The Nidec Sankyo segment develops stepping motors, motor drive unit products and system device-related products as part of its line-up of “karakuri-tronics” products integrating its “karakuri,” or internal device mechanism technologies, with the motor technologies and servo technologies developed through its business diversification. With respect to stepping motors, in an effort to expand the range of their applications to automobiles, Nidec Sankyo has been downsizing products, enhancing product performance and improving cost-performance. With respect to the motor drive product group, Nidec Sankyo is expanding its operations into a range of products integrating small and high-power motors, sensors, servo controls and control software into mechanical units, aiming to enter the medical and industrial motor markets. In the area of system equipment-related business, Nidec Sankyo is actively enhancing the security of card media’s peripheral equipment, introducing in such areas as organic EL displays for mobile devices, semiconductor robots, transports inside vacuum devices, and solar batteries, while developing a servo system to reduce costs for servo motor technology.

The Nidec Sankyo segment’s research and development expenses for the fiscal year ended March 31, 2018 were ¥5,509 million.

(3) Nidec Copal

In the Nidec Copal segment, Nidec Copal is developing element technologies and products for optical electronic devices for shutters, diaphragm function, lenses and other camera-related products for cameras, automotive and mobile devices, and system equipment for vibration motors, automotive motors, laser and other products, at the company’s Tokyo Technical Center. In the area of optical product development, Nidec Copal, in its transformation from digital camera shutter- and diaphragm-dependent product portfolio, is focused on developing automotive lenses and mobile products. In the area of motors, the company is shifting its product portfolio from digital camera-related products to mobile, automotive and medical fields. In the area of system products, Nidec Copal is developing laser markers and other industrial products, mechanical units for amusement, and medical and cosmetic products.

The Nidec Copal segment’s research and development expenses for the fiscal year ended March 31, 2018 were ¥2,195 million.

(4) Nidec Techno Motor

The Nidec Techno Motor segment develops air conditioner motors and industrial motors in Fukui and Fukuoka Prefectures in Japan. The company, in addition to developed countries’ markets, is engaging in new product development and modularization of products for emerging countries such as China, South Korea, Thailand, India and the Middle East.

The Nidec Techno Motor segment’s research and development expenses for the fiscal year ended March 31, 2018 were ¥2,108 million.

(5) Nidec Motor

The Nidec Motor segment mainly conducts research and development of motors, gears and control units for residential, commercial, home appliance and industrial uses, drive systems, encoders, elevator components and systems for industrial automation. With respect to motors for commercial and residential uses, Nidec Motor develops motors, gears and control units for air conditioning equipment, commercial refrigeration equipment, golf carts, floor care equipment and commercial cooking equipment, and servo motors for robots. With respect to motors for home appliances, Nidec Motor mainly engages in the development of motors for washing machines and dryer machines. With respect to industrial motors, Nidec Motor develops various pump motors, including those for water supply and sewerage systems, irrigation, and oil and gas extraction, as well as large motors for power plants, electricity storage systems and integrated solutions. With respect to vehicle driving motors, Nidec Motor engages in modularization of motors with encoders based upon its rare earth-free SR motor technology and in development activities aimed at hybridization and electrification of large-sized vehicles such as construction and agricultural machinery. In addition, Nidec Motor engages in development activities aimed at providing comprehensive product packages, including motors for elevators and other components.

The Nidec Motor segment’s research and development expenses for the fiscal year ended March 31, 2018 were ¥5,722 million.

(6) Nidec Motors & Actuators

The Nidec Motors & Actuators segment conducts research and development of durable, compact, and light automotive motors mainly in Germany, Poland, Spain and Japan. In the area of seat adjustment, steering column adjustment and sunroof motors, Nidec Motors & Actuators develops and commercializes rare earth-free small brushed motors. In the area of engine-cooling, Nidec Motors & Actuators develops compact and light brushed and recently has started to develop new brushless motors and fan motors. In addition, Nidec Motors & Actuators engages in advanced development and commercialization (mass-production) for the chassis-controlled domain (brake and steering) and the advanced safety domain (camera and millimeter-wave radar). In the area of brakes, Nidec Motors & Actuators commercializes (mass-produces) and develops ECUs for regenerative cooperative brake systems and for anti-skid brake systems. In the area of electronic power steering, Nidec Motors & Actuators has completed the development of ECUs for brushed

motors and now engages in the advanced development of ECUs for brushless motors with functional safety measures. Additionally, Nidec Motors & Actuators develops products for the further function and performance improvement of control valves for automatic transmission (A/T) and continuously variable transmission (CVT), while developing electric oil pumps, electric hydraulic actuators for transmission, and automatic assembly lines. Finally Nidec Motors & Actuators has just started promoting the in-house developed traction motors and E-Axle systems for electric- and hybrid-vehicle applications to both OEM and TIER 1 customers. In the area of electric pumps, Nidec Motors & Actuators develops products that optimally integrate group companies' technological capabilities, as well as products that contribute to reducing CO2 emissions.

The Nidec Motors & Actuators segment's research and development expenses for the fiscal year ended March 31, 2018 were ¥7,959 million.

(7) Others

In the Others segment, research and development activities are currently conducted on small precision motors, machinery-related products, electronic components and other products. The Others segment's research and development expenses for the fiscal year ended March 31, 2018 were ¥4,390 million.

None of the Nidec Electronics (Thailand), Nidec Singapore and Nidec (H.K.) segments engages in research and development activities.

III. Property, Plant and Equipment

1. Summary of Capital Investment, etc.

The total capital investment in property, plant and equipment for the year ended March 31, 2018 was ¥90,841 million. This mainly consists of capital investment to strengthen domestic R&D and increase production capacity of overseas subsidiaries. In addition, Nidec Center for Industrial Science was completed for enhancing the group-wide product development capabilities and production technologies.

The amounts of capital investment by segment are stated in “V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 5. Segment information”.

2. Major Property, Plant and Equipment

Major property, plant and equipment of NIDEC are as follows:

(1) The Company

(As of March 31, 2018)

| Name of business place (location) | Name of segment | Details of major facilities and equipment | Carrying amount (Yen in millions) | | | | | Number of employees |
|---|-------------------|--|-----------------------------------|-----------------------------------|---|-------------------------------|-------|---------------------|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area in thousands of m ²) | Tools, furniture and fixtures | Total | |
| Corporate Headquarters and Central Technical Laboratories (Minami-ku, Kyoto) | - | Head office facilities and development facilities for small precision motors | 3,017 | 62 | 3,591 (20) | 521 | 7,191 | 705 (58) |
| Tokyo Office (Shinagawa-ku, Tokyo) | - | Sales facilities for products | 1,384 | 0 | 2,026 (2) | 88 | 3,498 | 70 (3) |
| Shiga Technical Center (Aisho-cho, Echigo-gun, Shiga) | Nidec Corporation | Development facilities for small precision motors, automotive, appliance, commercial and industrial products | 4,280 | 277 | 1,931 (66) | 453 | 6,941 | 883 (90) |
| Nagano Technical Center (Komagane, Nagano) | Nidec Corporation | Development facilities for small precision motors | 2,516 | 76 | 286 (33) | 123 | 3,001 | 205 (27) |
| Nidec Research And Development Center (Saiwai-ku, Kawasaki) | - | Fundamental and applied research facilities | 3,826 | 106 | 1,281 (6) | 264 | 5,477 | 282 (32) |
| Nidec Corporation Head Office ANNEX Global Learning Center (Minami-ku, Kyoto) | - | Employee training facilities | 3,406 | 0 | 410 (4) | 452 | 4,268 | - (-) |
| Nidec Center for Industrial Science (Seika-cho, Soraku-gun, Kyoto) | - | Fundamental and applied research facilities | 6,861 | 198 | 1,059 (27) | 427 | 8,545 | 208 (5) |

(Notes) 1. Carrying amounts are the carrying amounts of the non-consolidated financial statements based on Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

(2) Domestic subsidiaries

(As of March 31, 2018)

| Name of company (location) | Name of segment | Details of major facilities and equipment | Carrying amount (Yen in millions) | | | | | Number of employees |
|---|---|---|-----------------------------------|--|--|--|--------|---------------------------|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area in thousands of m ²) | Tools, furniture and fixtures | Total | |
| Nidec Sankyo Corporation (Shimosuwa- cho, Suwa-gun, Nagano) | Nidec Sankyo Corporation | Manufacturing facilities for small precision motors, automotive products, machinery and electronic parts | 5,832 | 1,758 | 6,226 (545) [-] | 728 | 14,544 | 1,354 (113) |
| Nidec Copal Corporation (Itabashi-ku, Tokyo) | Nidec Copal Corporation | Manufacturing facilities for small precision motors, machinery, electronic and optical parts | 3,106 | 3,105 | 3,047 (122) [-] | 458 | 9,716 | 660 (453) |
| Nidec Techno Motor Corporation (Obama, Fukui) | Nidec Techno Motor Corporation | Manufacturing facilities for commercial and industrial products | 3,470 | 301 | 1,033 (39) [119] | 218 | 5,022 | 706 (158) |
| Nidec- Shimpo Corporation (Nagaokakyo, Kyoto) | Others | Manufacturing facilities for machinery | 3,123 | 2,368 | 4,018 (36) [-] | 780 | 10,289 | 563 (60) |
| Nidec Copal Electronics Corporation (Shinjuku-ku, Tokyo) | Others | Manufacturing facilities for electronic parts | 1,651 | 632 | 1,498 (111) [2] | 189 | 3,970 | 443 (77) |

(Notes) 1. Carrying amounts are the carrying amounts of the non-consolidated financial statements based on Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

3. The figures of "Land" in square bracket are excluded from the areas of land and indicate areas of leased land (in thousands of m²).

(3) Overseas subsidiaries

(As of March 31, 2018)

| Name of company (location) | Name of segment | Details of major facilities and equipment | Carrying amount (Yen in millions) | | | | | Number of employees |
|---|---|---|-----------------------------------|--|--|--|--------|---------------------------|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area in thousands of m ²) | Tools, furniture and fixtures | Total | |
| Nidec Electronics (Thailand) Co., Ltd. (Pathumthani, Thailand) | Nidec Electronics (Thailand) | Manufacturing facilities for small precision motors | 3,483 | 1,612 | 504 (95) [-] | 4,411 | 10,010 | 6,128 (1,073) |
| Nidec Precision (Thailand) Co., Ltd. (Ayutthaya, Thailand) | Nidec Electronics (Thailand) | Manufacturing facilities for small precision motors | 2,537 | 6,888 | 845 (164) [20] | 1,504 | 11,774 | 3,301 (1,074) |
| Nidec Shibaura (Zhejiang) Co., Ltd. (Pinghu, Zhejiang, China) | Nidec Techno Motor Corporation | Manufacturing facilities for appliance, commercial and industrial products | 1,452 | 8,155 | - (-) [68] | 1,912 | 11,519 | 1,603 (1,780) |
| Nidec Leroy- Somer Holding (Angouleme, France) | Nidec Motor Corporation | Manufacturing facilities for appliance, commercial and industrial products | 12,321 | 12,937 | 3,218 (1,468) [264] | - | 28,476 | 6,877 (366) |
| Nidec ASI S.p.A. (Lombardia, Italy) | Nidec Motor Corporation | Manufacturing facilities for appliance, commercial and industrial products | 5,507 | 2,995 | 1,320 (140) [-] | 161 | 9,983 | 1,316 (10) |
| Nidec Global Appliance Compressors GmbH (Flensburg, Germany) | Nidec Motor Corporation | Manufacturing facilities for appliance, commercial and industrial products | 1,021 | 6,269 | 493 (159) [223] | 143 | 7,926 | 2,040 (125) |

| Name of company (location) | Name of segment | Details of major facilities and equipment | Carrying amount (Yen in millions) | | | | | Number of employees |
|---|--------------------------------|--|-----------------------------------|--|--|--|--------|---------------------------|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area in thousands of m ²) | Tools, furniture and fixtures | Total | |
| NIDEC GPM GmbH (Thüringen, Germany) | Nidec Motors & Actuators | Manufacturing facilities for automotive products | 2,340 | 10,510 | 189 (159) [4,505] | 397 | 13,436 | 1,117 (46) |
| Nidec Automobile Motor (Zhejiang) Corporation (Pinghu, Zhejiang, China) | Nidec Motors & Actuators | Manufacturing facilities for automotive products | 289 | 12,729 | - (-) [32] | 123 | 13,141 | 2,712 (27) |
| Nidec Tosok (Vietnam) Co., Ltd. (Ho Chi Minh, Vietnam) | Nidec Motors & Actuators | Manufacturing facilities for automotive products | 1,345 | 8,144 | - (-) [51] | 176 | 9,665 | 3,774 (-) |
| Nidec (Dalian) Ltd. (Dalian, Liaoning, China) | Others | Manufacturing facilities for small precision motors and automotive products | 1,616 | 7,261 | - (-) [68] | 960 | 9,837 | 2,370 (52) |

(Notes) 1. Carrying amounts are based on IFRS.

2. The figures of “Number of employees” in round bracket are those of the annual average numbers of temporary employees, which are excluded from the number of employees.
3. The figures of “Land” in square bracket are excluded from the areas of land and indicate areas of leased land (in thousands of m²).
4. The information stated for Nidec Leroy-Somer Holding, Nidec ASI S.p.A., Nidec Global Appliance Compressors GmbH and Nidec GPM GmbH is inclusive of their subsidiaries.

3. Plans for Capital Investment, Disposals of Property, Plant and Equipment, etc.

NIDEC determines capital investments considering the economic forecast, the trends of the industry, and investment efficiency, etc. in total. In principle, each of the consolidated companies prepares individual facilities plans.

Plans for new construction and disposition of major facilities as of March 31, 2018 were as follows:

(1) New construction of major facilities, etc.

| Name of company or business place | Location | Name of segment | Description | Total planned investment (Yen in millions) | Amount already paid (Yen in millions) | Funding measures | Launch | Completion |
|--|----------------------------|------------------------------|---|--|---------------------------------------|------------------------|----------------|---------------|
| Nidec Sankyo Corporation Ina Office | Ina, Nagano | Nidec Sankyo Corporation | Construction of No. 5 factory and No.1 factory renovation accompanying it | 1,448 | 595 | Own capital | January 2018 | August 2018 |
| Nidec Tosok (Zhejiang) Corporation | Pinghu, Zhejiang, China | Nidec Motors & Actuators | Manufacturing factory for automotive products | 1,663 | - | Own capital | February 2018 | December 2018 |
| Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. | Dongguan, Guangdong, China | Others | Manufacturing factory for small precision motors | 1,597 | 513 | Own capital, borrowing | September 2017 | May 2019 |
| Nidec Sankyo Vietnam Corporation | Ho Chi Minh, Vietnam | Nidec Sankyo Corporation | Manufacturing factory for home appliances | 998 | 993 | Own capital, borrowing | December 2016 | June 2018 |
| Nidec Electronics (Thailand) Co., Ltd | Pathumthani, Thailand | Nidec Electronics (Thailand) | Manufacturing facilities for small precision motors | 13,550 | - | Own capital, borrowing | April 2018 | March 2019 |

(2) Disposition of major facilities, etc.

Not applicable.

IV. Information on the Company

1. Information on the Company's Shares, etc.

(1) Total number of shares, etc.

1) Total number of shares

| Class | Total number of shares authorized to be issued (Shares) |
|----------------|--|
| Ordinary share | 960,000,000 |
| Total | 960,000,000 |

2) Issued shares

| Class | Number of shares issued as of the end of fiscal year (Shares) (March 31, 2018) | Number of shares issued as of the filing date (Shares) (June 21, 2018) | Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered | Description |
|-------------------|---|---|--|--|
| Ordinary share | 298,142,234 | 298,142,234 | Tokyo Stock Exchange, Inc. (the first section) | This is our standard share. There is no restriction on contents of the right of the share. The number of shares per one unit of shares is 100 shares. |
| Total | 298,142,234 | 298,142,234 | - | - |

(2) Information on the share acquisition rights, etc.

1) Details of share option plans

Not applicable.

2) Description of rights plan

Not applicable.

3) Other information about share acquisition rights

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares, common stock, etc.

| Date | Change in the total number of issued shares (Shares) | Balance of the total number of issued shares (Shares) | Change in common stock (Yen in millions) | Balance of common stock (Yen in millions) | Change in capital reserve (Yen in millions) | Balance of capital reserve (Yen in millions) |
|---|---|--|---|--|--|---|
| April 1, 2014 (*1) | 145,075,080 | 290,150,160 | - | 66,551 | - | 70,772 |
| From April 1, 2014 to March 31, 2015 (*2) | 3,958,256 | 294,108,416 | 10,520 | 77,071 | 10,520 | 81,292 |
| From April 1, 2015 to March 31, 2016 (*2) | 4,033,818 | 298,142,234 | 10,713 | 87,784 | 10,713 | 92,005 |

(Notes) *1. Change due to share split (1:2).

*2. Changes due to exercise of Euro Yen Convertible-Bonds-Type Bonds with Share Acquisition Rights due 2015.

(5) Shareholders composition

(As of March 31, 2018)

| Category | Status of shares (one unit of shares: 100 shares) | | | | | | | | Number of shares less than one unit (Shares) |
|-----------------------------------|---|-----------------------|---|-------------------|----------------------------|-------------|------------------------|-----------|--|
| | Government and municipality | Financial institution | Financial instruments business operator | Other institution | Foreign corporations, etc. | | Individuals and others | Total | |
| | | | | | Non-individuals | Individuals | | | |
| Number of shareholders | - | 195 | 70 | 964 | 893 | 56 | 53,695 | 55,873 | - |
| Share ownership (Unit) | - | 1,133,869 | 26,076 | 208,166 | 1,053,135 | 1,401 | 553,992 | 2,976,639 | 478,334 |
| Ownership percentage of share (%) | - | 38.09 | 0.88 | 6.99 | 35.38 | 0.05 | 18.61 | 100 | - |

(Notes) 1. Of 2,182,209 treasury stock, 21,822 units are included in the “Individuals and others”, while 9 shares are included in the “Number of shares less than one unit”.

2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated, 355 units are included in the “Other institution” column and 8 shares are included in the “Number of shares less than one unit” column.

(6) Major shareholders

(As of March 31, 2018)

| Name | Address | Number of shares held (thousands of shares) | Ownership percentage to the total number of issued shares (Excluding treasury stock) (%) |
|---|--|---|--|
| Shigenobu Nagamori | Nishikyo-ku, Kyoto | 24,736 | 8.35 |
| Japan Trustee Services Bank, Ltd. (trust account) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 17,598 | 5.94 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo | 14,658 | 4.95 |
| The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.) | 700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo) | 12,399 | 4.18 |
| S.N. Kosan, Ltd. | 518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto | 11,122 | 3.75 |
| STATE STREET BANK AND TRUST COMPANY (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch) | One Lincoln Street, Boston, Massachusetts 02111, U.S.A. (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo) | 7,965 | 2.69 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 7,425 | 2.50 |
| Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.) | In Securities Operations Department, Nippon Life Insurance, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo) | 6,579 | 2.22 |
| Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.) | 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo) | 6,402 | 2.16 |
| JPMC OPPENHEIMER JASDEC LENDING ACCOUNT (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | 6803 S. Tucson Way Centennial, CO 80112, U.S.A. (Settlement division 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo) | 5,289 | 1.78 |
| Total | - | 114,178 | 38.57 |

(Notes) 1. Number of shares held has been rounded down to the nearest 1,000 shares.

2. All shares owned by Japan Trustee Services Bank, Ltd. (trust account) and The Master Trust Bank of Japan, Ltd. (trust account) are related to trust services.

3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed the trade name to MUFG Bank, Ltd. on April 1, 2018.

4. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on October 30, 2017, has been received from Mitsubishi UFJ Financial Group, Inc. and states that each of these companies held shares as of October 23, 2017, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2018 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

| Name | Address | Number of share certificates, etc. held (Shares) | Ownership ratio of share certificates, etc. (%) |
|--|--|--|---|
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 7,425,902 | 2.49 |
| Mitsubishi UFJ Trust and Banking Corporation | 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo | 8,330,182 | 2.79 |
| Mitsubishi UFJ Kokusai Asset Management Co., Ltd. | 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo | 1,202,300 | 0.40 |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 488,427 | 0.16 |
| Total | - | 17,446,811 | 5.85 |

5. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on December 21, 2016, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of December 15, 2016, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2018 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

| Name | Address | Number of share certificates, etc. held (Shares) | Ownership ratio of share certificates, etc. (%) |
|--|--|--|---|
| Sumitomo Mitsui Trust Bank, Limited | 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | 12,796,543 | 4.29 |
| Sumitomo Mitsui Trust Asset Management Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | 425,000 | 0.14 |
| Nikko Asset Management Co., Ltd. | 7-1, Akasaka 9-chome, Minato-ku, Tokyo | 2,362,300 | 0.79 |
| Total | - | 15,583,843 | 5.23 |

(7) Information on voting rights

1) Issued shares

(As of March 31, 2018)

| Classification | Number of shares (Shares) | Number of voting rights | Description |
|---|----------------------------|-------------------------|-------------|
| Shares without voting rights | - | - | - |
| Shares with restricted voting rights (treasury stock, etc.) | - | - | - |
| Shares with restricted voting rights (others) | - | - | - |
| Shares with full voting rights (treasury stock, etc.) | Ordinary share 2,182,200 | - | - |
| Shares with full voting rights (others) | Ordinary share 295,481,700 | 2,954,817 | - |
| Shares less than one unit | Ordinary share 478,334 | - | - |
| Number of issued shares | 298,142,234 | - | - |
| Total number of voting rights | - | 2,954,817 | - |

(Notes) 1. The “Shares with full voting rights (others)” row includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and the “Number of voting rights” column includes 355 voting rights for those shares. The “Shares with full voting rights (others)” row includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares that were not registered when the shares were exchanged with the Company on October 1, 2003) and the “Number of voting rights” column includes two voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (two voting rights) registered in its name.

2. Ordinary shares in the “Shares less than one unit” column include 9 shares of the Company’s treasury stock.

2) Treasury stock, etc.

(As of March 31, 2018)

| Name of shareholder | Address | Number of shares held under own name (Shares) | Number of shares held under the name of others (Shares) | Total number of shares held (Shares) | Ownership percentage to the total number of issued shares (%) |
|---------------------|---|---|---|--------------------------------------|---|
| Nidec Corporation | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto | 2,182,200 | - | 2,182,200 | 0.73 |
| Total | - | 2,182,200 | - | 2,182,200 | 0.73 |

(8) Officer/employee stock ownership plans

① Performance-linked share-based compensation plan for members of the Board of Directors et al. of NIDEC

The Company and its group companies resolved to adopt a performance-linked share-based compensation plan (the “Plan”) for the Company’s members of the Board of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto and for group companies’ members of the Board of Directors (excluding outside members of the Board of Directors) and Executive Officers (collectively, the “Eligible Board Members”) at their respective ordinary general meetings of shareholders held in June 2018.

1) Overview of the Plan

The Plan will be structured as a BIP (Board Incentive Plan) trust (the “BIP Trust”). The BIP Trust will be a share-based compensation plan for officers that will grant Company shares and pay cash proceeds from the liquidation of Company shares to the Eligible Board Members based on their rank, operating performance targets’ degree of attainment, and other factors, like U.S. and European performance share plans and restricted stock plans.

2) Content of trust agreement

| | |
|---------------------------------|---|
| Type of trust: | Specified individually operated trust of money other than money trust (third-party benefit trust) |
| Purpose of trust: | To incentivize the Eligible Board Members |
| Trustor: | The Company |
| Trustee: | Mitsubishi UFJ Trust and Banking Corporation (tentative) (Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| Beneficiaries: | The Eligible Board Members who meet beneficiary requirements |
| Trust administrator: | A third-party (certified public accountant) with no interest in the Company or its group companies |
| Trust agreement date: | July 26, 2018 (tentative) |
| Trust period: | July 26, 2018 (tentative), through August 31, 2021 (tentative) |
| Plan inception date: | July 26, 2018 (tentative) |
| Exercise of voting rights: | Not to be exercised |
| Class of shares to be acquired: | The Company's ordinary shares |
| Amount of trust funding: | ¥1.05 billion (tentative) (including trust fees and trust expenses) |
| Share acquisition period: | July 27, 2018 (tentative), through August 27, 2018 (tentative) |
| Share acquisition method: | Purchases on the stock market |
| Rights holder: | The Company |
| Residual assets: | Residual assets receivable by the Company as the rights holder will be limited to unspent reserves for trust expenses and any other funds remaining after deduction of funds spent to acquire shares from the funds deposited into the trust. |

Note: The above tentative dates are subject to change to other appropriate dates in compliance with applicable laws and regulations.

3) Trust- and share-related administrative tasks

- i) Trust-related administrative tasks: Mitsubishi UFJ Trust and Banking Corporation and the Master Trust Bank of Japan, Ltd. are slated to perform trust-related administrative tasks as the trust's trustees.
- ii) Share-related administrative tasks: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is slated to administer delivery of Company shares to beneficiaries pursuant to an outsourcing agreement.

4) Total number or total value of shares to be granted to beneficiaries from the BIP Trust

¥1.05 billion (tentative) (three-year total)

(Total of funds for acquisition of shares by the BIP Trust during the trust period plus trust fees and trust expenses)

② Performance-linked share-based payment plan for domestic and overseas NIDEC executives

The Company resolved to adopt a performance-linked share-based payment plan (the "Plan") for executives of its domestic and overseas group companies including the Company (the "Group Executives") at the meeting of its Board of Directors held on April 24, 2018.

1) Overview of the Plan

The Plan will be structured as an ESOP (Employee Stock Ownership Plan) trust (the "ESOP Trust"). The ESOP Trust will be an employee incentive plan modeled after U.S. ESOP plans. More specifically, it will be a share-based payment plan that will grant Company shares and pay cash proceeds from the liquidation of Company shares to the Group Executives based on their respective job titles, operating performance targets' degree of attainment, and other factors.

2) Content of trust agreement

| | |
|-----------------------|--|
| Type of trust: | Specified individually operated trust of money other than money trust (third-party benefit trust) |
| Purpose of trust: | To incentivize the Group Executives |
| Trustor: | The Company |
| Trustee: | Mitsubishi UFJ Trust and Banking Corporation (tentative) (Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| Beneficiaries: | The Group Executives who meet beneficiary requirements |
| Trust administrator: | A third-party (certified public accountant) with no interest in the Company or its group companies |
| Trust agreement date: | July 26, 2018 (tentative) |
| Trust period: | July 26, 2018 (tentative), through August 31, 2021 (tentative) |

| | |
|---------------------------------|---|
| Plan inception date: | July 26, 2018 (tentative) |
| Exercise of voting rights: | Not to be exercised |
| Class of shares to be acquired: | The Company's ordinary shares |
| Amount of trust funding: | ¥380 million (tentative) (including trust fees and trust expenses) |
| Share acquisition period: | July 27, 2018 (tentative), through August 27, 2018 (tentative) |
| Share acquisition method: | Purchases on the stock market |
| Rights holder: | The Company |
| Residual assets: | Residual assets receivable by the Company as the rights holder will be limited to unspent reserves for trust expenses and any other funds remaining after deduction of funds spent to acquire shares from the funds deposited into the trust. |

Note: The above tentative dates are subject to change to other appropriate dates in compliance with applicable laws and regulations.

3) Trust- and share-related administrative tasks

- i) Trust-related administrative tasks: Mitsubishi UFJ Trust and Banking Corporation and the Master Trust Bank of Japan, Ltd. are slated to perform trust-related administrative tasks as the trust's trustees.
- ii) Share-related administrative tasks: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is slated to administer delivery of Company shares to beneficiaries pursuant to an outsourcing agreement.

4) Total number or total value of shares to be granted to beneficiaries from the ESOP Trust

¥380 million (tentative) (three-year total)

(Total of funds for acquisition of shares by the ESOP Trust during the trust period plus trust fees and trust expenses)

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of ordinary shares under Article 155, item 3 of the Companies Act and acquisition of ordinary shares under Article 155, item 7 of the Companies Act.

(1) Acquisition of treasury stock under the resolution of the general meeting of shareholders

Not applicable

(2) Acquisition of treasury stock under the resolution of the Meetings of the Board of Directors

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---------------------------|--------------------|
| Details on resolution at the Meeting of the Board of Directors held on January 24, 2017 (Term of validity: from January 27, 2017 to January 26, 2018) | 5,000,000 | 50,000,000,000 |
| Treasury stock acquired before the fiscal year ended March 31, 2018 | - | - |
| Treasury stock acquired during the fiscal year ended March 31, 2018 | 520,000 | 5,138,822,700 |
| Treasury stock not acquired for the fiscal year ended March 31, 2018 | 4,480,000 | 44,861,177,300 |
| The percentage of remaining treasury stock not acquired as of March 31, 2018 (%) | 89.6 | 89.7 |
| Treasury stock acquired during the period after the reporting period to the filing date of this report | - | - |
| The percentage of remaining treasury stock not acquired as of filing date (%) | 89.6 | 89.7 |

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---------------------------|--------------------|
| Details on resolution at the Meeting of the Board of Directors held on January 24, 2018 (Term of validity: from January 29, 2018 to January 28, 2019) | 3,000,000 | 50,000,000,000 |
| Treasury stock acquired before the fiscal year ended March 31, 2018 | - | - |
| Treasury stock acquired during the fiscal year ended March 31, 2018 | 114,000 | 1,820,305,000 |
| Treasury stock not acquired for the fiscal year ended March 31, 2018 | 2,886,000 | 48,179,695,000 |
| The percentage of remaining treasury stock not acquired as of March 31, 2018 (%) | 96.2 | 96.4 |
| Treasury stock acquired during the period after the reporting period to the filing date of this report | 180,200 | 2,894,376,000 |
| The percentage of remaining treasury stock not acquired as of filing date (%) | 90.2 | 90.6 |

(Note) Treasury stock acquired during the period after the reporting period to the filing date of this report do not include acquisition of treasury stock from June 1, 2018 to the filing date of this report.

(3) Details of acquisition of treasury stock not under the resolution of the general meeting of shareholders or the Meetings of the Board of Directors

| Classification | Number of shares (Shares) | Total amount (Yen) |
|--|---------------------------|--------------------|
| Treasury stock acquired during the fiscal year ended March 31, 2018 | 3,575 | 48,577,115 |
| Treasury stock acquired during the period after the reporting period to the filing date of this report | 303 | 5,163,190 |

(Note) Treasury stock acquired during the period after the reporting period to the filing date of this report do not include stocks consisting of less than one unit purchased during the period from June 1, 2018 to the filing date of this report.

(4) Status of the disposition and holding of acquired treasury stock

| Classification | Fiscal year ended March 31, 2018 | | Period after the reporting period to the filing date of this report | |
|--|----------------------------------|--------------------------------|---|--------------------------------|
| | Number of shares (Shares) | Total disposition amount (Yen) | Number of shares (Shares) | Total disposition amount (Yen) |
| Acquired treasury stock for which subscribers were solicited | - | - | - | - |
| Acquired treasury stock which was retired | - | - | - | - |
| Acquired treasury stock for which transfer of shares was conducted due to merger, share exchange or company separation | - | - | - | - |
| Others (-) | - | - | - | - |
| Total number of treasury stock held | 2,182,209 | - | 2,362,712 | - |

(Note) Total number of treasury stock held during the period after the reporting period to the filing date of this report does not include acquisition of treasury stock resolved at the Meetings of the Board of Directors and shares less than one unit purchased during the period from June 1, 2018 to the filing date of this report.

3. Dividend Policy

NIDEC's dividend policy is to maintain stable dividends and raise dividends based on its consolidated net profit results and at the same time, to increase internal reserves to further strengthen its operational structure and to promote bold business development.

NIDEC generally aims to pay dividends of surplus twice a year by interim and year-end dividends. The Board of Directors has the authority to declare these dividends of surplus.

In view of its current fiscal position separately described and to meet the support of shareholders and investors, the Board of Directors has determined to set the year-end dividend at ¥50 per share for the fiscal year ended March 31, 2018 together with the interim dividend of ¥45 per share. As a result, the dividend payout ratio for the fiscal year ended March 31, 2018 on a consolidated basis was 21.4%.

Reserves are used to further strengthen our operational structure and invest in business expansion to increase revenues.

NIDEC stipulates in its Article of Incorporation that it may pay interim dividends pursuant to Article 454, Paragraph 5 of the Companies Act of Japan, and that it may, by resolution of the Board of Directors, pay dividends of surplus pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

Dividends of surplus for the current fiscal year are as follows:

| Date of resolution | Total dividends (Yen in millions) | Cash dividends per share (Yen) |
|---|--------------------------------------|-----------------------------------|
| The Meeting of the Board of Directors on October 24, 2017 | 13,323 | 45 |
| The Meeting of the Board of Directors on May 28, 2018 | 14,798 | 50 |

4. Changes in Share Prices

(1) Highest and lowest share prices in each of the recent five fiscal years

| Fiscal year | 41st business term | 42nd business term | 43rd business term | 44th business term | 45th business term |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Year end | March, 2014 | March, 2015 | March, 2016 | March, 2017 | March, 2018 |
| Highest (Yen) | 12,970 □6,288 | 8,485 | 11,415 | 11,045 | 18,525 |
| Lowest (Yen) | 5,200 □5,804 | 5,388 | 6,407 | 6,985 | 9,713 |

(Notes) 1. The highest and lowest share prices are market prices on the first section of the Tokyo Stock Exchange from July 16, 2013 and prices from before said date are from the first section of the Osaka Stock Exchange.

2. The figures with □ show the highest and lowest prices after the rights-off due to the share split (1 share was split into two shares) implemented on April 1, 2014.

(2) Highest and lowest share prices in each of the recent six months

| Month | October 2017 | November 2017 | December 2017 | January 2018 | February 2018 | March 2018 |
|---------------|--------------|---------------|---------------|--------------|---------------|------------|
| Highest (Yen) | 15,275 | 16,550 | 16,230 | 18,525 | 17,610 | 17,385 |
| Lowest (Yen) | 13,750 | 15,090 | 15,005 | 16,065 | 15,665 | 15,330 |

(Note) The highest and lowest share prices are market prices on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Members of the Audit & Supervisory Board

13 men and a woman

(Percentage of the Members of the Board of Directors and the Members of the Audit & Supervisory Board of Nidec Corporation that are women: 7.1%)

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|-------------------------|--|--------------------|-----------------|--|----------------|--------------------------------|
| Representative Director | Chairman and Chief Executive Officer (CEO) | Shigenobu Nagamori | August 28, 1944 | <p>Jul. 1973: Founded Nidec Corporation (Representative Director, Chairman of the Board, President and Chief Executive Officer (CEO))</p> <p>Jun. 2009: Member of the Board of Directors and Chairman, Nidec Sankyo Corporation (current position)</p> <p>Jun. 2013: Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation (current position)</p> <p>Oct. 2014: Representative Director, Chairman of the Board, President and Chief Executive Officer (CEO)</p> <p>Mar. 2018: Chairman of the Board of Trustees, Kyoto Gakuen Educational Foundation (current position)</p> <p>Jun. 2018: Representative Director, Chairman and Chief Executive Officer (CEO) (current position)</p> | *3 | 24,737 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|-------------------------|---|--------------|----------------|--|----------------|--------------------------------|
| Representative Director | Vice Chairman, Chief Sales Officer (CSO) and Adviser to President (Global Business Promotion & Marketing Division, Global Centralized Purchasing Division, Secretarial Office, Corporate Administration & Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Public Relations & Advertising Dept., Legal Dept., General Affairs Dept., Human Resources Dept., Human Resource Planning Dept., Information Systems Dept., International Business Administration Dept., Sales Administration & Service Dept. and 3Q6S) | Hiroshi Kobe | March 28, 1949 | <p>Jul. 1973: Participated in the foundation of Nidec Corporation</p> <p>Mar. 1982: GM, Sales Dept.</p> <p>Nov. 1984: Member of the Board of Directors</p> <p>Nov. 1991: Member of the Board of Directors and Senior Vice President</p> <p>Apr. 1996: Member of the Board of Directors and First Senior Vice President</p> <p>Apr. 2000: Member of the Board of Directors and Executive Vice President</p> <p>Apr. 2005: Chief Operating Officer (COO)</p> <p>Jun. 2006: Representative Director and Executive Vice President</p> <p>Jun. 2008: Representative Director and Executive Vice President</p> <p>Apr. 2014: Representative Director and Chairman, Nidec Servo Corporation (current position)</p> <p>Jun. 2015: Representative Director and Vice Chairman (current position)</p> <p>Chief Sales Officer (CSO) (current position)</p> | *3 | 474 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|-------------------------|--|----------------|-------------------|---|----------------|--------------------------------|
| Representative Director | Vice Chairman, Chief Technology Officer (CTO) and Adviser to President (Nidec Research and Development Center, Japan, Nidec Center for Industrial Science, Global Production Engineering Division and Intellectual Property Dept.) | Mikio Katayama | December 12, 1957 | Apr. 1981: Sharp Corporation Apr. 2006: Representative Director and First Senior Vice President Apr. 2007: Representative Director and President Apr. 2012: Member of the Board of Directors and Chairman Sep. 2014: Executive Consultant, Nidec Corporation Oct. 2014: Vice Chairman Chief Technology Officer (CTO) (current position) Jun. 2015: Representative Director and Vice Chairman (current position) Oct. 2015: Representative Director and Chairman, Nidec Techno Motor Corporation (current position) | *3 | 2 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|-------------------------|--|--------------------|------------------|--|----------------|--------------------------------|
| Representative Director | President, Chief Operating Officer (COO) and Executive GM, Automotive Motor & Electronic Control Business Unit | Hiroyuki Yoshimoto | October 28, 1967 | <p>Apr. 1991: Nissho Iwai Corporation (currently Sojitz Corporation)</p> <p>Feb. 2008: Calsonic Kansei Corporation</p> <p>Apr. 2010: Executive Vice President</p> <p>Apr. 2012: Nissan Motor Co., Ltd.</p> <p>Jan. 2014: Representative Director and President, Nissan Motor Thailand Co.,Ltd.</p> <p>Mar. 2015: Executive Consultant, Nidec Corporation</p> <p>May 2015: Representative Director and President, Nidec Tosok Corporation</p> <p>Nov. 2016: Executive Vice President</p> <p>Jan. 2017: Representative Director and Chairman, Nidec Tosok Corporation (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec (Dalian) Limited (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec Automotive Motor (Zhejiang) Corporation (current position)</p> <p>Chairman, Nidec Automotive Motor Americas, LLC (current position)</p> <p>Jun. 2017: Member of the Board of Directors and Executive Vice President</p> <p>Apr. 2018: Representative Director and Executive Vice President Chief Operating Officer (COO) (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec India Private Limited (current position)</p> <p>Representative Director and Chairman, Nidec Copal Corporation (current position)</p> <p>Representative Director and Chairman, Nidec Seimitsu Corporation (current position)</p> <p>Jun. 2018: Representative Director and President (current position)</p> <p>Representative Director and Chairman, Nidec Elesys Corporation (current position)</p> | *3 | 1 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|----------------------------------|--|------------|------------------|--|----------------|--------------------------------|
| Member of the Board of Directors | Executive Vice President, Chief Financial Officer (CFO), Adviser to President (Corporate Strategy Office, Group Companies Management Dept., Accounting Dept. and Finance Dept.) and in charge of managing Investor Relations & CSR Promotion Dept. and Global Tax Planning Dept. | Akira Sato | November 2, 1954 | <p>Apr. 1977: Nissan Motor Co., Ltd.</p> <p>Apr. 2002: Vice President</p> <p>Jan. 2012: First Senior Vice President, Nidec Corporation</p> <p>Jun. 2012: Member of the Board of Directors and First Senior Vice President</p> <p>Apr. 2013: Member of the Board of Directors and Executive Vice President (current position)</p> <p>Oct. 2014: Member of the Board of Directors and Chairman, Nidec US Holdings Corporation (currently Nidec Americas Holding Corporation) (current position)</p> <p>Apr. 2015: Member of the Board of Directors and President, Green Sun Insurance, Inc. (current position)</p> <p>May 2016: Chief Financial Officer (CFO) (current position)</p> <p>Jun. 2016: Member of the Board of Directors and Chairman, Nidec Management Shanghai Corporation (current position)</p> <p>Jun. 2018: Member of the Board of Directors and Chairman, Nidec Europe B.V. (current position)</p> | *3 | 4 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|----------------------------------|--|------------------|---------------|---|----------------|--------------------------------|
| Member of the Board of Directors | Executive Vice President, Executive GM, Small Precision Motor & Solutions Business Unit, BU-wide Business Planning and First Senior GM, General Application Motor & Solutions Business Group | Toshihiko Miyabe | June 16, 1958 | <p>Apr. 1983: Nidec Corporation</p> <p>Apr. 2006: Representative Director and President, Nidec Philippines Corporation</p> <p>Jun. 2008: Vice President</p> <p>Apr. 2011: Senior Vice President Member of the Board of Directors and Chairman, Nidec Philippines Corporation (current position)</p> <p>Apr. 2012: Member of the Board of Directors and Chairman, Nidec (Zhejiang) Corporation (current position)</p> <p>Jun. 2012: Member of the Board of Directors and Senior Vice President</p> <p>Jun. 2013: Senior Vice President</p> <p>Jun. 2014: Member of the Board of Directors and First Senior Vice President</p> <p>Jun. 2015: Member of the Board of Directors and Executive Vice President (current position)</p> | *3 | 10 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|----------------------------------|---|---------------|---------------|--|----------------|--------------------------------|
| Member of the Board of Directors | Executive Vice President and Executive GM, Appliance, Commercial & Industrial Motor Business Unit | Tetsuo Onishi | June 18, 1954 | <p>Apr. 1979: Sharp Corporation</p> <p>Apr. 2014: Representative Director and Executive Vice President</p> <p>May 2016: Executive Consultant, Nidec Corporation</p> <p>Jun. 2016: Executive Vice President Representative Director and Chairman, Nidec Motor Holdings Corporation (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec ASI S.p.A. (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec Motor Corporation (current position)</p> <p>Jun. 2017: Member of the Board of Directors and Executive Vice President (current position)</p> | *3 | 0 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|----------------------------------|----------------|--------------|------------------|---|----------------|--------------------------------|
| Member of the Board of Directors | | Teiichi Sato | October 15, 1941 | <p>Apr. 1964: The Ministry of Education, Science, Sports and Culture of Japan (currently the Ministry of Education, Culture, Sports, Science and Technology of Japan)</p> <p>Jul. 1990: Deputy Director - General (Higher Education Bureau)</p> <p>Jul. 1992: Deputy Commissioner for Cultural Affairs</p> <p>Jul. 1993: Director - General, Science and International Affairs Bureau</p> <p>Jul. 1994: Director - General, Minister's Secretariat</p> <p>Jul. 1997: Vice Minister of Education, Science, Sports and Culture of Japan</p> <p>Jul. 2000: Director - General, the Japan Society for the Promotion of Science</p> <p>Jan. 2003: Ambassador Extraordinary and Plenipotentiary, Permanent Delegation of Japan to the UNESCO</p> <p>Apr. 2007: Executive Director, Tokyo National Museum</p> <p>Oct. 2009: Professor, Graduate School of International University of Health and Welfare</p> <p>Jun. 2015: Member of the Board of Directors, NHK Promotions Inc. (current position)</p> <p>Jun. 2018: Member of the Board of Directors, Nidec Corporation (current position)</p> | *3 | - |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|----------------------------------|----------------|---------------|--------------------|---|----------------|--------------------------------|
| Member of the Board of Directors | | Osamu Shimizu | September 21, 1953 | <p>Apr. 1976: The Ministry of Finance of Japan</p> <p>Jun. 1984: Executive Director, African Development Bank</p> <p>Nov. 1996: Personal Secretary to the Minister of Finance of Japan</p> <p>Jan. 1998: Director for Inter - Division Affairs, Budget Bureau</p> <p>Jul. 1999: Director, Income Tax and Corporation Tax Policy Division, Tax Bureau</p> <p>Jul. 2001: Director, Planning and Administration Division, Tax Bureau</p> <p>Jul. 2003: Director - General, Fukuoka Regional Taxation Bureau, National Tax Agency</p> <p>Jul. 2004: Deputy Director - General of the Minister's Secretariat (Local Administrative and Financial Reform), the Ministry of Internal Affairs and Communications of Japan</p> <p>Jul. 2006: Deputy Director - General (International Bureau, Tax Bureau and Minister's Secretariat), the Ministry of Finance of Japan</p> <p>Jan. 2007: Director - General, Okinawa Development and Promotion Bureau, the Cabinet Office</p> <p>Jul. 2010: Director - General (Okinawa Affair), the Cabinet Office</p> <p>Jan. 2012: Vice - Minister for Policy Coordination, the Cabinet Office</p> <p>Apr. 2014: Professor, Graduate School of Public Management, Waseda University (current position)</p> <p>Jun. 2018: Member of the Board of Directors, Nidec Corporation (current position)</p> | *3 | - |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|--|----------------|----------------|---------------|--|----------------|--------------------------------|
| Fulltime Member of the Audit & Supervisory Board | | Ryuichi Tanabe | March 9, 1948 | <p>Apr. 1970: The Ministry of Foreign Affairs of Japan</p> <p>May 1986: Director, the Overseas Public Relations, the Information Bureau, Minister' Secretariat</p> <p>Jul. 1988: Counselor, the Japanese Embassy in Germany</p> <p>Oct. 1990: Minister, the Japanese Embassy in Saudi Arabia</p> <p>Aug. 1992: Minister, the Japanese Embassy in Austria</p> <p>Aug. 1994: Consul-General in Munich, Germany</p> <p>Jul. 1997: Minister, the Japanese Embassy in India</p> <p>Jul. 1999: Director-General for International Affairs, the Tokyo Metropolitan Government</p> <p>Apr. 2003: Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro</p> <p>Sep. 2005: Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination</p> <p>Sep. 2006: Ambassador Extraordinary and Plenipotentiary of Japan to Poland</p> <p>Sep. 2009: Ambassador Extraordinary and Plenipotentiary for Kansai Region</p> <p>Jun. 2010: Representative of the Government of Japan</p> <p>Jun. 2011: Fulltime Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p> | *4 | 1 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|--|----------------|-----------------|------------------|--|----------------|--------------------------------|
| Fulltime Member of the Audit & Supervisory Board | | Kazuya Murakami | January 18, 1955 | <p>Apr. 1977: The Ministry of Finance of Japan</p> <p>Jul. 1983: Director, Ise Tax Office, Nagoya Regional Taxation Bureau</p> <p>Jul. 1984: Executive Director's Assistant, International Monetary Fund</p> <p>Jun. 1996: Director, Central Asia Team, European Bank for Reconstruction and Development (EBRD)</p> <p>Jul. 2002: Director-General, the Fukuoka Local Finance Branch Bureau, the Ministry of Finance of Japan</p> <p>Jul.2004: Deputy Director-General, Minister's Secretariat (in charge of Customs and Tariff Bureau)</p> <p>Jul. 2005: Board Director, EBRD</p> <p>Jul. 2008: Director-General, the Kanto Local Finance Bureau, the Ministry of Finance of Japan</p> <p>Aug. 2009: Executive Director, Organization for Small & Medium Enterprises and Regional Innovation, Japan</p> <p>Jun. 2012: Fulltime Member of the Audit & Supervisory Board, Nidec Corporation</p> <p>Feb. 2013: Registered as attorney-at-law, the Kyoto Bar Association</p> <p>Jun. 2013: Vice President</p> <p>Jun. 2017: Fulltime Member of the Audit & Supervisory Board (current position)</p> | *5 | 1 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|--|----------------|-----------------|---------------|--|----------------|--------------------------------|
| Fulltime Member of the Audit & Supervisory Board | | Hiroyuki Ochiai | July 3, 1959 | <p>Apr. 1983: The Ministry of International Trade and Industry of Japan (currently the Ministry of Economy, Trade and Industry of Japan(METI))</p> <p>Jul. 2000: Director, Foreign Exchange and Trade Finance Division, Trade Bureau</p> <p>Jul.2002: Director - General, International Cooperation Department, New Energy and Industrial Technology Development Organization (currently National Research and Development Agency New Energy and Industrial Technology Development Organization)</p> <p>Jul. 2003: Director, Personnel Division, Japan Patent Office</p> <p>Oct. 2005: Director, Trade Promotion Division, Trade and Economic Cooperation Bureau</p> <p>Aug. 2006: Counsellor, Minister's Secretariat, the Ministry of Agriculture, Forestry and Fisheries of Japan</p> <p>Jul. 2008: Counsellor, Cabinet Secretariat, (to Assistant Chief Cabinet Secretary)</p> <p>Aug. 2010: Seconded to Nidec Corporation</p> <p>Aug. 2012: Returned to METI. Director - General, Training Institute of Economy, Trade and Industry</p> <p>Dec. 2012: Left METI</p> <p>Mar. 2013: General Manager, General Affairs Department, Nidec Corporation</p> <p>Jun. 2018: Fulltime Member of the Audit & Supervisory Board (current position)</p> | *6 | 0 |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|---|----------------|-----------------|---------------|---|----------------|--------------------------------|
| Member of the Audit & Supervisory Board | | Eisuke Nagatomo | July 7, 1948 | <p>Apr. 1971: Tokyo Stock Exchange (currently Tokyo Stock Exchange, Inc.)</p> <p>Jun. 1993: GM, Company Listing Office, Company Listing Management Department</p> <p>Jun. 1996: GM, International Transaction Department</p> <p>Jun. 1998: GM, Bond Department</p> <p>Jun. 1999: GM, Membership Department</p> <p>Jun. 2000: GM, General Affairs Department</p> <p>Nov. 2001: Vice President</p> <p>Jun. 2003: Senior Vice President</p> <p>Oct. 2007: Representative Director and Member of the Board of Directors, EN associates, Co., Ltd. (current position)</p> <p>Apr. 2008: Visiting Professor, Graduate School of Commerce, Waseda University (current position)</p> <p>Jun. 2010: Outside Member of the Board of Directors, Miroku Jyoho Service Co., Ltd. (current position)</p> <p>Jun. 2016: Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p> <p>Mar. 2018: Outside Member of the Board of Directors, Nikkiso Co., Ltd. (current position)</p> | *7 | - |

| Position | Responsibility | Name | Date of birth | Brief personal records | Term of office | Share ownership (1,000 shares) |
|---|----------------|----------------|------------------|---|----------------|--------------------------------|
| Member of the Audit & Supervisory Board | | Junko Watanabe | October 17, 1965 | <p>Apr. 1994: Research Associate, Faculty of Economics, Hokkaido University</p> <p>Apr. 1997: Research Associate, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Apr. 1998: Assistant Professor, Faculty of Humanities & Social Sciences, Shizuoka University</p> <p>Oct. 2002: Assistant Professor, Department of Human Communication, Faculty of Electro- Communications, The University of Electro- Communications</p> <p>Apr. 2004: Assistant Professor, Graduate School of Economics & Faculty of Economics, Kyoto University</p> <p>Mar. 2005: Visiting Scholar, the University of Paris 7 - Denis Diderot (France)</p> <p>Oct. 2011: Visiting Scholar, Edwin O. Reischauer Institute of Japanese Studies, Harvard University</p> <p>Apr. 2012: Professor, Graduate School of Economics & Faculty of Economics, Kyoto University (current position)</p> <p>Aug. 2012: Visiting Associate Professor, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Jun. 2016: Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p> | *7 | - |
| Total | | | | | | 25,230 |

*1. Members of the Board of Directors, Mr. Teiichi Sato and Mr. Osamu Shimizu are Outside Members of the Board of Directors.

2. Fulltime Member of the Audit & Supervisory Board, Mr. Ryuichi Tanabe and Members of the Audit & Supervisory Board, Mr. Eisuke Nagatomo and Ms. Junko Watanabe are Outside Members of the Audit & Supervisory Board.

3. A year from the end of the Ordinary General Meeting of Shareholders held on June 20, 2018.

4. Four years from the end of the Ordinary General Meeting of Shareholders held on June 23, 2015.

5. Four years from the end of the Ordinary General Meeting of Shareholders held on June 16, 2017.

6. Four years from the end of the Ordinary General Meeting of Shareholders held on June 20, 2018.

7. Four years from the end of the Ordinary General Meeting of Shareholders held on June 17, 2016.

6. Corporate Governance, etc.

(1) Corporate governance

1) Corporate governance system

1. The Company's corporate governance system and reasons NIDEC uses the system

The Company's basic policy is to strengthen its business and corporate management capabilities while following its corporate slogan, "high growth, high profit, and high share price", "Mission Statement", and "Basic Management Creed".

The functions for the business management system to realize the above basic policy are as follows:

The Company has as its main bodies a Board of Directors, an Audit & Supervisory Board, and an accounting auditor in accordance with the Companies Act of Japan, in addition to an Executive Management Meeting (Keiei-kaigi) and an Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai) as the Company's executive bodies.

The Company's Board of Directors makes decisions on material business management-related matters while supervising the execution of business operations. The members of the Audit & Supervisory Board and the Board itself audit the execution of business operations by members of the Board of Directors of the Company, and audit its accounts. The Company includes among the members of its Board of Directors and its Audit & Supervisory Board highly independent outside people who have no special interests in the Company to strengthen the audit and supervisory function of its business management. The Company's two outside members of the Board of Directors, based on their broad experience and deep insight, make decisions on material business management-related matters from an objective and neutral standpoint, and supervise the execution of business operations. The Company's three outside members of the Audit & Supervisory Board based on their broad experience and deep insight, audit and supervise the Company's business management from an objective and neutral standpoint.

The Company holds an Executive Management Meeting (Keiei-kaigi) monthly to summarize its monthly financial performance and deliberate in a cross-sectional manner material matters concerning administrative departments, affiliated companies, Business Units, etc. in order to better understand the status of business executions, while making decisions on business executions going forward. The Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai), a weekly meeting to advise the Company's Representative Director and Chairman and chaired by the Company's Representative Director and President, deliberates overall business execution policies and plans, as well as individual material matters.

To further enhance its business management efficiency, the Company adopts "vice president" and "site-based business management" systems. The vice president system aims to clearly divide the roles of the members of the Board of Directors, who are legally responsible for the Company's business management and supervising, and those of the vice presidents, who are in charge of executing business operations, and to make the roles of the Company's Board of Directors be more concentrated on decision making regarding company-wide business operations and ensure active discussions on those matters. The vice president system also aims to transfer authorities from the members of the Board of Directors to vice presidents to expedite the Company's decision-making process. The site-based business management system aims to clarify the areas of responsibility for individuals to maintain and strengthen the effective internal control system.

2. Status of establishing the Company's "internal control" and "risk management" systems

In September 2004, the Company established a "Nidec Policy Manual" as a set of the Nidec Group's (NIDEC's) basic internal control policies. Since then, Corporate Administration & Internal Audit Department has been conducting activities to maintain and improve the internal control's effectiveness in the Company's financial reports, as required by Article 24-4-4, Paragraph 1 of Financial Instruments and Exchange Act of Japan.

In accordance with the Companies Act of Japan and Ordinance for Enforcement of the Companies Act, the Company has in place the following system to ensure proper business operations by the Company and its subsidiaries:

(a) System to ensure the execution of duties by the Company's and its subsidiaries' members of the Board of Directors and employees comply with laws and regulations and the Articles of Incorporation

The Company has in place the following compliance system to obtain social trust by complying with laws and regulations, relevant rules, internal rules and standards, social ethics codes, etc. while enhancing the ethical awareness of the officers and employees, and to establish corporate integrity:

- The Company has established "Compliance Regulations" to put in place the basic notions, the organization and operational methods for compliance throughout the Nidec Group, and establish a compliance system and promote total employee awareness of this system through properly executing business operations based on laws and regulations, and by continuously checking and improving the process of executing such business operations.

- The Company has a Compliance Committee under its Board of Directors, establishes basic compliance policies, and monitors NIDEC's compliance status.

- The Company establishes specific compliance-related action guidelines, i.e., “the Nidec Group Compliance Code of Conduct” and ensures that all NIDEC officers and employees understand and act on them.
- As part of its compliance promotion activity, the Company holds compliance seminars for individual NIDEC companies to help raise their officers’ and employees’ awareness on compliance.
- To spread compliance throughout NIDEC, the Company has in place a NIDEC-wide internal reporting system, “Nidec Global Compliance Hotline”, to encourage its employees to make reports and point out problems regarding violations of laws and regulations, and internal rules, and to protect whistleblowers of such problems.
- To promote the aforementioned activity, the Company’s Compliance Office works with NIDEC’s regional compliance officers in the Americas, China, Europe and Southeast Asia to secure compliance in individual NIDEC companies, forming a global compliance system.
- To address compliance violations, the Company tries to prevent their recurrence by performing investigations based on reports, notifications, etc., made to its Compliance Office or internal point of contact for such notifications. The Company tries hard to prevent, in particular, fraud by a business leader, employee, or third party that causes misstatements in financial statements. The Company deliberates compliance violations in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties.
- To exercise its corporate governance NIDEC-wide, the Company has its head office departments provide the entire NIDEC with internal control system-related instructions and support, and manage and audit NIDEC companies to ensure legal, proper, and efficient business operations.
- The internal audit departments of the Company and its subsidiaries conduct internal audits on individual NIDEC companies to provide them with instruction, support, and advice for better business operations.

(b) System to store and manage information concerning the execution of duties by the members of the Company’s Board of Directors

The Company organizes and stores documents concerning the execution of duties by the members of its Board of Directors and Vice Presidents by a certain number of years based on “Document Regulations”, and the members of the Company’s Audit & Supervisory Board may view those documents at any time.

(c) Regulations and other systems to manage risks of loss concerning the Company and its subsidiaries

- The Company established “Risk Management Regulations” to have in place a NIDEC-wide risk management system, as well as a Risk Management Committee and Risk Management Office. Risk Management Committee, supervised by the Company’s Board of Directors, decides the Company’s risk management policies each fiscal year, while the Company’s individual department general managers and NIDEC companies work under the committee to make and implement the annual plan in order to encourage thorough risk management, response, and reporting. Risk Management Office supports such actions and collects information on those actions’ statuses, while Corporate Administration & Internal Audit Department audits NIDEC companies on their risk management systems.
- In addition to “Risk Management Regulations”, which are intended to manage daily risks, the company adopts NIDEC-wide “Crisis Management Regulations” to prepare for a situation in which a risk is actualized and must be handled in reality.

(d) System to ensure an efficient execution of duties by the members of the Company’s and its subsidiaries’ Boards of Directors

- As the basis of the “system to ensure an efficient execution of duties by the members of the Company’s Board of Directors”, the Company adopts a vice president system to empower its Vice Presidents with authorities to execute business operations. The Company’s Board of Directors makes decisions on material matters concerning the Company’s business policies, management strategies, etc., appoints and dismisses Vice Presidents, and supervises the execution of business operations.
- NIDEC establishes a mid-term business plan to realize its long-term vision that was set as a specific numerical and qualitative target, uses it as the basis of its annual business plans. When making the mid-term business plan, the Company identifies, deliberates and makes decisions based on analysis of the feasibility of accomplishing the mid-term goals, the compatibility with the long-term vision, and the issues and risks that must be overcome to successfully achieve the plan. The Company regularly reviews and rolls the plan based on changes in the market and the status of progress against the plan.
- The Company and NIDEC companies have in place “Approval Request (Ringi) Regulations”, which covers matters that require approval requests and approval request procedures, to define clearly the authorities to make judgments and decision on business operations and to improve business management efficiency and transparency.
- The Company and NIDEC companies hold a risk management meeting daily to promptly report and share material information, and the minutes of the meeting is sent to each department general manager every day for daily business operations, while, as necessary such important issues are discussed widely and shared among participants in the Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai) and the Executive Management Meeting (Keiei-kaigi).

(e) Matters concerning reports to the Company regarding the execution of duties by the members of the Board of Directors of the Company's subsidiaries

- The members of the Board of Directors and Vice Presidents of the Company serve as members of the Board of Directors and Vice Presidents of NIDEC companies as well, attend their Executive Management Meetings (Keiei-kaigi), hold a NIDEC-wide CEO Conference quarterly, and take other actions to efficiently share policies and information, and communicate instructions and requests within NIDEC.
- The administrative departments responsible for individual NIDEC companies' business operations work to improve collaboration with those companies, and request them to submit reports, documents, etc. as necessary to understand their management status accurately.

(f) Matters concerning the Company's employees and their independency from the members of Company's Board of Directors when the members of the Company's Audit & Supervisory Board request the Company to appoint employees to support the work of the members of the Company's Audit & Supervisory Board

- In accordance with the Audit & Supervisory Board's requests, the Corporate Administration & Internal Audit Department audits matters that the members of Audit & Supervisory Board request to be audited, and reports the audit's result to the Audit & Supervisory Board.
- During such an audit, support is provided for performing the audit if ordered or requested by the members of Audit & Supervisory Board. The members of the Board of Directors or Vice Presidents of the Company pose no improper restrictions on such reports.

(g) System for the members of the Board of Directors and employees of the Company to report to the members of the Audit & Supervisory Board and other systems concerning reports to the members of the Audit & Supervisory Board

The members of the Board of Directors, Vice Presidents and employees of the Company promptly report to the Audit & Supervisory Board, in addition to statutory matters, matters that materially affect the entire NIDEC, the progress of internal audit, the status of whistle blowing based on the internal whistle blowing system, and subjects reported by whistle blowing. The method for reporting is based on the decision made following discussion between the members of the Board of Directors and Vice Presidents, and the members of the Audit & Supervisory Board.

(h) System for a member of the Board of Directors or the Audit & Supervisory Board, an employee who executes any business operation, an employee of any of the Company's subsidiaries, or someone who has received a report from any of these people, to report to the members of the Company's Audit & Supervisory Board, and to protect whistleblowers

- The Company's Corporate Administration & Internal Audit Department holds a meeting to report matters to the Company's members of the Audit & Supervisory Board on a regular basis, and reports the internal audit results at NIDEC companies.
- The Company's Compliance Office reports the status of whistle blowing by NIDEC's officers and employees to the members of the Company's Audit & Supervisory Board on a regular basis.
- NIDEC protects whistleblowers so that they will not be affected negatively after whistle blowing based on the NIDEC-wide internal whistle blowing system, Nidec Global Compliance Hotline.

(i) Matters concerning the policy for handling advanced payments of the cost incurred due to the execution of duties by the members of the Company's Audit & Supervisory Board, for handling procedures for reimbursement, and for handling the cost or liability incurred due to the execution of any other duties by the members of the Company's Audit & Supervisory Board

In accordance with the Company's Audit & Supervisory Board Regulations and the standards for audit by the members of the Audit & Supervisory Board, the Company's Audit & Supervisory Board is entitled to independently deliberate matters, such as budget for auditing expenses, that the members of the Audit & Supervisory Board deem necessary to execute their duties, and may request the Company to redeem urgently or temporarily incurred costs at a later date.

(j) Other systems to ensure an effective audit by the members of the Audit & Supervisory Board

- The members of the Audit & Supervisory Board exchange their opinions with the Company's executives.
- The members of the Audit & Supervisory Board prepare each month's activities in an audit report, and submit it to the Company's Board of Directors.
- The members of the Audit & Supervisory Board visit individual NIDEC companies onsite to conduct 3Q6S and other audits.

3. Overview of the contents of the liability limitation contract

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act of Japan, the Company is under contract with the outside members of the Board of Directors and the outside members of the Audit & Supervisory Board to limit the liability for

damages stipulated in Article 423, Paragraph 1 of the same Act. Based on the aforementioned contract, the maximum amount of liability for damages is either a pre-determined amount no less than ¥8 million or an amount determined based on applicable laws and regulations, whichever is higher.

2) Internal audit and audit by the members of the Audit & Supervisory Board

The Company's Corporate Administrative & Internal Audit Department, which reports directly to the president, conducts internal audit based on an audit plan. The members of the Audit & Supervisory Board are able to see internal audit reports through information system at any time. They receive reports from departments concerned such as Corporate Administrative & Internal Audit Department, and if necessary, exchange opinions and information and conduct onsite audits. Corporate Administrative & Internal Audit Department consists of 15 members.

Mr. Ryuichi Tanabe, a full-time outside member of the Audit & Supervisory Board, has experience working as a diplomat in various countries around the world, a broad international viewpoint, and considerable insight. Mr. Kazuya Murakami, a full-time member of the Audit & Supervisory Board, held an important position at the Ministry of Finance of Japan and has a significant amount of insight in the areas of finance and accounting. Mr. Hiroyuki Ochiai, a full-time member of the Audit & Supervisory Board, held an important position at the Ministry of Economy, Trade and Industry of Japan, etc. and has abundant experience and considerable insight. Mr. Eisuke Nagatomo, an outside member of the Audit & Supervisory Board, held an important position at Tokyo Stock Exchange, Inc. and has considerable insight. Ms. Junko Watanabe, an outside member of the Audit & Supervisory Board, has considerable insight gained as a university professor.

3) The outside members of the Board of Directors and of the Audit & Supervisory Board

The Company has two outside members of the Board of Directors and three outside members of the Audit & Supervisory Board.

The outside members of the Board of Directors make material management decisions and oversee NIDEC's overall business operations from an objective and neutral standpoint based on their expertise and experience in the area of management and law.

The Company appoints outside members of the Board of Directors by referencing the rules for independent officers defined by Tokyo Stock Exchange, Inc. (TSE). They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, and possess no conflict of interest with ordinary shareholders. These members enhance the supervisory function of the Company to improve its management's transparency and objectivity.

The Company has notified the TSE that two outside members of the Board of Directors are independent officers.

With regard to the two outside members of the Board of Directors appointed as such following the end of the Ordinary General Meeting of Shareholders on June 20, 2018, the relationships between the Company and them or the organizations they individually belong to are as follows:

Mr. Teiichi Sato's experience includes the important posts at the Ministry of Education, Culture, Sports, Science and Technology of Japan, Ambassador Extraordinary and Plenipotentiary of Permanent Delegation of Japan to the UNESCO and so forth. Currently he holds the position of member of the Board of Directors of NHK Promotions Inc. and so forth. There is no current or past special interest between the Company and him or the organizations he belongs to.

Mr. Osamu Shimizu's experience includes the important posts at the Ministry of Finance of Japan, Vice-Minister for Policy Coordination of the Cabinet Office and so forth. Currently he holds the position of Professor of Graduate School of Public Management, Waseda University. There is no current or past special interest between the Company and him or the organization he belongs to.

The outside members of the Audit & Supervisory Board audit and oversee NIDEC's management from an objective and neutral standpoint based on their expertise and experience in the area of management and law.

The Company appoints outside members of the Audit & Supervisory Board by referencing the rules for independent officers defined by the TSE. They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, and possess no conflict of interest with ordinary shareholders. These members strengthen the audit and supervisory functions of the Company to improve its management's transparency and objectivity.

The Company has notified the TSE three outside members of the Audit & Supervisory Board as its independent officers.

With regard to the three outside members of the Audit & Supervisory Board following the end of the Ordinary General Meeting of Shareholders on June 20, 2018, the relationships between the Company and them or the organizations they individually belong to are as follows:

Mr. Ryuichi Tanabe has held the important positions, including Director-General for International Affairs of the Tokyo Metropolitan Government, Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro, Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination, Ambassador Extraordinary and

Plenipotentiary of Japan to Poland, Ambassador Extraordinary and Plenipotentiary for Kansai Region and Representative of the Government of Japan. There is no current or past special interest between the Company and him or the organization he belongs to.

Mr. Eisuke Nagatomo has held the important positions at Tokyo Stock Exchange, Inc. and currently holds the position of Representative Director and member of the Board of Directors, EN associates, Co., Ltd., Visiting Professor, Graduate School of Commerce, Waseda University, outside member of the Board of Directors, Miroku Jyoho Service Co., Ltd. and outside member of the Board of Directors, Nikkiso Co., Ltd. There is no current or past special interest between the Company and him or the organizations he belongs to.

Ms. Junko Watanabe currently holds the position of Professor of Graduate School of Economics & Faculty of Economics, Kyoto University. The Company makes donations to Kyoto University to support its educational and research activities, however, we believe that the donations, given its limited amount compared with the total amount of the university's donation-based income, will not in any way affect Ms. Watanabe's independence as an outside member of the Audit & Supervisory Board.

The ownership of the Company's shares by the outside members of the Board of Directors and of the Audit & Supervisory Board is stated in "5. Members of the Board of Directors and Members of the Audit & Supervisory Board".

As stated above, the Company strengthens its functions to audit and monitor its management by appointing highly independent people who have no special interest with the Company as outside members of its Board of Directors and of the Audit & Supervisory Board.

The Company's Corporate Administrative & Internal Audit Department, which reports directly to its president, conducts internal audit based on an audit plan. The outside members of the Audit & Supervisory Board are able to use an information system to see these internal audit reports at any time. They also receive reports from the Corporate Administrative & Internal Audit Department and other concerned departments, while, if necessary, exchanging opinions and information and conducting onsite audits. The outside members of the Audit & Supervisory Board have meetings with accounting auditors twice to three times a year if necessary in addition to quarterly meetings, where they exchange information and opinions on audit results, audit structures, audit plans, and the progress of audit among other issues.

4) Compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board

a) The total amount of compensation, etc., by officer category, the total amount of compensation, etc., by type, and the number of persons are as follows:

| Category | Total amount of compensation, etc. (Yen in millions) | Total amount of compensation, etc. by type (Yen in millions) | | | | Number of persons |
|--|---|---|--------------|---------|---------------------|-------------------|
| | | Basic Compensation | Share Option | Bonuses | Retirement benefits | |
| Members of the Board of Directors (excluding outside members of the Board of Directors) | 369 | 369 | - | - | - | 7 |
| Members of the Audit & Supervisory Board (excluding outside members of the Audit & Supervisory Board) | 30 | 30 | - | - | - | 3 |
| Outside members of the Board of Directors and outside members of the Audit & Supervisory Board | 40 | 40 | - | - | - | 5 |

(Note) The above information includes the compensation, etc. for one member of the Audit & Supervisory Board who retired during the fiscal year under review.

b) Total amount of consolidated compensation, etc. for members of the Board of Directors and members of the Audit & Supervisory Board

No one is listed because none of the members was awarded compensation, etc. of ¥100 million or more in total.

c) Matters concerning determination of the amount of compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board

The amount of compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board is determined based on the Company's performance. The total amount of compensation, etc., for the members of the Board of Directors is ¥1,000 million at the maximum annually, pursuant to the resolution at the 34th Ordinary General Meeting of Shareholders held on June 22, 2007. The total amount of compensation, etc., for the members of the Audit & Supervisory Board is the compensation limit ¥100 million at the maximum annually, pursuant to the resolution at the 34th Ordinary General Meeting of Shareholders held on June 22, 2007. In addition to the compensation specified above, the Company resolved to adopt a trust-type share-based compensation plan linked to the Company's medium-term performance for members of the Board of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto at its 45th Ordinary General Meeting of Shareholders held on June 20, 2018.

Method of calculating performance-linked share-based compensation to be initiated from the fiscal year ending March 31, 2019

The Company and its group companies (the "Plan-adopter Companies") resolved to adopt a performance-linked share-based compensation plan (the "Plan") for the Company's members of the Board of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto and for the group companies' members of the Board of Directors (excluding outside members of the Board of Directors) and Executive Officers (collectively, the "Eligible Board Members") at their respective general meetings of shareholders held in June 2018. The number of units (number of shares) to be awarded under the Plan to the Eligible Board Members for the three fiscal years covered by the Company's medium-term management plan (i.e., the fiscal year ending March 31, 2019, through the fiscal year ending March 31, 2021 (the "Applicable Period"), which constitute the remaining years of the Vision2020 Mid-Term Strategic Goal) will be determined based on the calculation method set forth below. As a general rule, the number of shares to be delivered to the Eligible Board Members at the time of their retirement will equal the cumulative number of units they have been awarded. Of the number of shares corresponding to this cumulative point total, 50% (rounded down to the nearest whole trading unit) will, as a general rule, be delivered to the grantee in the form of shares. The remainder of the shares will be sold, with the proceeds from the sale paid to the grantee in cash to ensure adequate liquidity to pay taxes.

The Company will also adopt a similar share-based payment plan for certain other executives of the Company (those with a rank of MG3).

(i) Eligible Board Members

The Eligible Board Members include "executive officers" as defined in Article 34, Paragraph 1 of the Corporation Tax Act.

(ii) Level of total share grants to Eligible Board Members

The maximum total numbers of shares (one point per Company share) that may be granted to the Eligible Board Members over the Applicable Period (three fiscal years) are specified in the table below. The maximum number of shares that may be granted individually to Eligible Board Members will be calculated by the formula set forth below from (iii) onward.

| Company | Maximum number of shares |
|-------------------------------------|--------------------------|
| Nidec Corporation | 66,900 shares |
| Nidec Sankyo Corporation | 11,100 shares |
| Nidec Techno Motor Corporation | 3,900 shares |
| Nidec Elesys Corporation | 7,500 shares |
| Nidec Tosok Corporation | 5,700 shares |
| Nidec-Shimpo Corporation | 7,500 shares |
| Nidec Copal Electronics Corporation | 5,700 shares |
| Nidec Copal Corporation | 3,900 shares |
| Nidec Servo Corporation | 2,100 shares |
| Nidec-Read Corporation | 9,300 shares |
| Nidec Seimitsu Corporation | 3,900 shares |

| Company | Maximum number of shares |
|----------------------------------|--------------------------|
| Nidec Machinery Corporation | 2,100 shares |
| Nidec Global Service Corporation | 3,900 shares |

(iii) Calculation method and level of individual grants

The number of units to be awarded to individual Eligible Board Members will be determined individually by the following formula.

Calculation formula

■ The number of base units to be awarded per fiscal year will be determined by the following formula.

• Short-term performance units = share-based compensation by company and rank (*1) ÷ base share price (*2) × 60%

• Medium-term performance units = share-based compensation by company and rank (*1) ÷ base share price (*2) × 40%

* Rounded down to the nearest whole unit

■ Cumulative unit totals for the Applicable Period (three fiscal years) will be tallied by summing the following.

Short-term performance units

• First fiscal year's short-term performance units × short-term performance linkage coefficient (*3)

• Second fiscal year's short-term performance units × short-term performance linkage coefficient (*3)

• Third fiscal year's short-term performance units × short-term performance linkage coefficient (*3)

Medium-term performance units

• (First fiscal year's medium-term performance units + second fiscal year's medium-term performance units + third fiscal year's medium-term performance units) × medium-term performance linkage coefficient (*4)

(*1) Share-based compensation by company and rank

■ Nidec Corporation

| Share-based compensation by rank (Yen in thousands) | | | | | | | |
|---|---------------|-----------|--------------------------|-----------------------------|-----------------------|----------------|-------|
| Chairman | Vice Chairman | President | Executive Vice President | First Senior Vice President | Senior Vice President | Vice President | MG3 |
| 10,000 | 6,000 | 8,000 | 5,000 | 4,000 | 3,000 | 2,000 | 1,500 |

■ Group companies

| Company | Share-based compensation by rank (Yen in thousands) | | | |
|-------------------------------------|---|-----------|-----------------------------|-----------------------|
| | Chairman | President | First Senior Vice President | Senior Vice President |
| Nidec Sankyo Corporation | - | 4,000 | 3,000 | 2,000 |
| Nidec Techno Motor Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec Elesys Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec Tosok Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec-Shimpo Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec Copal Electronics Corporation | 3,000 | 3,000 | 2,000 | 2,000 |
| Nidec Copal Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec Servo Corporation | - | 3,000 | 2,000 | 2,000 |
| Nidec-Read Corporation | 3,000 | 3,000 | 2,000 | 2,000 |
| Nidec Seimitsu Corporation | - | 2,000 | 1,500 | - |

| Company | Share-based compensation by rank (Yen in thousands) | | | |
|----------------------------------|---|-----------|-----------------------------|-----------------------|
| | Chairman | President | First Senior Vice President | Senior Vice President |
| Nidec Machinery Corporation | - | 2,000 | - | - |
| Nidec Global Service Corporation | - | 2,000 | - | - |

* The number of units to be awarded will be determined based on rank as of March 31 of every year.

* The above tables will also apply to individuals who are appointed as members of the Board of Directors in the next fiscal year or later.

* The amount of share-based compensation applicable to individuals appointed as an executive officer of a Plan-adoptee Company while on secondment at that company will be the amount based on their rank at the company from which they are seconded.

(*2) Base share price

The base share price will be the average per-share acquisition price (rounded off to the fourth decimal place) of the Company shares held in the trust used by the Plan. The trust is scheduled to acquire the Company shares in late July 2018. The average per-share acquisition price will be disclosed separately in the Company's Annual Securities Report to be filed in 2019.

(*3) Short-term performance linkage coefficient

① Metrics, values and weightings to be used to link short-term performance units to performance

| Metric to be used | Value to be used | Weighting |
|-------------------------------|--|-----------|
| Consolidated net sales | Forecast (quantified in millions of yen) for the given fiscal year in the Company's financial results released in April or May of that fiscal year | 50% |
| Consolidated operating profit | Same as above | 50% |

② Performance linkage coefficient to be used to link short-term performance units to performance

| Target's degree of attainment | Performance linkage coefficient |
|-------------------------------|---------------------------------|
| 120% or more | 200% |
| 115% to less than 120% | 175% |
| 110% to less than 115% | 150% |
| 105% to less than 110% | 125% |
| 100% to less than 105% | 100% |
| 90% to less than 100% | 50% |
| Less than 90% | 0% |

(*4) Method of linking medium-term performance units to performance

① Metrics, values and weightings to be used to link medium-term performance units to performance

| Metric to be used | Value to be used | Weighting |
|-------------------------------|---|-----------|
| Consolidated net sales | Medium-term management plan target (quantified in millions of yen) disclosed at the beginning of said plan's term | 50% |
| Consolidated operating profit | Same as above | 50% |

② Performance linkage coefficient to be used to link medium-term performance units to performance

| Target's degree of attainment | Performance linkage coefficient |
|-------------------------------|---------------------------------|
| 120% or more | 200% |
| 115% to less than 120% | 175% |
| 110% to less than 115% | 150% |
| 105% to less than 110% | 125% |
| 100% to less than 105% | 100% |
| 90% to less than 100% | 50% |
| Less than 90% | 0% |

(iv) Other

In the event of the retirement or overseas reassignment (the "Departure") of any of the Eligible Board Members during the Applicable Period, the number of shares and cash proceeds from the sale of shares (*5) to which he or she would be entitled will be based on his or her cumulative unit total at the time of his or her Departure.

In such cases, cumulative unit totals will be tallied by summing the applicable values below. If the Departure occurs at any time other than the end of a fiscal year, units for the fiscal year during which the Departure occurred will be adjusted according to his or her tenure.

① If the Departure occurs after one fiscal year has elapsed:

- First fiscal year's short-term performance units × short-term performance linkage coefficient
- First fiscal year's medium-term performance units × short-term performance linkage coefficient

② If the Departure occurs after two fiscal years have elapsed:

- First fiscal year's short-term performance units × short-term performance linkage coefficient
- First fiscal year's medium-term performance units × short-term performance linkage coefficient
- Second fiscal year's short-term performance units × short-term performance linkage coefficient
- Second fiscal year's medium-term performance units × short-term performance linkage coefficient

(*5) If any of the Eligible Board Members is reassigned overseas, the number of shares corresponding to his or her cumulative units total will be sold and the cash proceeds from the sale will be paid to him or her. If any of the Eligible Board Members dies during the Applicable Period, the number of shares corresponding to his or her cumulative unit total will be sold and the cash proceeds from the sale will be paid to his or her heir(s).

5) Status of shares held

1. Number of shares for investment held for any purpose other than pure investment and total carrying value.

Number of such shares held: 24

Total of the carrying value: ¥13,922 million

2. Holding classification, issuer, number of shares held, carrying value, and purposes for ownership of the shares for investment held for any purpose other than pure investment

(Previous fiscal year)

Specific shares for investment

| Issuer | Number of shares held | Carrying value (Yen in millions) | Purposes for ownership |
|--------------------------------------|-----------------------|----------------------------------|--|
| Brother Industries, Ltd. | 1,120,300 | 2,605 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| ROHM Co., Ltd. | 228,600 | 1,692 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| NICHICON Corporation | 1,184,600 | 1,228 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| KYOCERA Corporation | 175,600 | 1,089 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| The Shiga bank, Ltd. | 1,592,440 | 909 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Mitsubishi UFJ Financial Group, Inc. | 1,251,129 | 875 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| The Bank of Kyoto, Ltd. | 1,028,283 | 834 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| HORIBA, Ltd. | 124,500 | 743 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| SCREEN Holdings Co., Ltd. | 57,600 | 472 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| Mizuho Financial Group, Inc | 1,064,124 | 217 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Hibiya Engineering, Ltd. | 126,000 | 206 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |

| Issuer | Number of shares held | Carrying value (Yen in millions) | Purposes for ownership |
|---------------------------------------|-----------------------|----------------------------------|--|
| The Hachijuni Bank, Ltd. | 256,439 | 161 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Nissha Printing Co., Ltd. | 56,300 | 149 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| Sumitomo Mitsui Financial Group, Inc. | 31,483 | 127 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| The Fukui Bank, Ltd. | 421,000 | 111 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Dai-ichi Life Holdings, Inc. | 17,400 | 35 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| NAGANO KEIKI Co., Ltd. | 665 | 0 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |

(Current fiscal year)

Specific shares for investment

| Issuer | Number of shares held | Carrying value (Yen in millions) | Purposes for ownership |
|--------------------------------------|-----------------------|----------------------------------|--|
| Brother Industries, Ltd. | 1,120,300 | 2,771 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| ROHM Co., Ltd. | 228,600 | 2,316 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| NICHICON Corporation | 1,184,600 | 1,425 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| The Bank of Kyoto, Ltd. | 205,656 | 1,222 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| KYOCERA Corporation | 175,600 | 1,054 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| HORIBA, Ltd. | 124,500 | 1,026 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| Mitsubishi UFJ Financial Group, Inc. | 1,251,129 | 872 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| The Shiga bank, Ltd. | 1,592,440 | 854 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| SCREEN Holdings Co., Ltd. | 57,600 | 562 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| Mizuho Financial Group, Inc. | 1,064,124 | 204 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Nissha Co., Ltd. | 56,300 | 161 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |
| The Hachijuni Bank, Ltd. | 256,439 | 146 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |

| Issuer | Number of shares held | Carrying value (Yen in millions) | Purposes for ownership |
|---------------------------------------|-----------------------|----------------------------------|--|
| Sumitomo Mitsui Financial Group, Inc. | 31,483 | 140 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| The Fukui Bank, Ltd. | 421,000 | 98 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| Dai-ichi Life Holdings, Inc. | 17,400 | 34 | Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution |
| NAGANO KEIKI Co., Ltd. | 665 | 1 | Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship |

6) Status of auditing by the Accounting Auditor, members of the Audit & Supervisory Board and Internal Auditors

The Company has an auditing agreement with PricewaterhouseCoopers Kyoto to conduct audits required under the Companies Act and the Financial Instruments and Exchange Act. PricewaterhouseCoopers Kyoto conducts the financial statement audits from a standpoint of an independent third party. The Company receives reports of audit results from them, exchange opinions with them and be advised for improvement by them. The certified public accountants and their assistants for this term are as follows.

Certificated public accountants who executed audit are as follows:

| | |
|-----------------------------------|--------------------|
| Designated and Engagement Partner | Yukihiro Matsunaga |
| Designated and Engagement Partner | Tsuyoshi Yamamoto |

(Note) Both of the certified public accountants have spent no more than seven years auditing the Company, and as such figures for continuous audit years have been omitted.

Assistants in auditing operations

Eight CPAs, four members of the Japanese Institute of Junior Accountants, and 20 others

The members of the Company's Audit & Supervisory Board have meetings with accounting auditors twice to three times a year as necessary in addition to the quarterly meetings. At these meetings, they exchange information and opinions regarding audit results, audit structures, audit plans, the progress of audits and so forth.

7) The number of the members of the Company's Board of Directors

The Company's Articles of Incorporation prescribe that the number of the members of the Company's Board of Directors be not more than 20.

8) Requirements for a resolution on the election of members of the Company's Board of Directors

The Company's Articles of Incorporation prescribe that a resolution on the election of members of the Company's Board of Directors be adopted by a majority of the voting rights of shareholders attending the general meeting of shareholders who collectively hold one-third or more of all voting rights, and that cumulative voting not be applied to pass a resolution on the election of members of the Board of Directors.

9) The body that makes a decision on dividends of surplus, etc.

The Company's Articles of Incorporation prescribe that matters specified in the items of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act of Japan, including those related to dividends of surplus, shall be decided by resolution of the Board of Directors without obtaining a resolution at a general meeting of shareholders, unless otherwise stipulated by laws and regulations. This is intended to enable the expeditious return of profits to shareholders by putting dividends of surplus, etc., under the Board of Directors' jurisdiction.

10) Requirements for special resolutions of the general meeting of shareholders

The Company's Articles of Incorporation prescribe that a special resolution of the general meeting of shareholders, as specified by Article 309, Paragraph 2 of the Companies Act of Japan be adopted by at least two-thirds of the voting rights of the shareholders attending the general meeting of shareholders who collectively hold one-third or more of all voting rights. This is intended to facilitate the operation of the general meetings of shareholders by easing the quorum for special resolutions of the general meeting of shareholders.

(2) Audit fee, etc.

1) Details of fees paid to the accounting auditor involved in the audit

| Category | For the year ended March 31, | | | |
|--|---|---|---|---|
| | 2017 | | 2018 | |
| | Audit fees for audit services (Yen in millions) | Audit fees for non-audit services (Yen in millions) | Audit fees for audit services (Yen in millions) | Audit fees for non-audit services (Yen in millions) |
| The Company | 218 | 2 | 226 | 4 |
| The Company's consolidated subsidiaries | 319 | - | 328 | - |
| Total | 537 | 2 | 554 | 4 |

2) Other important fees

(For the fiscal year ended March 31, 2017)

Audit fees paid by the Company and its consolidated subsidiaries, Nidec Americas Holding Corporation and 52 other subsidiaries, to the member firms of PricewaterhouseCoopers International Limited, which belong to the same network as the Company's accounting auditor, were ¥665 million. This fee is paid for audit services and non-audit services.

(For the fiscal year ended March 31, 2018)

Audit fees paid by the Company and its consolidated subsidiaries, Nidec Americas Holding Corporation and 54 other subsidiaries, to the member firms of PricewaterhouseCoopers International Limited, which belong to the same network as the Company's accounting auditor, were ¥1,096 million. This fee is paid for audit services and non-audit services.

3) Non-audit services provided by the accounting auditor to the Company

(For the fiscal year ended March 31, 2017)

The Company consigns and pays consideration to the accounting auditor for services concerning the preparation of comfort letters, which are non-audit services outside the scope of Article 2, Paragraph 1 of Certified Public Accountants Act of Japan.

(For the fiscal year ended March 31, 2018)

The Company consigns and pays consideration to the accounting auditor for services concerning the preparation of comfort letters, which are non-audit services outside the scope of Article 2, Paragraph 1 of Certified Public Accountants Act of Japan.

4) Policy for determining the audit fee

In determination of audit fees, factors such as the validity of the auditing plans are verified.

V. Consolidated Financial Statements and Other Information

1. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Yen in millions)

| | Note | As of March 31, | |
|---|--------|-----------------|-----------|
| | | 2017 | 2018 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 321,580 | 265,947 |
| Trade and other receivables | 9 | 348,897 | 388,741 |
| Other financial assets | 30 | 2,951 | 1,718 |
| Income tax receivables | | 1,676 | 2,402 |
| Inventories | 10 | 196,827 | 227,792 |
| Other current assets | 11 | 28,302 | 31,463 |
| Total current assets | | 900,233 | 918,063 |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 399,739 | 447,323 |
| Goodwill | 13 | 218,786 | 234,116 |
| Intangible assets | 13 | 121,056 | 122,723 |
| Investments accounted for using the equity method | 32 | 1,125 | 1,112 |
| Other investments | 14, 30 | 19,583 | 22,295 |
| Other financial assets | 30 | 3,764 | 5,464 |
| Deferred tax assets | 22 | 9,986 | 10,923 |
| Other non-current assets | 15 | 4,725 | 6,728 |
| Total non-current assets | | 778,764 | 850,684 |
| Total assets | | 1,678,997 | 1,768,747 |

(Yen in millions)

| | Note | As of March 31, | |
|---|------------|------------------|------------------|
| | | 2017 | 2018 |
| Liabilities | | | |
| Current liabilities | | | |
| Short term borrowings | 18, 19, 30 | 166,606 | 1,657 |
| Long term debt due within one year | 18, 19, 30 | 84,040 | 29,538 |
| Trade and other payables | 16 | 251,236 | 317,031 |
| Other financial liabilities | 30 | 1,844 | 1,557 |
| Income tax payables | | 6,690 | 7,583 |
| Provisions | 23 | 25,210 | 28,498 |
| Other current liabilities | 17 | 63,398 | 61,771 |
| Total current liabilities | | <u>599,024</u> | <u>447,635</u> |
| Non-current liabilities | | | |
| Long term debt | 18, 19, 30 | 161,785 | 314,602 |
| Other financial liabilities | 30 | 1,315 | 2,373 |
| Retirement benefit liabilities | 20 | 22,656 | 24,195 |
| Provisions | 23 | 3,614 | 4,544 |
| Deferred tax liabilities | 22 | 31,498 | 29,496 |
| Other non-current liabilities | | 3,299 | 2,924 |
| Total non-current liabilities | | <u>224,167</u> | <u>378,134</u> |
| Total liabilities | | <u>823,191</u> | <u>825,769</u> |
| Equity | | | |
| Common stock | 24 | 87,784 | 87,784 |
| Additional paid-in capital | 24 | 118,340 | 118,136 |
| Retained earnings | | 715,911 | 823,189 |
| Other components of equity | 21, 24 | (63,320) | (76,870) |
| Treasury stock | | (12,143) | (19,151) |
| Total equity attributable to owners of the parent | | <u>846,572</u> | <u>933,088</u> |
| Non-controlling interests | | 9,234 | 9,890 |
| Total equity | | <u>855,806</u> | <u>942,978</u> |
| Total liabilities and equity | | <u>1,678,997</u> | <u>1,768,747</u> |

(2) Consolidated Statements of Income

(Yen in millions)

| | | For the years ended March 31, | |
|---|------|-------------------------------|-------------|
| | Note | 2017 | 2018 |
| Net sales | 5 | 1,199,311 | 1,488,090 |
| Cost of sales | 26 | (913,680) | (1,130,926) |
| Gross profit | | 285,631 | 357,164 |
| Selling, general and administrative expenses | 26 | (93,458) | (134,089) |
| Research and development expenses | 26 | (52,807) | (55,438) |
| Operating profit | 5 | 139,366 | 167,637 |
| Financial income | 27 | 3,368 | 6,577 |
| Financial expenses | 27 | (3,063) | (7,007) |
| Derivative gain (loss) | 29 | 405 | (275) |
| Foreign exchange differences | | 1,771 | (2,590) |
| Share of net (loss) profit from associate accounting using the equity method | 32 | (534) | 118 |
| Profit before income taxes | | 141,313 | 164,460 |
| Income tax expenses | 22 | (29,356) | (32,339) |
| Profit for the year | | 111,957 | 132,121 |
| Profit for the year attributable to: | | | |
| Owners of the parent | | 111,007 | 131,434 |
| Non-controlling interests | | 950 | 687 |
| Profit for the year | | 111,957 | 132,121 |
| Earnings per share attributable to owners of the parent | 28 | | |
| Basic (yen) | | 374.27 | 443.94 |
| Diluted (yen) | | - | - |

Consolidated Statements of Comprehensive Income

(Yen in millions)

| | Note | For the years ended March 31, | |
|--|------|-------------------------------|----------|
| | | 2017 | 2018 |
| Profit for the year | | 111,957 | 132,121 |
| Other comprehensive income, net of taxation | | | |
| Items that will not be reclassified to net profit or loss: | | | |
| Remeasurement of defined benefit plans | | 761 | 425 |
| Fair value movements on FVTOCI equity financial assets | | 2,694 | 2,093 |
| Items that may be reclassified to net profit or loss: | | | |
| Foreign currency translation adjustments | | (8,318) | (13,894) |
| Effective portion of net changes in fair value of cash flow hedges | | 1,118 | 399 |
| Fair value movements on FVTOCI debt financial assets | | (0) | (3) |
| Total other comprehensive income for the year, net of taxation | 21 | (3,745) | (10,980) |
| Comprehensive income for the year | | 108,212 | 121,141 |
| Comprehensive income for the year attributable to: | | | |
| Owners of the parent | | 107,311 | 120,399 |
| Non-controlling interests | | 901 | 742 |
| Comprehensive income for the year | | 108,212 | 121,141 |

(3) Consolidated Statements of Changes in Equity

For the year ended March 31, 2017

(Yen in millions)

| | Note | 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, 2016 | | 87,784 | 118,341 | 625,168 | (56,159) | (12,111) | 763,023 | 8,346 | 771,369 |
| Comprehensive income | | | | | | | | | |
| Profit for the year | | | | 111,007 | | | 111,007 | 950 | 111,957 |
| Other comprehensive income | 21 | | | | (3,696) | | (3,696) | (49) | (3,745) |
| Total comprehensive income | | | | | | | 107,311 | 901 | 108,212 |
| Transactions with owners directly recognized in equity: | | | | | | | | | |
| Purchase of treasury stock | | | | | | (33) | (33) | - | (33) |
| Dividends paid to the owners of the parent | 25 | | | (23,728) | | | (23,728) | - | (23,728) |
| Dividends paid to non-controlling interests | | | | | | | - | (18) | (18) |
| Transfer to retained earnings | | | | 3,464 | (3,464) | | - | - | - |
| Other | | | (1) | | (1) | 1 | (1) | 5 | 4 |
| Balance at March 31, 2017 | | 87,784 | 118,340 | 715,911 | (63,320) | (12,143) | 846,572 | 9,234 | 855,806 |

For the year ended March 31, 2018

(Yen in millions)

| | Note | 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, 2017 | | 87,784 | 118,340 | 715,911 | (63,320) | (12,143) | 846,572 | 9,234 | 855,806 |
| Comprehensive income | | | | | | | | | |
| Profit for the year | | | | 131,434 | | | 131,434 | 687 | 132,121 |
| Other comprehensive income | 21 | | | | (11,035) | | (11,035) | 55 | (10,980) |
| Total comprehensive income | | | | | | | 120,399 | 742 | 121,141 |
| Transactions with owners directly recognized in equity: | | | | | | | | | |
| Purchase of treasury stock | | | | | | (7,008) | (7,008) | - | (7,008) |
| Dividends paid to the owners of the parent | 25 | | | (26,670) | | | (26,670) | - | (26,670) |
| Dividends paid to non-controlling interests | | | | | | | - | (39) | (39) |
| Transfer to retained earnings | | | | 2,514 | (2,514) | | - | - | - |
| Other | | | (204) | | (1) | | (205) | (47) | (252) |
| Balance at March 31, 2018 | | 87,784 | 118,136 | 823,189 | (76,870) | (19,151) | 933,088 | 9,890 | 942,978 |

(4) Consolidated Statements of Cash Flows

(Yen in millions)

| | For the years ended March 31, | | |
|---|-------------------------------|----------|----------|
| | Note | 2017 | 2018 |
| Cash flows from operating activities: | | | |
| Profit for the year | | 111,957 | 132,121 |
| Adjustments to reconcile profit for the year to net cash provided by operating activities | | | |
| Depreciation | | 50,530 | 57,496 |
| Amortization | | 9,207 | 10,924 |
| (Gain) loss from sales, disposal or impairment of property, plant and equipment | | (1,224) | 372 |
| Financial income | | (163) | (23) |
| Share of net loss (profit) from associate accounting using the equity method | | 534 | (118) |
| Deferred income taxes | | 580 | (2,154) |
| Current income taxes | | 28,775 | 34,493 |
| Foreign currency adjustments | | (6,636) | (7,096) |
| (Decrease) increase in retirement benefit liability | | (94) | 915 |
| Increase in accounts receivable | | (65,582) | (30,632) |
| Increase in inventories | | (5,942) | (24,916) |
| Increase in accounts payable | | 39,229 | 47,809 |
| Other, net | | (6,465) | (8,947) |
| Interests and dividends received | | 3,160 | 6,482 |
| Interests paid | | (3,052) | (6,647) |
| Income taxes paid | | (24,961) | (34,511) |
| Net cash provided by operating activities | | 129,853 | 175,568 |

(Yen in millions)

| | | For the years ended March 31, | |
|--|------|-------------------------------|-----------------------|
| | Note | 2017 | 2018 |
| <hr/> | | | |
| Cash flows from investing activities: | | | |
| Additions to property, plant and equipment | | (68,718) | (90,841) |
| Proceeds from sales of property, plant and equipment | | 1,786 | 6,856 |
| Additions to intangible assets | | (3,494) | (9,544) |
| Acquisitions of business, net of cash acquired | | (139,862) | (20,071) |
| Other, net | | (1,188) | (315) |
| Net cash used in investing activities | | <u>(211,476)</u> | <u>(113,915)</u> |
| Cash flows from financing activities: | 8 | | |
| Increase (decrease) in short term borrowings | | 93,784 | (178,724) |
| Proceeds from issuance of long term debt | | 58,707 | 84,062 |
| Repayments of long term debt | | (32,782) | (38,023) |
| Proceeds from issuance of corporate bonds | | 50,001 | 115,001 |
| Redemption of corporate bonds | | (50,000) | (65,000) |
| Purchase of treasury stock | | (33) | (7,008) |
| Dividends paid to the owner of the parent | | (23,728) | (26,670) |
| Other, net | | (101) | (496) |
| Net cash provided by (used in) financing activities | | <u>95,848</u> | <u>(116,858)</u> |
| Effect of exchange rate changes on cash and cash equivalents | | 1,413 | (428) |
| Net increase (decrease) in cash and cash equivalents | | <u>15,638</u> | <u>(55,633)</u> |
| Cash and cash equivalents at beginning of year | | <u>305,942</u> | <u>321,580</u> |
| Cash and cash equivalents at end of year | 7 | <u><u>321,580</u></u> | <u><u>265,947</u></u> |

Notes to 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 (<http://www.nidec.com/en-Global>).

Consolidated Financial Statements as of March 31, 2018 and for the fiscal year then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC. See “1. Overview of the Company, 4. Information on Affiliates” for a structure of group companies.

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 and motor applications.
- 2) Automotive, appliance, commercial and industrial products, which include automotive motors and components, home appliance, commercial and industrial motors and related products.
- 3) Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- 4) Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- 5) Others, which include services.

2. Basis of preparation of consolidated financial statements

(1) Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of NIDEC have been prepared in accordance with IFRS pursuant to the provision of Article 93 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), as the Company meets the criteria of a “Designated IFRS Specified Company” defined in Article 1-2 of the Regulation.

(2) Basis of measurement

As stated in “Note 3. Significant accounting policies”, the consolidated financial statements have been prepared on a historical cost basis, except for some assets and liabilities, including derivative and other financial instruments measured at fair value.

(3) Presentation currency and level of rounding

The consolidated financial statements are presented in Japanese Yen, which is also the Company’s functional currency, and figures are rounded to the nearest million yen, except as otherwise indicated.

(4) Early adoption of new IFRS standards

NIDEC has early adopted IFRS 9 “Financial Instruments” (amended in July 2014).

(5) Changes in accounting policies

NIDEC has adopted the following statement from the fiscal year ended March 31, 2018..

| IFRS | | Summaries of new standards and amendments |
|-------|------------------------|---|
| IAS 7 | Statement of Cash Flow | Additional disclosure of changes in liabilities arising from financing activities |

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

(6) Issued IFRS standards and interpretations not yet adopted by NIDEC

The following is a list of major IFRS standards and interpretations that are issued or amended before the approval date of the consolidated financial statements, but not yet adopted by NIDEC.

| IFRS | | Effective date (Fiscal year beginning on or after) | NIDEC's application date (Fiscal year ending) | Summaries of new standards and amendments |
|---------|--|--|---|---|
| IFRS 15 | Revenue from Contracts with Customers | January 1, 2018 | March 31, 2019 | Revised accounting standard for revenue recognition |
| IFRS 16 | Leases | January 1, 2019 | March 31, 2020 | Revised accounting standard for leases |

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Application of IFRS 15, "Revenue from Contracts with Customers", will result in the following main change in accounting policies and impact on consolidated financial statements.

(i) Sales of goods

NIDEC manufactures and sells small precision motors, certain automotive, appliance, commercial and industrial products, certain machinery, and electronic and optical components. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly expects to recognize revenue from sales of goods at the time of the goods delivery.

(ii) Construction contracts

Additionally, for certain automotive, appliance, commercial and industrial products and certain machinery, NIDEC transfers control of a good or service over time and therefore, satisfies a performance obligation and recognizes revenue over time. NIDEC is able to reasonably measure progress toward complete satisfaction of its performance obligations. Accordingly, NIDEC expects to recognize revenue from sales of certain automotive, appliance, commercial and industrial products and certain machinery based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period.

In applying IFRS 15, NIDEC elects to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings on the date of initial application, as permitted as a transition method (modified retrospective approach). NIDEC estimates that the impact on its consolidated financial statements from application of IFRS 15 in the fiscal year ending March 31, 2019, will be immaterial.

The potential impacts of IFRS 16 "Leases" on NIDEC's consolidated financial statements are still under consideration and cannot be estimated at this time.

(7) Changes in presentation methods

(Consolidated statements of cash flows)

"Additions to intangible assets," included on the "Other, net" line of "Cash flows from investing activities" in the previous fiscal year, are presented as a separate line item in the fiscal year under review because their quantitative materiality increased.

Additionally, "Proceeds from sales or redemption of marketable securities," presented as a separate line item of "Cash flows from investing activities" in the previous fiscal year, are included on the "Other, net" line in the fiscal year under review because their quantitative materiality decreased.

The previous fiscal year's consolidated financial statements contained herein have been reclassified to reflect these changes in presentation.

As a result, the ¥237 million and (¥4,919) million respectively reported as "Cash flows from investing activities" on the "Proceeds from sales or redemption of marketable securities" and "Other, net" lines of the previous fiscal year's consolidated statements of cash flows have been reclassified herein with (¥3,494) million on the "Additions to intangible assets" line and (¥1,188) million on the "Other, net" line.

3. Significant accounting policies

Significant accounting policies apply to all periods mentioned in the consolidated financial statements.

(1) Basis of consolidation

The consolidated financial statements include financial statements of NIDEC and investments in associates.

(i) Subsidiaries

Subsidiaries are all entities over which NIDEC has the control. NIDEC controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Financial statements of subsidiaries are included in the consolidated financial statements from the date when NIDEC gets control to the date when NIDEC loses control of it.

The financial statements of the subsidiaries may be adjusted where accounting policies are different to those of NIDEC.

Inter-company receivables and payables, transactions, and unrealized gains and losses on transactions between group companies are eliminated in the preparation of the consolidated financial statements.

There may be additional purchase and/or partial sale of shares of the subsidiaries by NIDEC. Changes in NIDEC's ownership interests in subsidiaries that do not result in a loss of control are reported as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributable to the owners of the parent. When losing control, any gain or loss associated with the loss of control is recognized as net profit or loss.

(ii) Non-controlling interests

Non-controlling interests of consolidated subsidiaries are presented separately from the equity of the owners of the parent.

Non-controlling interests consist of those interests on the date of the initial business combination and changes of the non-controlling interests from the date of the combination. Comprehensive income is allocated to the controlling and non-controlling interests, even when the allocation results in negative non-controlling interests.

(iii) Associates

Associates are all entities over which NIDEC has the ability to exercise significant influence on their financial and operating policies but does not have control.

Associates are accounted for using the equity method from the date when NIDEC acquires significant influence to the date when NIDEC loses it. The investments in associates include goodwill recognized upon acquisition.

(2) Business combinations

Business combinations are accounted for on the date when NIDEC acquires controls over the businesses according to the acquisition method. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the aggregate of the consideration transferred, acquirer's non-controlling interest, and, in a business combination achieved in stages, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of NIDEC's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of income as a gain on bargain purchase.

Non-controlling interests are presented separately from the equity of the owners of the parent. The non-controlling interest can be measured using either of the following methods:

- 1) Measuring a non-controlling interest at its fair value.
- 2) Measuring the non-controlling interest's proportional share of the net value of the identifiable assets acquired and the liabilities assumed.

This policy choice is made for each business combination.

NIDEC uses provisional amounts in its consolidated financial statements if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. NIDEC retrospectively adjusts the provisional amounts during the measurement period, which shall not exceed one year from the acquisition date.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid / received is not recognized as goodwill or gains and losses but recognized in additional paid-in capital.

(3) Foreign currency translation

(i) Functional currency

Each entity in NIDEC group determines its own functional currencies and transactions of each entity are measured in its own functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or an exchange rate which approximates the prevailing rates. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using closing rates are recognized in the consolidated statements of income, except for those deferred in equity as effective cash flow hedges.

(iii) Foreign operations

With regard to the financial statements of foreign subsidiaries and associates, assets and liabilities are translated into Japanese yen by using the exchange rates prevailing at the closing date. Income and expenses are translated into Japanese yen at the average exchange rates prevailing during the fiscal period. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When NIDEC disposes a foreign operation and loses control or significant influence of the foreign operation, the cumulative exchange differences related to the operation are recognized in the consolidated statements of income as part of the gain or loss on disposal.

(4) Cash and cash equivalents

Cash and cash equivalents are cash, deposits readily withdrawn as needed and highly liquid investments which have original maturities within three months from the acquisition date that are convertible to cash of the presented amount and are subject to an insignificant risk of changes in value caused by interest rate fluctuation due to short maturity. NIDEC participates in an arrangement with a single financial institution to carry out notional pooling between group companies including foreign subsidiaries, to fund short-term liquidity needs. This arrangement contains specific provisions for the right to offset positive and negative cash balances. The facility allows for cash withdrawals from this financial institution up to our aggregate cash deposits within the same financial institution.

(5) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the average cost basis. Cost of projects in progress, which mainly relate to production of factory automation equipment based on contracts with customers, are determined by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable completion cost and selling expense.

(6) Property, plant and equipment

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment includes costs directly attributable to the acquisition, the initial estimate of costs of dismantling and removing the items and restoring the site on which they are located, and the borrowing cost that meets the criteria for capitalization.

Costs incurred after initial recognition are recognized as an asset, either by including the amount in the carrying amount of the acquired asset or recognizing the amount as a separate asset, only when it is probable that future economic benefits associated with the costs will flow to NIDEC and the amount can be reliably measured. All other costs of repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

The depreciable amounts of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each asset. The depreciable amount of an asset is determined by deducting its residual value from its cost.

The estimated useful lives of major classes of property, plant and equipment are as follows:

| | |
|-------------------------|------------|
| Buildings | 3–50 years |
| Machinery and equipment | 2–15 years |

Assets held under finance leases are depreciated over the estimated useful lives if there is reasonable certainty that NIDEC will obtain ownership by the end of lease terms. However, if not, they are depreciated over the shorter of their estimated useful lives or lease terms.

The useful lives, residual values, and depreciation methods of property, plant and equipment are reviewed at the end of the period. Any changes are regarded as a change in accounting estimate and recognized prospectively.

(7) Goodwill and intangible assets

(i) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized, but allocated to cash-generating units, based on the allocation of expected benefits from business combination, and tested for impairment annually or whenever there is an indication of impairment. Impairment losses of goodwill are recognized on the consolidated statements of income and cannot be reversed.

Initial measurement policies of goodwill are stated in “(2) Business combinations”.

(ii) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost less accumulated amortization and impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition, and those acquired by business combination are recognized separately from goodwill at fair value at acquisition date if these intangible assets meet the definition of intangible assets, are identifiable, and are able to be measured reliably at fair value.

Research expenditure, which is defined as investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense as incurred.

Costs incurred on development projects are recognized as intangible assets when the following conditions are met: the costs incurred can be measured reliably, the assets are technologically feasible to be industrialized, the assets are estimated to provide economic benefit to NIDEC, and NIDEC has intention and ample resources to complete the development and utilize and/or commercialize the assets. Other development expenditure is recognized as an expense as incurred.

Major intangible assets that have a definite useful life are amortized by a straight-line method based on estimated useful lives. These estimated useful lives of major intangible assets are described below.

| | |
|------------------------|------------|
| Customer relationships | 5–30 years |
| Software | 2–10 years |
| Proprietary technology | 9–20 years |

The useful lives and amortization method of intangible assets with finite useful lives are reviewed at the end of the period. Any changes are regarded as a change in accounting estimate and recognized prospectively.

For intangible assets with finite useful life, an impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets with indefinite useful life or which are not available for use are not amortized, and impairment test is carried out on an annual basis (January 1) or at time when there is an indication that the unit may be impaired, or situation is changed.

(8) Leases

Leases are classified as finance leases whenever substantially all the risks and rewards incidental to ownership of assets are transferred to NIDEC. All other leases are classified as operating leases.

(i) Finance lease

Leased assets and lease obligations are initially recognized in the consolidated statements of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments at the inception of the lease.

Lease obligations are split between long term debt due within one year and long term debt in the consolidated statements of financial position. The financial expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liabilities.

Depreciation method is stated in “(6) Property, plant and equipment”.

(ii) Operating lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

(9) Government grants

Government grants are recognized and measured at fair value, if there is reasonable assurance that NIDEC will comply with the conditions attached to them and that the grants will be received. Government grants that are intended to compensate for specific costs are recognized as income in the period in which NIDEC recognizes the corresponding expenses. Government grants related to property, plant and equipment are recognized as deferred income and then recognized in profit over the expected useful life of the relevant asset on a regular basis.

(10) Impairment of non-financial assets

At the end of each reporting period, NIDEC assesses each of its assets to see whether there is an indication that it may be impaired. If there is an indication that an asset may be impaired or an annual impairment test is required, then the asset's recoverable amount is estimated. For goodwill, intangible assets having indefinite useful life, and intangible assets not yet available for use, an impairment test is carried out annually or whenever there is an indication of impairment.

When it is not possible to estimate the recoverable amount of an individual asset, NIDEC estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the reduction is recognized as an impairment loss.

In measuring the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

NIDEC assesses whether there is any indication that an impairment loss recognized in previous years for all non-financial assets other than goodwill may no longer exist or may have decreased in such case that there are any changes in assumptions used for the determination of the recoverable amount. If such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated. If the recoverable amount of the asset or the cash-generating unit is greater than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount and the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in previous years.

(11) Financial instruments

(i) Initial recognition

Financial assets are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date). Trade and other receivables are initially recognized on the date such receivables arise. Financial liabilities such as debt instruments issued by NIDEC are recognized at issuance date, and other financial liabilities are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date).

Financial assets and liabilities are measured at fair value at initial recognition. Transaction cost directly attributable to the acquisition of financial assets and issuance of financial liabilities is added to financial assets' fair value or subtracted from financial liabilities' fair value at initial recognition except for those measured at fair value through profit or loss (FVTPL financial assets and FVTPL financial liabilities). NIDEC does not possess any non-derivative FVTPL financial liabilities as of the end of this period. Transaction costs that are directly attributable to the acquisition of FVTPL financial assets are recognized in net profit or loss.

(ii) Non-derivative financial assets

NIDEC classifies non-derivative financial assets upon initial recognition as either financial assets measured at amortized costs, financial assets measured at fair value through other comprehensive income (FVTOCI financial assets) or FVTPL financial assets.

Financial assets measured at amortized costs

Financial assets are subsequently measured by amortized costs if both of the following conditions are met:

- Financial assets are held in a business model with the objective to collect contractual cash flows.
- Contractual cash flows represent solely payments of principal and interest on the principal amount outstanding on specified dates.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying

amount of financial assets measured at amortized cost is subsequently measured using the effective interest method. Interest accrued on financial assets measured at amortized cost is included in financial income in the consolidated statement of income.

FVTOCI financial assets

(a) FVTOCI debt financial assets

Financial assets are classified as FVTOCI debt financial assets if both of the following conditions are met:

- It is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A change in fair value of FVTOCI debt financial assets except for impairment gain or loss and foreign exchange gain or loss is recognized as other comprehensive income until derecognition. Upon derecognition the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net profit or loss.

(b) FVTOCI equity financial assets

Upon initial recognition, NIDEC may make an irrevocable election to present changes in the fair value of an investment in equity financial assets that is not held for trading as other comprehensive income.

FVTOCI equity financial assets are measured at fair value after initial recognition, and its change in fair value is recognized as other comprehensive income, which is immediately transferred directly to retained earnings from other components of equity. It does not flow through net profit or loss. However, dividends from such investments are recognized in net profit or loss as part of financial income.

FVTPL financial assets

Financial assets that do not qualify as financial assets measured at amortized costs are classified as FVTPL financial assets except for those that are qualified or designated as FVTOCI financial assets. All equity investments are to be classified as FVTPL financial assets and subsequently measured at fair value, with value changes recognized in net profit or loss, except for those equity investments for which NIDEC has made an irrevocable election to present value changes in other comprehensive income upon initial recognition.

(iii) Impairment of financial assets measured at amortized costs

For financial assets measured at amortized costs, expected credit loss allowance against expected credit loss is estimated and recognized at each reporting date.

When the credit risk of the financial instrument has increased significantly since initial recognition until the reporting date, expected credit loss allowance against the financial instrument is measured at the same amount as full lifetime expected credit losses after all reasonable and supportable information available including forecasts is considered. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- significant increases in credit risk on other financial instruments of the same borrower

Otherwise, expected credit loss allowance against the financial instrument is measured at the amount equivalent to the 12-month expected credit losses.

However, with respect to trade receivables, notwithstanding the aforementioned, expected credit loss allowance is always measured at an amount equal to full lifetime expected credit losses.

The amount of expected credit losses and reversal of them is recognized as impairment losses and reversal of impairment losses in net profit or loss.

(iv) Derecognition of non-derivative financial assets

Non-derivative financial assets are derecognized when the contractual rights to receive cash flows from the financial assets expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred. Any rights and obligations created or retained in the transfer are recognized as separate assets and liabilities.

(v) Derecognition and subsequent measurement of non-derivative financial liabilities

After initial recognition, non-derivative financial liabilities, including trade and other payables and other financial liabilities, are subsequently measured at amortized cost using the effective interest method. Interest accrued on these financial liabilities is included in financial expenses in the consolidated statement of income.

The financial liabilities are derecognized when the obligations are fulfilled or when liabilities are discharged, cancelled, or expired.

(vi) Derivatives and hedge accounting

NIDEC is engaged in derivative transactions and mainly uses foreign exchange forward contracts, interest rate swap agreements, currency swap agreements, and commodity futures contracts to manage its exposure to risks from changes in foreign exchange rates, interest rates, and commodity prices. NIDEC does not hold derivative financial instruments for trading purpose.

Derivatives are initially recognized at fair value with transaction costs recognized in net profit or loss as incurred, and then subsequently measured at fair value with changes in fair value generally recognized in net profit or loss unless hedge accounting is applied where changes in cash flows from the hedging instrument can offset changes in cash flows from the hedged item to an extent that an objective assessment that the hedging relationship meets the hedge effectiveness requirements can be made.

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship between the hedging instruments and the hedged items, NIDEC's risk management objective, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness. NIDEC judges that the hedge is effective if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instruments;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

NIDEC also formally assesses, both at and after the hedge's inception, whether the derivatives used in hedging transactions are effective in offsetting changes in cash flows of the hedged items. When it is determined that the hedge is not effective or that it has ceased to be effective, NIDEC discontinues hedge accounting prospectively.

Cash flow hedge is accounted for as follows:

When derivative instruments are designated as hedging instruments to offset against the change in cash flows arising from the specific risk that relates to recognized assets or liabilities or highly probable forecast transactions that could affect profit or loss, the effective portion of changes in fair value of derivatives is recognized as cash flow hedges in other components of equity. The ineffective portion of changes in fair value of hedging derivative instruments is recognized in net profit or loss.

The balance of cash flow hedges in other comprehensive income in the consolidated statements of comprehensive income is reclassified to the same accounting item as hedging instrument in the statements of income in the same period or periods during which the hedged expected future cash flows affect profit for the year. However, when the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventories, property, plant and equipment, etc.) or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

If the transactions do not meet the criteria of hedge accounting, or if the hedging instruments expire, or are sold, terminated or exercised, or if the designations have been revoked, the application of hedge accounting shall be prospectively terminated. When a cash flow hedge is discontinued, the balance of cash flow hedges already recognized in other comprehensive income remain in the same account until forecast transaction impacts profit for the year. If it is probable that the forecast transaction will not occur, the balance of cash flow hedge is transferred into net profit or loss immediately.

(12) Income taxes

Current tax

Income tax expenses are comprised of current and deferred taxes, and recognized in net profit or loss, except for those recognized in other comprehensive income or directly in equity.

Income tax payables and income tax receivables at the end of the reporting period are calculated at the amount expected to be paid to or recovered from the taxation authority. Tax rates and tax laws used to calculate tax amounts have been enacted or substantively enacted up to the end of the reporting period.

Current taxes related to items that are recognized in other comprehensive income are recognized in other comprehensive income. Taxes related to items that are recognized directly in equity are recognized directly in equity.

Income tax receivables and income tax payables are offset if, NIDEC has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets and liabilities are measured at the effective tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available to allow deductible temporary differences, unused tax losses, and unused tax credits to be utilized. The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available.

Unrecognized deferred tax assets are also reviewed for collectability at each reporting date, and are recognized to the extent that it is probable that the deferred tax assets will be collectible from future taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences in general.

Deferred tax assets and liabilities relating to following temporary differences are not recognized:

- Taxable temporary differences arising from the initial recognition of goodwill.
- Temporary differences arising from the initial recognition of assets and liabilities from transactions that do not affect both accounting income and taxable profit, except for business combinations.
- Taxable temporary differences associated with investments in subsidiaries and associates when NIDEC is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current assets and liabilities.

Deferred tax assets and liabilities are offset only if NIDEC has a legally enforceable right to set off income tax receivables against income tax payables and either of the following criteria is met:

- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on different taxable entities which intend either to settle income tax receivables and income tax payables on a net basis, or to realize the assets and settle the liabilities simultaneously.

(13) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits such as wages, salaries, social security contributions and other non monetary benefits are not discounted and recognized as an expense when an employee has rendered service to NIDEC.

NIDEC recognizes the cost of bonus payments estimated in accordance with its bonus plan as a liability when NIDEC has a present legal or constructive obligation to make such payments as a result of past services provided by employees and a reliable estimate of the obligation can be made.

(ii) Retirement benefits

Retirement benefits of NIDEC include defined benefits and defined contribution plans.

Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and they are recognized in the consolidated statements of financial position as assets or liabilities. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms consistent with the estimated term of the related pension obligations.

Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in profit or loss.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest, and any change in the effect of the asset ceiling, are recognized as incurred in other comprehensive income under "remeasurement of defined benefit plans", and transferred therefrom to retained earnings immediately.

Contributions paid for defined contribution plans are expensed in the period in which the employees provide the related service.

(14) Provisions

Provisions are recognized when NIDEC has present legal or constructive obligations as a result of past events, it is probable that the settlement of the obligations will be required, and reliable estimates of the obligations can be made.

The detail of the major provision is as follows:

Provision for product warranties

NIDEC provides warranties for specific products and services over an extended period. A provision for product warranties is calculated based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

(15) Revenue recognition

(i) Sales of goods

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied, namely, the significant risks and rewards of ownership of the goods have been transferred to the buyers, NIDEC retains neither continuing managerial involvement nor effective control over the goods sold, it is probable that the economic benefits will flow to NIDEC, and the amount of revenue and costs associated with the transaction can be reliably measured.

For small precision motors, certain automotive, appliance, commercial and industrial products, and electronic and optical components, these criteria generally meet the requirements for revenue recognition at the time a product is delivered to the customer, which is the time the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. These conditions are met at the time of delivery to customers in exports (under FOB destination) and at the time of shipment in exports (under FOB shipping point). Revenue from sales of certain machinery is recognized upon inspection by the final customer.

(ii) Construction contracts

Revenue from sales of certain automotive, appliance, commercial and industrial products and from sales of certain machinery under construction contracts is recognized under the percentage-of-completion method at the end of the reporting period if the outcome of construction contracts can be estimated reliably. The stage of completion is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. Expected loss on construction contracts is immediately recognized as an expense.

(16) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset and remain in assets until the intended use or sale is capable. Other borrowing costs are recognized as an expense in the consolidated statements of income in the period in which they are incurred.

(17) Common stock, additional paid-in capital, and treasury stocks

(i) Ordinary shares

Proceeds from the issuance of ordinary shares by the Company are included in common stock and additional paid-in capital. Transaction costs of issuing ordinary shares (net of tax) are deducted from additional paid-in capital.

(ii) Treasury stocks

When the Company reacquires its own equity instruments (treasury stocks), the amount of the consideration paid including transaction costs is deducted from equity. NIDEC never recognizes profit and loss when it purchases, sells and disposes treasury stocks. When the Company sells treasury stocks, the difference between the carrying amount and the consideration received from the sale is recognized in additional paid-in capital.

(18) Fair value estimation

NIDEC measures derivative financial instruments and financial instruments measured at fair value using their fair values at the end of the period. See "Note 30. Fair values" for the definition of fair value and inputs (i.e. various presumptions) used to develop those measurements.

For recurring fair value measurements of assets and liabilities, NIDEC reviews whether there are transfers between levels of the fair value hierarchy at the end of the period.

(19) Earnings per share

Basic earnings per share attributable to owners of the parent are calculated by dividing profit for the year attributable to owners of the parent by the weighted-average number of ordinary shares outstanding during the reporting period adjusted by the treasury stocks held.

The calculation of diluted earnings per share attributable to owners of the parent is similar to the calculation of basic earnings per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential ordinary shares equivalents such as convertible bonds and share acquisition rights.

4. 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 the 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 significant risks of causing material adjustments to the carrying amounts of assets and liabilities in the next fiscal year are as follows:

- Goodwill and intangible assets (see Notes 3 (7) and 13)
- Collectability of receivables (see Notes 3 (11), 9 and 34)
- Retirement benefit liabilities (see Notes 3 (13) and 20)
- Recoverability of deferred tax assets (see Notes 3 (12) and 22)
- Provisions (see Notes 3 (14) and 23)
- Fair value of financial instruments (see Note 30)
- Contingent liabilities (see Notes 3 (14) and 36)

5. 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. Companies and company groups that are currently profit management units of NIDEC are identified as its reportable segments.

NIDEC's operating segments are as follows:

| Name | Outline of segment |
|---------------------------------|--|
| 1. Nidec Corporation | Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors, automotive products and machinery. |
| 2. Nidec Electronics (Thailand) | Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives. |
| 3. Nidec Singapore | Nidec Singapore Pte. Ltd., a subsidiary in Singapore, which primarily sells hard disk drives spindle motors and other small precision motors. |
| 4. Nidec (H.K.) | Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors. |
| 5. Nidec Sankyo | Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic parts and other small precision motors. |
| 6. Nidec Copal | Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts, machinery and other small precision motors. |
| 7. Nidec Techno Motor | Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products. |
| 8. Nidec Motor | Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec Leroy-Somer Holding and Nidec Control Techniques Limited which were consolidated in the three months ended March 31, 2017, and Nidec Global Appliance Compressors which was consolidated in the three months ended September 30, 2017. |
| 9. Nidec Motors & Actuators | Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe, North America and South America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products. |
| 10. Others | Subsidiaries that are operating segments but not designated as reportable segments due to their immateriality. |

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, | |
|------------------------------|-------------------------------|-----------|
| | 2017 | 2018 |
| Nidec Corporation | 32,390 | 36,386 |
| Nidec Electronics (Thailand) | 89,573 | 109,565 |
| Nidec Singapore | 52,882 | 50,244 |
| Nidec (H.K.) | 128,940 | 124,872 |
| Nidec Sankyo | 135,687 | 149,005 |
| Nidec Copal | 36,649 | 39,650 |
| Nidec Techno Motor | 61,472 | 82,418 |
| Nidec Motor | 249,206 | 435,272 |
| Nidec Motors & Actuators | 243,914 | 273,236 |
| Others | 168,598 | 187,442 |
| Consolidated net sales | 1,199,311 | 1,488,090 |

There was no certain customer group which exceeded 10% of the consolidated net sales for the years ended March 31, 2018 and 2017.

Net sales to other operating segments:

(Yen in millions)

| | For the years ended March 31, | |
|------------------------------|-------------------------------|-----------|
| | 2017 | 2018 |
| Nidec Corporation | 186,258 | 186,303 |
| Nidec Electronics (Thailand) | 37,549 | 21,267 |
| Nidec Singapore | 588 | 609 |
| Nidec (H.K.) | 4,360 | 1,108 |
| Nidec Sankyo | 474 | 1,277 |
| Nidec Copal | 10,027 | 11,378 |
| Nidec Techno Motor | 5,545 | 6,181 |
| Nidec Motor | 213 | 314 |
| Nidec Motors & Actuators | 22,177 | 29,588 |
| Others | 175,228 | 193,110 |
| Total | 442,419 | 451,135 |
| Intersegment elimination | (442,419) | (451,135) |
| Consolidated net sales | - | - |

Segment profit/loss:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|----------|
| | 2017 | 2018 |
| Nidec Corporation | 16,556 | 25,381 |
| Nidec Electronics (Thailand) | 18,792 | 18,380 |
| Nidec Singapore | 704 | 797 |
| Nidec (H.K.) | 1,698 | 1,248 |
| Nidec Sankyo | 19,408 | 21,661 |
| Nidec Copal | 4,628 | 4,674 |
| Nidec Techno Motor | 7,879 | 9,363 |
| Nidec Motor | 20,251 | 31,129 |
| Nidec Motors & Actuators | 29,572 | 34,932 |
| Others | 38,425 | 41,567 |
| Total | 157,913 | 189,132 |
| Elimination and corporate (Note) | (18,547) | (21,495) |
| Operating profit (loss) | 139,366 | 167,637 |
| Financial income (expenses) | 305 | (430) |
| Derivative gain (loss) | 405 | (275) |
| Foreign exchange differences | 1,771 | (2,590) |
| Share of net (loss) profit from associate accounting using the equity method | (534) | 118 |
| Profit before income taxes | 141,313 | 164,460 |

(Note) "Elimination and corporate" includes corporate expenses, which do not belong to any operating segment, of ¥21,338 million and ¥17,401 million for the years ended March 31, 2018 and 2017, respectively. The corporate expenses include basic research expenses and head office expenses.

Depreciation:*(Yen in millions)*

| | For the years ended March 31, | |
|------------------------------|-------------------------------|---------|
| | 2017 | 2018 |
| Nidec Corporation | 56 | 89 |
| Nidec Electronics (Thailand) | 6,074 | 6,360 |
| Nidec Singapore | 58 | 42 |
| Nidec (H.K.) | 10 | 16 |
| Nidec Sankyo | 5,080 | 5,299 |
| Nidec Copal | 4,001 | 4,156 |
| Nidec Techno Motor | 2,937 | 3,250 |
| Nidec Motor | 8,684 | 13,157 |
| Nidec Motors & Actuators | 10,100 | 11,187 |
| Others | 14,072 | 15,287 |
| Subtotal | 51,072 | 58,843 |
| Others (Note) | (2,654) | (3,628) |
| Corporate | 2,112 | 2,281 |
| Total | 50,530 | 57,496 |

(Note) The depreciation of each segment includes amortization of intangible assets, while depreciation in the consolidated statements of cash flows does not include the amortization of intangible assets. Therefore, “others” removes the amount of the amortization of intangible assets.

Total assets:*(Yen in millions)*

| | March 31, 2017 | March 31, 2018 |
|----------------------------------|----------------|----------------|
| Nidec Corporation | 52,954 | 89,479 |
| Nidec Electronics (Thailand) | 163,973 | 174,100 |
| Nidec Singapore | 26,689 | 26,193 |
| Nidec (H.K.) | 42,310 | 43,438 |
| Nidec Sankyo | 167,567 | 184,387 |
| Nidec Copal | 69,243 | 74,886 |
| Nidec Techno Motor | 72,915 | 88,922 |
| Nidec Motor | 490,636 | 413,080 |
| Nidec Motors & Actuators | 253,505 | 305,753 |
| Others | 533,104 | 620,464 |
| Subtotal | 1,872,896 | 2,020,702 |
| Elimination and corporate (Note) | (412,685) | (486,071) |
| Goodwill | 218,786 | 234,116 |
| Total | 1,678,997 | 1,768,747 |

(Note) Corporate assets included in “elimination and corporate” that do not belong to any segment amounted for ¥49,806 million as of March 31, 2018 and ¥88,795 million as of March 31, 2017. In addition, depreciation expenses of corporate assets are allocated to each applicable reporting segment based on a reasonable allocation method.

Capital equipment expenditures:

(Yen in millions)

| | For the years ended March 31, | |
|------------------------------|-------------------------------|--------|
| | 2017 | 2018 |
| Nidec Corporation | 427 | 75 |
| Nidec Electronics (Thailand) | 4,175 | 9,663 |
| Nidec Singapore | 27 | 20 |
| Nidec (H.K.) | 13 | 9 |
| Nidec Sankyo | 5,386 | 9,303 |
| Nidec Copal | 4,731 | 1,410 |
| Nidec Techno Motor | 3,113 | 4,781 |
| Nidec Motor | 12,328 | 18,222 |
| Nidec Motors & Actuators | 15,505 | 22,515 |
| Others | 18,066 | 21,357 |
| Subtotal | 63,771 | 87,355 |
| Corporate | 4,947 | 3,486 |
| Total | 68,718 | 90,841 |

NIDEC does not have any other significant non-cash transactions except for the depreciation described above. Transactions between the operating segments are conducted at market value.

(Supplemental information)

Net sales by type of product

Net sales by type of product are as follows:

(Yen in millions)

| | For the years ended March 31, | |
|---|-------------------------------|-----------|
| | 2017 | 2018 |
| Small precision motors: | | |
| Hard disk drives spindle motors | 191,074 | 191,497 |
| Other small precision motors | 246,031 | 260,879 |
| Subtotal | 437,105 | 452,376 |
| Automotive, appliance, commercial and industrial products | 572,085 | 814,002 |
| Machinery | 122,341 | 146,561 |
| Electronic and optical components | 64,072 | 70,976 |
| Others | 3,708 | 4,175 |
| Consolidated net sales | 1,199,311 | 1,488,090 |

(Notes) “Small precision motors” consists of “hard disk drives spindle motors” and “other small precision motors”. “Other small precision motors” consists of brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.

“Automotive, appliance, commercial and industrial products” consists of automotive motors and components, home appliance, commercial and industrial motors and related products.

“Machinery” consists of industrial robots, card readers, test systems, press machines and power transmission drives, etc.

“Electronic and optical components” consists of switches, trimmer potentiometers, lens units and camera shutters, etc.

“Others” consists of services, etc.

Geographic information

Net sales attributed to countries based on the location of the Company or its subsidiaries that transacted with external customers and non-current assets for each country are as follows:

Net sales

(Yen in millions)

| Name | For the years ended March 31, | |
|------------------------|-------------------------------|-----------|
| | 2017 | 2018 |
| Japan | 283,178 | 306,445 |
| U.S.A. | 208,964 | 253,643 |
| Singapore | 57,733 | 57,255 |
| Thailand | 105,897 | 130,756 |
| Germany | 89,574 | 129,771 |
| China | 293,059 | 351,155 |
| Others | 160,906 | 259,065 |
| Consolidated net sales | 1,199,311 | 1,488,090 |

Non-current assets (Property, plant and equipment, Goodwill, Intangible assets and Long-term prepaid expenses)

(Yen in millions)

| Name | March 31, 2017 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Japan | 185,769 | 199,548 |
| U.S.A. | 137,650 | 147,791 |
| Singapore | 8,453 | 11,997 |
| Thailand | 36,164 | 39,419 |
| Germany | 33,356 | 48,168 |
| China | 91,752 | 106,490 |
| Others | 248,903 | 253,874 |
| Total non-current assets | 742,047 | 807,287 |

6. Business combination

On July 3, 2017, NIDEC acquired 100% ownership interest in LGB Elettropompe S. r. l. (“LGB”), an Italian company, from the shareholders for cash of ¥875 million. LGB designs, manufactures and sells products of pumps for commercial dishwashers and motors for convection ovens. The purpose of this acquisition is to have another foothold for NIDEC to increase its presence in the European commercial food equipment market, on which NIDEC provides particular focus. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On July 31, 2017 (Germany time), NIDEC acquired 100% equity shares of Secop Holding GmbH (currently, Nidec Global Appliance Compressors GmbH) in Germany, Secop s.r.o. (currently, Nidec Global Appliance Slovakia s.r.o.), Secop Compressors (Tianjin) Co., Ltd. (currently, Nidec Compressors (Tianjin) Co., Ltd.) and Secop Inc. (currently, Nidec Global Appliance USA Inc.) (herein collectively “Secop”), from the shareholders for cash of ¥9,198 million. Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators. Through this transaction, NIDEC expects to enhance the competitiveness of its appliance motor business in appliance, commercial and industrial business, on which NIDEC provides particular focus, in the European market. At the same time, NIDEC is adding compressors to its product portfolio, which allows NIDEC to expand further into the refrigeration market.

On October 1, 2017, NIDEC acquired the business of Tokyo Maruzen Industry Co., Ltd. (“Tokyo Maruzen”), a Japanese company, for cash of ¥2,997 million. Tokyo Maruzen develops, manufactures and sells electric contact materials, contact rivets and contact staking. The transaction will help strengthen their capability in material development, production engineering and manufacturing responsiveness, which will allow to introduce unparalleled sophistication in electric contacts both in terms of quality

and reliability to automotive market. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On October 31, 2017, NIDEC acquired 100% equity shares of SV Probe Pte. Ltd. ("SV Probe"), a Singaporean company, from the shareholders for cash of ¥7,863 million. SV Probe manufactures and sells probe cards. Through the transaction, Nidec-Read Corporation ("Nidec-Read") expects to gain competitiveness in the inspection market by applying MEMS spring probe, Nidec-Read's unique technology, to the vertical probe cards manufactured by SV Probe. In addition, by mutually sharing its cutting-edge processing and assembly technology with SV Probe, Nidec-Read will be able to reduce manufacturing costs and improve investment efficiency. Nidec-Read also expects to sell its inspection equipment through SV Probe's sales channel to the leading semiconductor manufacturers. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On November 30, 2017, NIDEC acquired 100% ownership interest of driveXpert GmbH ("driveXpert"), a German company, from the shareholders for cash of ¥1,239 million. driveXpert develops and designs automotive ECU (Electronic Control Unit) hardware and software. driveXpert has the high technical capability in designing ECUs for automotive motors and applications. The transaction will enable the combination of Nidec's high-performance motors and driveXpert's high precision ECUs. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

Fair values of assets acquired and liabilities assumed of the business acquired from Secop as of the acquisition date are as follows:

(Yen in millions)

| | |
|--|--------|
| Current assets | |
| Cash and cash equivalents | 2,201 |
| Trade and other receivables | 7,454 |
| Inventories | 6,202 |
| Other current assets | 965 |
| Non-current assets | |
| Property, plant and equipment | 7,256 |
| Other non-current assets | 2,749 |
| Acquired assets at fair value | 26,827 |
| Current liabilities | |
| Long term debt due within one year | 12,911 |
| Trade and other payables | 11,196 |
| Other current liabilities | 1,480 |
| Non-current liabilities | |
| Long term debt | 1,182 |
| Other non-current liabilities | 764 |
| Assumed liabilities at fair value | 27,533 |
| Acquired assets and assumed liabilities at fair value (net amount) | (706) |
| Non-controlling interests at fair value | - |
| Goodwill | 9,904 |

Goodwill is mainly the reflection of excess earning power and synergies with the existing business expected from future business evolution.

The acquired assets and assumed liabilities shown above are being assessed and measured based on preliminary estimate at acquisition date. Main objects of the assessment and the measurement are inventories, property, plant and equipment, and intangible assets.

Net sales and profit attributable to owners of the parent for the year ended March 31, 2018 include the net sales and profit attributable to owners of the parent of the business acquired from Secop for the period subsequent to July 31, 2017, of ¥29,051 million and of ¥799 million respectively.

There is no amount of goodwill that is deductible for tax purpose.

The amount of acquisition-related costs of this business combination is ¥355 million, which is recognized in "selling, general and administrative expenses".

Supplemental information of the combined entity for the current reporting period, as though this business combination occurred as of April 1, 2017, is as follows (non-audited):

| | For the year ended March 31, 2018 |
|--|-----------------------------------|
| Net sales (Yen in millions) | 1,505,084 |
| Profit for the year attributable to owners of the parent (Yen in millions) | 131,157 |
| Earnings per share attributable to owners of the parent | |
| Basic (Yen) | 443.00 |
| Diluted (Yen) | - |

Completion of purchase price allocation to the assets and the liabilities

During the three months ended December 31, 2017, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of the motors, drives and electric power generation businesses (“Acquired Business”) of Emerson Electric Co. (“Emerson”) (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.) and Canton Elevator, Inc. in the year ended March 31, 2017. NIDEC’s consolidated financial statements for the year ended March 31, 2017 reflects the important revision of the initial allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination. In addition, during the three months ended March 31, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Vamco International Inc. (currently, Nidec Vamco Corporation). NIDEC’s consolidated financial statements for the year ended March 31, 2017 reflects the revision of the initial allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Effect on the consolidated statement of financial position as of March 31, 2017 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

| | <i>(Yen in millions)</i> | |
|--|---------------------------------|---------|
| | Acquired Business of Emerson | Others |
| Current assets | | |
| Inventories | (654) | 198 |
| Other current assets | (40) | - |
| Non-current assets | | |
| Property, plant and equipment | 5,703 | (15) |
| Intangible assets | 42,011 | 1,830 |
| Deferred tax assets | (5,556) | 16 |
| Acquired assets at fair value | 41,464 | 2,029 |
| Current liabilities | | |
| Other current liabilities | (3,063) | - |
| Non-current liabilities | | |
| Deferred tax liabilities | 5,504 | - |
| Other non-current liabilities | 368 | - |
| Assumed liabilities at fair value | 2,809 | - |
| Acquired assets and assumed liabilities at fair value (net amount) | 38,655 | 2,029 |
| Goodwill | (39,267) | (2,130) |

For further information on the changes in goodwill, refer to “13. Goodwill and intangible assets”. Details of the intangible assets in above table are as follows:

(Yen in millions)

| | Weighted average amortization period | Acquired Business of Emerson | Others |
|------------------------|--------------------------------------|------------------------------|--------|
| Trademark | No amortization | 22,774 | 258 |
| Customer relationships | 30 years | 18,108 | 397 |
| Proprietary technology | 16 years | 1,143 | 853 |
| Patents | 18 years | - | 212 |
| Others | - | (14) | 110 |

Effect on the consolidated statement of income for the year ended March 31, 2017 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

| | Acquired Business of Emerson | Others |
|--|------------------------------|--------|
| Operating profit | (850) | (115) |
| Profit before income taxes | (850) | (115) |
| Profit for the year attributable to owners of the parent | (617) | (97) |

Effect on the consolidated statement of income for the year ended March 31, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

| | Acquired Business of Emerson | Others |
|--|------------------------------|--------|
| Operating profit | (163) | (223) |
| Profit before income taxes | (163) | (223) |
| Profit for the year attributable to owners of the parent | (87) | (223) |

During the three months ended March 31, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Tokyo Maruzen Industry Co., Ltd. in the year ended March 31, 2018. In addition, NIDEC partly completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of SV Probe Pte. Ltd. during the three months ended March 31, 2018.

The amended amounts of assets acquired and liabilities assumed as a result of acquisitions in this fiscal year are as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Current assets | |
| Inventories | 164 |
| Other current assets | (1) |
| Non-current assets | |
| Property, plant and equipment | 132 |
| Intangible assets | (1) |
| Deferred tax assets | 94 |
| Acquired assets at fair value | 388 |
| Current liabilities | |
| Provisions | 28 |
| Other current liabilities | 435 |
| Non-current liabilities | |
| Provisions | (39) |
| Deferred tax liabilities | 19 |
| Assumed liabilities at fair value | 443 |
| Acquired assets and assumed liabilities at fair value (net amount) | (55) |
| Goodwill | 55 |

For further information on the changes in goodwill, refer to “13. Goodwill and intangible assets”. Details of the intangible assets in above table are as follows:

(Yen in millions)

| | Weighted average amortization period | Retrospective amendment |
|--------|--------------------------------------|-------------------------|
| Others | – | (1) |

Effect on the consolidated statement of income for the year ended March 31, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in this fiscal year is as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Operating profit | (42) |
| Profit before income taxes | (42) |
| Profit for the year attributable to owners of the parent | (23) |

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2018, the assets and liabilities which are currently under evaluation have been recorded on NIDEC’s consolidated statement of financial position based on preliminary management estimation as of March 31, 2018.

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--|----------------|----------------|
| Cash on hand | 81 | 97 |
| Cash in banks | 314,663 | 260,573 |
| Cash equivalents | 6,836 | 5,277 |
| Cash and cash equivalents in consolidated statements of financial position | 321,580 | 265,947 |
| Cash and cash equivalents in consolidated statements of cash flows | 321,580 | 265,947 |

Cash in banks includes cash deposits net of cash withdrawals that are allowed for by a notional pooling arrangement. As of March 31, 2017 and 2018, the cash deposits that were offset by the cash withdrawals were ¥42,439 million and ¥91,579 million, respectively.

Cash equivalents consist mainly of time deposit within 3 months, call deposit and short-term investment.

8. Supplemental cash flow information

The supplemental information associated with cash flow is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|------|
| | 2017 | 2018 |
| Non-cash investing and financing activities: | | |
| Accrued amount of finance lease obligations | 581 | 80 |

9. Trade and other receivables

The breakdown of trade and other receivable is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---------------------------------|----------------|----------------|
| Notes receivable | 28,899 | 34,764 |
| Trade receivable | 297,269 | 328,236 |
| Other accounts receivable | 24,375 | 27,753 |
| Expected credit loss allowances | (1,646) | (2,012) |
| Total | 348,897 | 388,741 |

10. Inventories

The breakdown of inventories is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--------------------|----------------|----------------|
| Finished products | 79,088 | 87,724 |
| Raw materials | 65,241 | 79,648 |
| Work in progress | 46,103 | 53,818 |
| Supplies and other | 6,395 | 6,602 |
| Total | 196,827 | 227,792 |

The acquisition costs of inventories that were recognized as expenses for the year ended March 31, 2018 were mainly included in "cost of sales". The amounts of write-down of inventories for the years ended March 31, 2017 and 2018 were ¥528 million and ¥1,158 million, respectively.

11. Other current assets

The breakdown of other current assets is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Prepaid expenses | 8,382 | 10,842 |
| Costs on uncompleted construction contracts | 14,008 | 11,773 |
| Other | 5,912 | 8,848 |
| Total | 28,302 | 31,463 |

12. Property, plant and equipment

Changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment are as follows:

(Acquisition cost)

(Yen in millions)

| | Land | Buildings | Machinery and equipment | Construction in progress | Total |
|--|---------|-----------|-------------------------|--------------------------|----------|
| Balance at April 1, 2016 | 48,418 | 193,346 | 453,551 | 33,426 | 728,741 |
| Acquisitions | 1,514 | 4,313 | 13,574 | 51,387 | 70,788 |
| Acquisitions through business combinations | 4,249 | 15,504 | 15,347 | 1,422 | 36,522 |
| Disposals | (76) | (2,009) | (19,912) | (463) | (22,460) |
| Reclassification | 59 | 10,618 | 31,948 | (42,693) | (68) |
| Foreign currency translation adjustments | (262) | (1,544) | (6,257) | (498) | (8,561) |
| Others | 4 | 2,260 | 2,335 | (1,018) | 3,581 |
| Balance at March 31, 2017 | 53,906 | 222,488 | 490,586 | 41,563 | 808,543 |
| Acquisitions | 28 | 3,890 | 20,684 | 74,067 | 98,669 |
| Acquisitions through business combinations | 87 | 2,029 | 6,059 | 519 | 8,694 |
| Disposals | (1,588) | (4,068) | (21,074) | (1,169) | (27,899) |
| Reclassification | 530 | 11,108 | 44,945 | (56,787) | (204) |
| Foreign currency translation adjustments | 351 | 21 | (2,006) | (160) | (1,794) |
| Others | 111 | 443 | 4,650 | (1,150) | 4,054 |
| Balance at March 31, 2018 | 53,425 | 235,911 | 543,844 | 56,883 | 890,063 |

(Accumulated depreciation and impairment losses)

(Yen in millions)

| | Land | Buildings | Machinery and equipment | Construction in progress | Total |
|--|---------|-----------|-------------------------|--------------------------|-----------|
| Balance at April 1, 2016 | (1,869) | (96,942) | (282,912) | (86) | (381,809) |
| Depreciation | - | (8,467) | (42,063) | - | (50,530) |
| Impairment losses | (12) | (149) | (396) | 49 | (508) |
| Reversal of impairment losses | 15 | 783 | 478 | - | 1,276 |
| Disposals | 26 | 1,767 | 18,087 | - | 19,880 |
| Reclassification | - | (52) | 14 | - | (38) |
| Foreign currency translation adjustments | (0) | 186 | 3,061 | 2 | 3,249 |
| Changes in the scope of consolidation | - | (68) | (373) | - | (441) |
| Others | (3) | (1,588) | 1,690 | 18 | 117 |
| Balance at March 31, 2017 | (1,843) | (104,530) | (302,414) | (17) | (408,804) |
| Depreciation | - | (9,226) | (48,270) | - | (57,496) |
| Impairment losses | (183) | (14) | (373) | (31) | (601) |
| Reversal of impairment losses | - | - | 150 | - | 150 |
| Disposals | 315 | 3,497 | 17,794 | 3 | 21,609 |
| Reclassification | - | 0 | 9 | - | 9 |
| Foreign currency translation adjustments | 3 | 644 | 3,727 | 0 | 4,374 |
| Changes in the scope of consolidation | - | - | (16) | - | (16) |
| Others | - | (408) | (1,557) | - | (1,965) |
| Balance at March 31, 2018 | (1,708) | (110,037) | (330,950) | (45) | (442,740) |

(Carrying amount)

(Yen in millions)

| | Land | Buildings | Machinery and equipment | Construction in progress | Total |
|---------------------------|--------|-----------|-------------------------|--------------------------|---------|
| Balance at April 1, 2016 | 46,549 | 96,404 | 170,639 | 33,340 | 346,932 |
| Balance at March 31, 2017 | 52,063 | 117,958 | 188,172 | 41,546 | 399,739 |
| Balance at March 31, 2018 | 51,717 | 125,874 | 212,894 | 56,838 | 447,323 |

(Notes) "Construction in progress" includes the amount of expenditures related to property, plant and equipment in the course of its construction.

Depreciation of property, plant and equipment is included in "cost of sales", "selling, general and administrative expenses" and "research and development expenses" in the consolidated statements of income. Impairment loss of property, plant and equipment is included in "selling, general and administrative expenses" in the consolidated statements of income. In addition, the reversal of the impairment loss is mainly due to the review of the recoverable value of assets (e.g. Buildings and, Machinery and equipment) located in Thailand during the year.

13. Goodwill and intangible assets

Changes in acquisition cost, accumulated amortization and impairment losses and carrying amount of goodwill and intangible assets are as follows:

(Acquisition cost)

(Yen in millions)

| | Goodwill | Proprietary technology | Customer relationships | Software | Other | Total |
|--|----------|------------------------|------------------------|----------|---------|---------|
| Balance at April 1, 2016 | 162,043 | 15,182 | 56,428 | 24,028 | 19,318 | 276,999 |
| Acquisitions | - | - | - | 3,476 | 14 | 3,490 |
| Acquisitions through business combinations | 60,030 | 2,025 | 24,041 | 700 | 24,182 | 110,978 |
| Disposals | - | - | - | (1,398) | (8) | (1,406) |
| Foreign currency translation adjustment | (3,287) | (768) | (1,397) | (118) | (807) | (6,377) |
| Others | - | (399) | (80) | 611 | 819 | 951 |
| Balance at March 31, 2017 | 218,786 | 16,040 | 78,992 | 27,299 | 43,518 | 384,635 |
| Acquisitions | - | 112 | 0 | 2,618 | 6,628 | 9,358 |
| Acquisitions through business combinations | 20,049 | 499 | 192 | 103 | 2,088 | 22,931 |
| Disposals | - | - | - | (1,040) | (64) | (1,104) |
| Foreign currency translation adjustment | (4,719) | 777 | (2,292) | 48 | (1,680) | (7,866) |
| Others | - | 285 | 836 | 117 | 1,405 | 2,643 |
| Balance at March 31, 2018 | 234,116 | 17,713 | 77,728 | 29,145 | 51,895 | 410,597 |

(Accumulated amortization and impairment losses)

(Yen in millions)

| | Goodwill | Proprietary technology | Customer relationships | Software | Other | Total |
|---|----------|------------------------|------------------------|----------|---------|----------|
| Balance at April 1, 2016 | - | (4,444) | (16,908) | (12,597) | (3,958) | (37,907) |
| Amortization | - | (851) | (3,646) | (3,258) | (253) | (8,008) |
| Impairment losses | - | - | - | (50) | (3) | (53) |
| Disposals | - | - | - | 1,394 | 5 | 1,399 |
| Foreign currency translation adjustment | - | 181 | 273 | 95 | 65 | 614 |
| Other | - | 301 | (472) | (150) | (517) | (838) |
| Balance at March 31, 2017 | - | (4,813) | (20,753) | (14,566) | (4,661) | (44,793) |
| Amortization | - | (962) | (4,605) | (3,627) | (635) | (9,829) |
| Impairment losses | - | - | - | (0) | (42) | (42) |
| Disposals | - | - | - | 1,006 | 43 | 1,049 |
| Foreign currency translation adjustment | - | (261) | 480 | (80) | (142) | (3) |
| Other | - | (101) | 447 | (697) | 211 | (140) |
| Balance at March 31, 2018 | - | (6,137) | (24,431) | (17,964) | (5,226) | (53,758) |

(Carrying amount)

(Yen in millions)

| | Goodwill | Proprietary technology | Customer relationships | Software | Others | Total |
|---------------------------|----------|------------------------|------------------------|----------|--------|---------|
| Balance at April 1, 2016 | 162,043 | 10,738 | 39,520 | 11,431 | 15,360 | 239,092 |
| Balance at March 31, 2017 | 218,786 | 11,227 | 58,239 | 12,733 | 38,857 | 339,842 |
| Balance at March 31, 2018 | 234,116 | 11,576 | 53,297 | 11,181 | 46,669 | 356,839 |

Amortization of intangible assets is included in “costs of sales”, “selling, general and administrative expenses” and “research and development costs” of consolidated statements of income. Impairment loss of intangible assets is included in “selling, general and administrative expenses” of consolidated statements of income.

Goodwill that arises from a business combination is allocated to cash-generating units which are expected to receive a benefit from the synergies of the business combination. The carrying amount of goodwill and intangible assets with indefinite useful lives allocated to the unit are as follows:

(Goodwill)

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|------------------------------|----------------|----------------|
| Nidec Electronics (Thailand) | 9,586 | 9,080 |
| NIDEC Sankyo | 28,745 | 28,919 |
| NIDEC Copal | 16,462 | 16,462 |
| NIDEC Techno Motor | 2,049 | 2,049 |
| NIDEC Motor | 121,438 | 132,869 |
| NIDEC Motors & Actuators | 20,459 | 22,000 |
| Others | 20,047 | 22,737 |
| Total | 218,786 | 234,116 |

(Intangible assets with indefinite useful lives)

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-------------|----------------|----------------|
| NIDEC Motor | 29,320 | 27,765 |
| Others | 5,504 | 5,567 |
| Total | 34,824 | 33,332 |

Intangible assets with indefinite useful lives are mainly trademarks. Those trademarks were acquired through the business combination. NIDEC regards them as intangible assets with indefinite useful lives because those trademarks continue as long as business lasts.

NIDEC performs the impairment test of goodwill and intangible assets with indefinite useful lives annually or whenever there is an indication of impairment.

The recoverable amount of the impairment test reflects past experience and external information and is calculated using a value in use. The value in use is a discounted cash flow model. It is based on a management approved budget for five years. The discount rate is calculated on the basis of weighted average cost of capital before income tax of each group of cash-generating unit (4.72% - 7.34%). The growth rate in the terminal value is determined based on the long term average growth rate of industries or countries to which each group of cash-generating unit belongs (1.69% - 3.64%).

Even if the key assumptions used in the impairment test varies with a reasonable foreseeable range, management assumes that it is not probable that the value in use will be lower than the carrying amount.

14. Other investments

The breakdown of other investments is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--|----------------|----------------|
| Other investments | | |
| FVTOCI equity financial assets | 18,654 | 21,324 |
| FVTOCI debt financial assets | 228 | 271 |
| Financial assets measured at amortized costs | 701 | 700 |
| Total | 19,583 | 22,295 |

Of the financial instruments measured at fair value held by NIDEC, equity instruments held with the principal objective of maintaining and strengthening business relations with the issuers are classified as FVTOCI equity financial assets. These FVTOCI equity financial assets consist mainly of ordinary shares. The FVTOCI equity financial assets and fair values of these assets are as follows:

As of March 31, 2017

(Yen in millions)

| Principal FVTOCI financial assets | Fair value |
|-----------------------------------|------------|
| Canon Inc. | 2,617 |
| Brother Industries, Ltd. | 2,605 |
| ROHM Co., Ltd. | 1,692 |
| Nichicon Corporation | 1,228 |
| The Bank of Kyoto, Ltd. | 1,089 |

As of March 31, 2018

(Yen in millions)

| Principal FVTOCI financial assets | Fair value |
|-----------------------------------|------------|
| Canon Inc. | 2,905 |
| Brother Industries, Ltd. | 2,771 |
| ROHM Co., Ltd. | 2,316 |
| The Bank of Kyoto, Ltd. | 1,596 |
| Nichicon Corporation. | 1,425 |

The information on FVTOCI equity financial assets that were derecognized for the years ended March 31, 2017 and 2018 is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|------|
| | 2017 | 2018 |
| Fair value at the time of derecognition | 11 | 306 |
| Accumulated gains at the time of derecognition | 7 | 182 |

15. Other non-current assets

The breakdown of other non-current assets is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Prepaid pension expenses | 1,736 | 1,824 |
| Other | 2,989 | 4,904 |
| Total | 4,725 | 6,728 |

16. Trade and other payables

The breakdown of trade and other payables is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-------------------------|----------------|----------------|
| Notes payable | 8,122 | 7,779 |
| Accounts payable | 225,930 | 282,233 |
| Other account payable | 16,244 | 25,345 |
| Equipment notes payable | 940 | 1,674 |
| Total | 251,236 | 317,031 |

17. Other current liabilities

The breakdown of other current liabilities is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-------------------|----------------|----------------|
| Accrued expense | 48,810 | 41,634 |
| Advances received | 12,448 | 16,656 |
| Other | 2,140 | 3,481 |
| Total | 63,398 | 61,771 |

18. Short term borrowings and long term debt**(1) Short term borrowings**

The breakdown of short term borrowings is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Unsecured loans, principally from banks average interest per annum: 2017 0.36% 2018 3.25% | 166,525 | 1,572 |
| Secured loans, principally from banks average interest per annum: 2017 6.09% 2018 6.09% | 81 | 85 |
| Total | 166,606 | 1,657 |

As of March 31, 2018, NIDEC had unused lines of credit amounting to ¥1,043,628 million with banks. Under these programs, NIDEC is authorized to obtain short-term financing at prevailing interest rates.

(2) Long term debt

The breakdown of long term debt is as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Unsecured loans, principally from banks | | |
| Due 2017 to 2026 in 2017 with interest ranging from 0.00% to 7.29% per annum | 87,638 | - |
| Due 2018 to 2026 in 2018 with interest ranging from 0.00% to 7.29% per annum | - | 142,365 |
| Secured loans, principally from banks | | |
| Due 2017 to 2023 in 2017 with interest ranging from 1.95% to 3.45% per annum | 954 | - |
| Due 2018 to 2023 in 2018 with interest ranging from 1.95% to 3.45% per annum | - | 818 |
| The First Series of Domestic Unsecured bonds due 2017 Interest at 0.39% per annum in 2017 and 2018 | 64,989 | - |
| The Second Series of Domestic Unsecured bonds due 2019 Interest at 0.60% per annum in 2017 and 2018 | 14,986 | 14,991 |
| The Third Series of Domestic Unsecured bonds due 2022 Interest at 0.96% per annum in 2017 and 2018 | 19,967 | 19,973 |
| The Fifth Series of Domestic Unsecured bonds due 2019 Interest at 0.001% per annum in 2017 and 2018 | 50,001 | 50,001 |
| The Sixth Series of Domestic Unsecured bonds due 2020 Interest at 0.001% per annum in 2017 and 2018 | - | 50,001 |
| The Seventh Series of Domestic Unsecured bonds due 2022 Interest at 0.11% per annum in 2017 and 2018 | - | 65,000 |
| Finance lease obligations | | |
| Due 2017 to 2025 in 2017, with interest ranging from 0.00% to 15.74% per annum | 7,290 | - |
| Due 2018 to 2025 in 2018, with interest ranging from 0.14% to 8.90% per annum | - | 991 |
| Subtotal | 245,825 | 344,140 |
| Less - Bonds due within one year | (64,989) | - |
| Less - Long term debt due within one year | (12,726) | (29,295) |
| Less - Finance lease obligations due within one year | (6,325) | (243) |
| Total | 161,785 | 314,602 |

(3) The aggregate amounts of annual maturity of long term debt

The aggregate amounts of annual maturity of long term debt are as follows:

(Yen in millions)

| Term | March 31, 2017 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Within one year | 84,051 | 29,538 |
| Over one year within two years | 12,585 | 95,075 |
| Over two years within three years | 77,349 | 105,541 |
| Over three years within four years | 39,892 | 28,807 |
| Over four years within five years | 11,861 | 85,135 |
| Over five years | 20,143 | 79 |

(Note) Amounts are based on contractual cash flows.

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks.

(4) Assets pledged as security

Assets pledged as security are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Property, plant and equipment, net | 2,526 (794) | 2,741 (797) |
| Other investments | 701 (-) | 700 (-) |
| Total | 3,227 (794) | 3,441 (797) |

(Note) Amounts in round brackets represent assets pledged as collateral related to factory foundations.

“Other investments” as of March 31, 2017 and 2018 include financial assets measured at amortized costs of ¥701 million and ¥700 million, respectively, which were pledged as collateral for the deferred payments of certain taxes based on the Japanese Customs Act and Consumption Tax Act.

(5) Debts attributable to collateral pledged assets

Debts attributable to collateral pledged assets are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Short term borrowings | 81 (81) | 85 (85) |
| Long term debt due within one year | 234 (-) | 335 (-) |
| Long term debt | 720 (-) | 483 (-) |
| Total | 1,035 (81) | 903 (85) |

(Note) Amounts in round brackets represent debts attributable to collateral pledged assets related to factory foundations.

19. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

(Yen in millions)

| | Short term borrowings | Long term debt due within one year | | | Long term debt | | |
|--|-----------------------|------------------------------------|-----------------|--------------------------------------|----------------------|-----------------|--------------------------------------|
| | | Long term borrowings | Corporate Bonds | Finance lease obligations and others | Long term borrowings | Corporate Bonds | Finance lease obligations and others |
| Balance at April 1, 2017 | 166,606 | 12,726 | 64,989 | 6,325 | 75,867 | 84,953 | 965 |
| Cash flows from financing activities | (178,724) | (30,289) | (65,000) | (6,005) | 82,628 | 115,001 | (295) |
| Changes arising from acquisition or exclusion of subsidiaries and other businesses | 13,967 | 76 | - | 1 | 1,358 | - | 3 |
| Effect of exchange rate changes | (192) | 347 | - | (61) | 470 | - | (5) |
| Transfer from long term to short term | - | 46,438 | - | - | (46,438) | - | - |
| Others | - | (3) | 11 | (17) | 3 | 12 | 80 |
| Balance at March 31, 2018 | 1,657 | 29,295 | - | 243 | 113,888 | 199,966 | 748 |

20. Employee benefits

(1) Retirement benefits

1) Defined benefit plan

The Company and certain subsidiaries' pension and retirement benefit plans usually entitle employees lump-sum indemnities or pension payments based on current rates of pay and length of service at the time of termination or the number of "points". Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the mandatory retirement age. The defined benefit plan is subjected to the actuarial risks of changes in cost, interest rate and life expectancy.

The breakdown of retirement benefit plan recognized in the consolidated statements of financial position is as follows:

As of March 31, 2017

(Yen in millions)

| | Pension and lump-sum payment plans | | |
|---|------------------------------------|-------------------|---------|
| | Japanese plan | Non-Japanese plan | Total |
| Present value of defined benefit obligations | 19,218 | 34,667 | 53,885 |
| Fair value of plan assets | 16,031 | 16,934 | 32,965 |
| Funded status | 3,187 | 17,733 | 20,920 |
| Net defined benefit liability (asset) | 3,187 | 17,733 | 20,920 |
| Amounts in the consolidated statements of financial position: | 3,187 | 17,733 | 20,920 |
| Other non-current assets | (1,736) | - | (1,736) |
| Retirement benefit liabilities | 4,923 | 17,733 | 22,656 |

As of March 31, 2018

(Yen in millions)

| | Pension and lump-sum payment plans | | |
|---|------------------------------------|-------------------|---------|
| | Japanese plan | Non-Japanese plan | Total |
| Present value of defined benefit obligations | 20,198 | 35,642 | 55,840 |
| Fair value of plan assets | 16,742 | 16,727 | 33,469 |
| Funded status | 3,456 | 18,915 | 22,371 |
| Net defined benefit liability (asset) | 3,456 | 18,915 | 22,371 |
| Amounts in the consolidated statements of financial position: | 3,456 | 18,915 | 22,371 |
| Other non-current assets | (1,754) | (70) | (1,824) |
| Retirement benefit liabilities | 5,210 | 18,985 | 24,195 |

The breakdown of retirement benefit expenses of defined benefit plans recognized in the consolidated statements of income is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|-----------------------------------|-------------------------------|-------|
| | 2017 | 2018 |
| Current service cost | 2,162 | 2,977 |
| Past service cost | 26 | (60) |
| Interest cost (net) | 298 | 414 |
| Total retirement benefit expenses | 2,486 | 3,331 |

Changes in the present value of defined benefit obligations are as follows:

(Yen in millions)

| | Japanese plan | Non-Japanese plan | Total |
|--|---------------|-------------------|---------|
| Balance at April 1, 2016 | 19,711 | 24,701 | 44,412 |
| The amount recognized in net profit or loss | | | |
| Current service cost | 1,536 | 626 | 2,162 |
| Past service cost | 26 | - | 26 |
| Interest cost | 83 | 630 | 713 |
| Total | 1,645 | 1,256 | 2,901 |
| The amount recognized in other comprehensive income | | | |
| Remeasurements | | | |
| -actuarial gains or losses arising from changes in demographic assumptions | 17 | (59) | (42) |
| -actuarial gains or losses arising from changes in financial assumptions | (395) | (720) | (1,115) |
| -actuarial gains or losses arising from experience adjustments | (348) | 304 | (44) |
| Total | (726) | (475) | (1,201) |
| Others | | | |
| Benefits paid | (1,412) | (1,083) | (2,495) |
| Effects of business combinations | - | 10,236 | 10,236 |
| Foreign currency translation adjustments | - | 32 | 32 |
| Total | (1,412) | 9,185 | 7,773 |
| Balance at March 31, 2017 | 19,218 | 34,667 | 53,885 |
| The amount recognized in net profit or loss | | | |
| Current service cost | 1,369 | 1,608 | 2,977 |
| Past service cost | 9 | (69) | (60) |
| Interest cost | 104 | 1,106 | 1,210 |
| Total | 1,482 | 2,645 | 4,127 |
| The amount recognized in other comprehensive income | | | |
| Remeasurements | | | |
| -actuarial gains or losses arising from changes in demographic assumptions | (46) | (117) | (163) |
| -actuarial gains or losses arising from changes in financial assumptions | 163 | (265) | (102) |
| -actuarial gains or losses arising from experience adjustments | 265 | 391 | 656 |
| Total | 382 | 9 | 391 |
| Others | | | |
| Benefits paid | (946) | (1,362) | (2,308) |
| Effects of business combinations | 62 | 506 | 568 |
| Foreign currency translation adjustments | - | (823) | (823) |
| Total | (884) | (1,679) | (2,563) |
| Balance at March 31, 2018 | 20,198 | 35,642 | 55,840 |

Changes in the fair value of plan assets are as follows:

(Yen in millions)

| | Japanese plan | Non-Japanese plan | Total |
|---|---------------|-------------------|---------|
| Balance at April 1, 2016 | 15,323 | 10,706 | 26,029 |
| The amount recognized in net profit or loss | | | |
| Interest income | 74 | 341 | 415 |
| Total | 74 | 341 | 415 |
| The amount recognized in other comprehensive income | | | |
| Remeasurements | | | |
| - Return on plan assets | 402 | 328 | 730 |
| Total | 402 | 328 | 730 |
| Others | | | |
| Employer's contributions | 1,016 | 155 | 1,171 |
| Benefits paid | (895) | (835) | (1,730) |
| Trust dividend | 111 | - | 111 |
| Effects of business combinations | - | 6,303 | 6,303 |
| Foreign currency translation adjustments | - | (64) | (64) |
| Total | 232 | 5,559 | 5,791 |
| Balance at March 31, 2017 | 16,031 | 16,934 | 32,965 |
| The amount recognized in net profit or loss | | | |
| Interest income | 109 | 687 | 796 |
| Total | 109 | 687 | 796 |
| The amount recognized in other comprehensive income | | | |
| Remeasurements | | | |
| - Return on plan assets | 414 | 520 | 934 |
| Total | 414 | 520 | 934 |
| Others | | | |
| Employer's contributions | 735 | 295 | 1,030 |
| Benefits paid | (619) | (1,559) | (2,178) |
| Trust dividend | 12 | - | 12 |
| Effects of business combinations | 60 | - | 60 |
| Foreign currency translation adjustments | - | (150) | (150) |
| Total | 188 | (1,414) | (1,226) |
| Balance at March 31, 2018 | 16,742 | 16,727 | 33,469 |

NIDEC expects to contribute ¥2,617 million to its defined benefit plans in the fiscal year ending March 31, 2019.

The fair values of plan assets (Japanese plan) by asset category are as follows:

(Yen in millions)

| | Japanese plan | | | |
|---|---|----------------|--|----------------|
| | With a quoted market price in an active market | | Without a quoted market price in an active market | |
| | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 |
| Equity instruments: | | | | |
| Domestic equities | 352 | 360 | - | - |
| Overseas equities | 288 | 334 | - | - |
| Debt instruments: | | | | |
| Pooled funds *1 | - | - | 1,232 | 1,582 |
| Other assets: | | | | |
| Cash and cash equivalents | 3,494 | 3,011 | - | - |
| General accounts of insurance companies | - | - | 6,711 | 7,176 |
| Pooled funds *2 | - | - | 3,891 | 4,225 |
| Others | - | - | 63 | 54 |
| Total | 4,134 | 3,705 | 11,897 | 13,037 |

(Notes) *1. As of March 31, 2017, Japanese pooled funds categorized as debt instruments invested approximately 77% in Japanese bonds and 23% in foreign bonds. As of March 31, 2018, they invested approximately 77% in Japanese bonds and 23% in foreign bonds.

*2. As of March 31, 2017, Japanese pooled funds categorized as other assets invested approximately 18% in Japanese stocks, 14% in foreign stocks, 22% in Japanese bonds and 20% in foreign bonds. As of March 31, 2018, they invested approximately 18% in Japanese stocks, 15% in foreign stocks, 25% in Japanese bonds and 20% in foreign bonds.

The fair values of plan assets (non-Japanese plan) by asset category are as follows:

(Yen in millions)

| | Non-Japanese plan | | | |
|---|---|----------------|--|----------------|
| | With a quoted market price in an active market | | Without a quoted market price in an active market | |
| | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 |
| Equity instruments: | | | | |
| Domestic equities | - | - | - | - |
| Overseas equities | 1,660 | 1,587 | - | - |
| Debt instruments: | | | | |
| Pooled funds | - | - | - | - |
| Other assets: | | | | |
| Cash and cash equivalents | 481 | 587 | - | - |
| General accounts of insurance companies | - | - | 3,339 | 3,368 |
| Pooled funds (Note) | 816 | 823 | 7,198 | 6,707 |
| Others | - | 12 | 3,440 | 3,643 |
| Total | 2,957 | 3,009 | 13,977 | 13,718 |

(Note) As of March 31, 2017, non-Japanese pooled funds categorized as other assets invested approximately 37% in foreign stocks and 63% in foreign bonds. As of March 31, 2018, they invested approximately 33% in foreign stocks and 55% in foreign bonds.

NIDEC's policy and objective for plan asset management is to generate, under the acceptable risk exposed to NIDEC, a stable return on the investment over the long term, which enables NIDEC's pension funds to meet future benefit payment requirements. NIDEC formulates a "basic" portfolio that best suits the above-mentioned policy. NIDEC evaluates its actual return and revises the "basic" portfolio, if necessary.

NIDEC's portfolio for plans consists of three major components: approximately 7% is invested in equity instruments, approximately 5% is invested in debt instruments, and approximately 88% is invested in other investment vehicles, primarily consisting of investments in pooled funds and life insurance companies' general accounts.

The equity instruments are selected from shares that are listed on the securities exchanges. The debt instruments are selected from Japanese and foreign government bonds, public debt instruments, and corporate bonds. Pooled funds included in other assets invest in equity and debt instruments selected from the same portfolios as the two instruments mentioned above. As for investments in life insurance companies' general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The weighted-average actuarial assumptions used to estimate the benefit obligations are set forth as follows:

| | Japanese plan | | Non-Japanese plan | |
|--|----------------|----------------|-------------------|----------------|
| | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 |
| Discount rate | 0.6% | 0.5% | 2.9% | 3.1% |
| Rate of increase in future compensation levels | 2.4% | 2.1% | 1.9% | 2.0% |

The impacts on the defined benefit obligation as a result of change in major actuarial assumptions are summarized as below, holding all other assumptions consistent:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---------------|----------------|----------------|
| Discount rate | | |
| 0.5% increase | (2,456) | (4,665) |
| 0.5% decrease | 2,787 | 5,109 |

The weighted-average duration of the defined benefit obligation is as follows:

| | March 31, 2017 | March 31, 2018 |
|-------------------|----------------|----------------|
| Japanese plan | 15.1 years | 15.0 years |
| Non-Japanese plan | 13.2 years | 12.4 years |

2) Defined contribution pension plan

Total amounts of cost recognized for the contribution to the plans were ¥2,156 million and ¥2,576 million for the years ended March 31, 2017 and 2018, respectively. NIDEC expects to contribute approximately ¥2,614 million for the year ending March 31, 2019.

3) Multi-employer plan

Certain subsidiary companies have employee's pension funds of multi-employer plans. The contributions to the plans were ¥37 million and ¥4 million for the years ended March 31, 2017 and 2018, respectively. The estimated contribution is approximately ¥4 million for the year ending March 31, 2019.

21. Other components of equity and other comprehensive income

The changes in other components of equity (net of tax) are as follows:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|----------|
| | 2017 | 2018 |
| Fair value movements on FVTOCI debt financial assets | | |
| Balance at beginning of year | (6) | (7) |
| Changes during year | (1) | (4) |
| Balance at end of year | (7) | (11) |
| Fair value movements on FVTOCI equity financial assets | | |
| Balance at beginning of year | - | - |
| Changes during year | 2,694 | 2,093 |
| Transfer to retained earnings | (2,694) | (2,093) |
| Balance at end of year | - | - |
| Foreign currency translation adjustments | | |
| Balance at beginning of year | (55,407) | (63,685) |
| Changes during year | (8,278) | (13,945) |
| Balance at end of year | (63,685) | (77,630) |
| Effective portion of net changes in fair value of cash flow hedges | | |
| Balance at beginning of year | (746) | 372 |
| Changes during year | 1,118 | 399 |
| Balance at end of year | 372 | 771 |
| Remeasurement of defined benefit plans | | |
| Balance at beginning of year | - | - |
| Changes during year | 770 | 421 |
| Transfer to retained earnings | (770) | (421) |
| Balance at end of year | - | - |
| Other components of equity | | |
| Balance at beginning of year | (56,159) | (63,320) |
| Changes during year | (3,697) | (11,036) |
| Transfer to retained earnings | (3,464) | (2,514) |
| Balance at end of year | (63,320) | (76,870) |

The amounts of other comprehensive income including non-controlling interests, reclassification adjustment and tax effect accounting are as follows:

(Yen in millions)

| | For the years ended March 31, | | | | | |
|--|-------------------------------|-----------------------|------------------|-------------------|-----------------------|------------------|
| | 2017 | | | 2018 | | |
| | Before tax effect | Tax effect accounting | After tax effect | Before tax effect | Tax effect accounting | After tax effect |
| Fair value movements on FVTOCI debt financial assets | | | | | | |
| Amounts | (2) | 1 | (1) | (5) | 2 | (3) |
| Reclassification adjustment | 2 | (1) | 1 | - | - | - |
| Changes during year | (0) | 0 | (0) | (5) | 2 | (3) |
| Fair value movements on FVTOCI equity financial assets | | | | | | |
| Amounts | 3,876 | (1,182) | 2,694 | 3,016 | (923) | 2,093 |
| Changes during year | 3,876 | (1,182) | 2,694 | 3,016 | (923) | 2,093 |
| Foreign currency translation adjustments | | | | | | |
| Amounts | (8,144) | - | (8,144) | (2,859) | - | (2,859) |
| Reclassification adjustment | (174) | - | (174) | (11,035) | - | (11,035) |
| Changes during year | (8,318) | - | (8,318) | (13,894) | - | (13,894) |
| Effective portion of net changes in fair value of cash flow hedges | | | | | | |
| Amounts | 2,588 | (908) | 1,680 | 938 | (202) | 736 |
| Reclassification adjustment | (868) | 306 | (562) | (434) | 97 | (337) |
| Changes during year | 1,720 | (602) | 1,118 | 504 | (105) | 399 |
| Remeasurement of defined benefit plans | | | | | | |
| Amounts | 1,190 | (429) | 761 | 543 | (118) | 425 |
| Changes during year | 1,190 | (429) | 761 | 543 | (118) | 425 |
| Other comprehensive income | (1,532) | (2,213) | (3,745) | (9,836) | (1,144) | (10,980) |

22. Income taxes

(1) Income tax expenses

The breakdown of income tax expenses recognized in profit or loss is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|---|-------------------------------|----------|
| | 2017 | 2018 |
| Current income taxes | (28,775) | (34,493) |
| Deferred income taxes | | |
| Origination and reversal of temporary differences | (547) | (1,418) |
| Changes in tax rates | (34) | 3,572 |
| Total | (581) | 2,154 |
| Total income tax expenses | (29,356) | (32,339) |

(2) Reconciliation of effective statutory tax rate and actual tax rate

NIDEC is subject to several taxes and an effective statutory income tax rate in Japan for the fiscal year ended March 31, 2018 was 30.8%. Differences between the effective statutory income tax rate in Japan and effective tax rate in income tax expense on consolidated statements of income are as follows:

| | For the years ended March 31, | |
|--|-------------------------------|--------|
| | 2017 | 2018 |
| Effective statutory income tax rate in Japan | 30.8% | 30.8% |
| Increase (decrease) in tax rate resulting from: | | |
| Difference in tax rate applied to foreign subsidiaries | (10.0%) | (9.6%) |
| Tax effect on undistributed earnings | (1.6%) | 0.6% |
| Assessment of the realizability of deferred tax assets | 0.6% | 0.8% |
| Foreign tax credits | 1.5% | (0.3%) |
| Change in deferred tax assets and liabilities resulting from change in tax rate | 0.0% | (2.2%) |
| Tax credit for experimental research costs and other | (1.4%) | (0.9%) |
| Others | 0.9% | 0.5% |
| Effective tax rate in income tax expenses on the consolidated statements of income | 20.8% | 19.7% |

(3) Components of and changes in deferred tax assets and liabilities

The main reasons and changes in deferred tax assets and liabilities are as follows:

For the year ended March 31, 2017

(Yen in millions)

| | As of April 1, 2016 | Recognized in net profit or loss | Recognized in other comprehensive income | Others | As of March 31, 2017 |
|-------------------------------------|---------------------------|--|---|---------|----------------------------|
| Deferred tax assets: | | | | | |
| Inventories | 3,450 | 1,162 | - | 123 | 4,735 |
| Property, plant and equipment | 5,778 | (752) | (6) | (5,197) | (177) |
| Provision for bonuses | 1,790 | 497 | - | (38) | 2,249 |
| Accrued enterprise tax | 216 | 143 | - | 1 | 360 |
| Retirement benefit liabilities | 3,252 | 167 | (267) | 1,039 | 4,191 |
| Tax loss carryforwards | 5,278 | (4,012) | - | 1,891 | 3,157 |
| Provision for paid leave | 962 | 448 | 5 | (11) | 1,404 |
| Accrued expense | 771 | 463 | - | 198 | 1,432 |
| Others | 2,560 | (1,623) | (99) | (265) | 573 |
| Total | 24,057 | (3,507) | (367) | (2,259) | 17,924 |
| Deferred tax liabilities: | | | | | |
| FVTOCI financial assets | (2,919) | - | (771) | - | (3,690) |
| Basis difference of acquired assets | (954) | 132 | - | - | (822) |
| Undistributed earnings | (12,775) | 2,321 | (1,315) | - | (11,769) |
| Intangible assets | (13,398) | (3,099) | - | (2,527) | (19,024) |
| Others | (5,107) | 3,116 | (30) | (2,110) | (4,131) |
| Total | (35,153) | 2,470 | (2,116) | (4,637) | (39,436) |
| Net | (11,096) | (1,037) | (2,483) | (6,896) | (21,512) |

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations.

For the year ended March 31, 2018

(Yen in millions)

| | As of April 1, 2017 | Recognized in net profit or loss | Recognized in other comprehensive income | Others | As of March 31, 2018 |
|-------------------------------------|---------------------------|--|---|--------|----------------------------|
| Deferred tax assets: | | | | | |
| Inventories | 4,735 | 279 | - | 50 | 5,064 |
| Property, plant and equipment | (177) | 938 | (1) | 5 | 765 |
| Provision for bonuses | 2,249 | (60) | - | 5 | 2,194 |
| Accrued enterprise tax | 360 | 42 | - | 1 | 403 |
| Retirement benefit liabilities | 4,191 | 231 | (126) | - | 4,296 |
| Tax loss carryforwards | 3,157 | 837 | - | 299 | 4,293 |
| Provision for paid leave | 1,404 | (343) | 9 | 26 | 1,096 |
| Accrued expense | 1,432 | (82) | - | 7 | 1,357 |
| Others | 573 | (876) | - | 618 | 315 |
| Total | 17,924 | 966 | (118) | 1,011 | 19,783 |
| Deferred tax liabilities: | | | | | |
| FVTOCI financial assets | (3,690) | - | (1,065) | - | (4,755) |
| Basis difference of acquired assets | (822) | 8 | - | - | (814) |
| Undistributed earnings | (11,769) | (867) | 507 | - | (12,129) |
| Intangible assets | (19,024) | 2,894 | (1) | 283 | (15,848) |
| Others | (4,131) | (271) | (408) | - | (4,810) |
| Total | (39,436) | 1,764 | (967) | 283 | (38,356) |
| Net | (21,512) | 2,730 | (1,085) | 1,294 | (18,573) |

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations.

Others mainly consist of business combinations.

In the recognition of a deferred tax asset, NIDEC considers the possibility that future deductible temporary differences and all or a part of tax loss carryforwards will be available against future taxable profit. In assessing the recoverability of deferred tax assets, the planned reversal of future deferred tax liabilities, foreseeable future taxable profit and tax planning will be considered.

Regarding the recognized deferred tax asset, NIDEC determines that it is more likely to realize tax benefit based on the forecast of future taxable profit in the period when the previous taxable standard and deferred tax assets are recognized. However, the amount of realizable deferred tax assets will decrease providing the expectation of generating future taxable profit in the deductible period decreases as well. In assessing the recoverability of deferred tax assets for the years ended March 31, 2017 and 2018 the deferred tax assets decreased by ¥13,548 million and ¥15,401 million, respectively.

(4) Deferred tax assets and liabilities on consolidated statements of financial position

Deferred tax assets and liabilities on the consolidated statements of financial position are as follow:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Deferred tax assets | 9,986 | 10,923 |
| Deferred tax liabilities | (31,498) | (29,496) |
| Net | (21,512) | (18,573) |

(5) Future deductible temporary differences etc. for unrecognized deferred tax assets

Future deductible temporary differences, tax loss carryforwards and unused tax credit for unrecognized deferred tax assets are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Future deductible temporary differences | 26,822 | 27,755 |
| Tax loss carryforwards | 18,140 | 13,360 |
| Total | 44,962 | 41,115 |

NIDEC does not recognize the deferred tax assets for some of the tax loss carryforwards and future deductible temporary differences. They are related to tax loss carryforwards mainly arising in domestic subsidiaries. To assess the recoverability of these deferred tax assets, NIDEC analyses the applicable subsidiaries individually and decreases a portion that it is less likely to realize tax benefit. As it is less likely to realize future taxable profit, future deductible temporary differences, tax loss carryforwards and unused tax credit for unrecognized deferred tax assets were ¥44,962 million and ¥41,115 million in the years ended March 31, 2017 and 2018, respectively. There is no expiration date for future deductible temporary differences under the current taxation system.

(6) The expiration date of tax loss carryforwards for unrecognized deferred tax assets

The expiration date of tax loss carryforwards for unrecognized deferred tax assets are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-----------------|----------------|----------------|
| Year 1 | 1,477 | 6,276 |
| Year 2 | 6,779 | 2,400 |
| Year 3 | 2,484 | 898 |
| Year 4 | 884 | 2,895 |
| Year 5 or later | 5,904 | 348 |
| No expiration | 612 | 543 |
| Total | 18,140 | 13,360 |

(7) Future taxable temporary differences for unrecognized deferred tax liabilities

At the March 31, 2017 and 2018, NIDEC did not recognize the deferred tax liabilities regarding future taxable temporary differences related to the investment in some subsidiaries, etc. NIDEC can control the timing of reversal of temporary differences and ensure that these differences are not reversed in foreseeable period. At the March 31, 2017 and 2018, future taxable temporary differences related to the investment in subsidiaries, etc. for unrecognized deferred tax liabilities were ¥439,362 million and ¥501,045 million, respectively.

23. Provisions

Changes in the balance and components of provisions are as follows:

(Yen in millions)

| | Provision for product warranties | Others | Total |
|--|----------------------------------|----------|----------|
| Balance at April 1, 2017 | 6,301 | 22,523 | 28,824 |
| Increase during the year | 4,780 | 25,011 | 29,791 |
| Acquisitions through business combinations | 461 | 1,183 | 1,644 |
| Decrease due to intended use | (1,574) | (21,797) | (23,371) |
| Reversal during the year | (1,981) | (2,433) | (4,414) |
| Foreign currency translation and other | 661 | (93) | 568 |
| Balance at March 31, 2018 | 8,648 | 24,394 | 33,042 |

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-------------------------|----------------|----------------|
| Current liabilities | 25,210 | 28,498 |
| Non-current liabilities | 3,614 | 4,544 |
| Total | 28,824 | 33,042 |

Provision for product warranties

NIDEC provides warranties for specific products and services for a certain period. A provision for product warranties is calculated based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

Provisions for others

Provisions for others consist of mainly provision for bonuses and provision for paid leave. The majority of these costs is estimated to be incurred in the subsequent year.

24. Common stock and surplus

(1) Common stock

The number and changes of authorized shares and issued shares for the years ended March 31, 2017 and 2018, are as follows:

| | For the years ended March 31, | |
|------------------------------------|-------------------------------|------------------|
| | 2017 | 2018 |
| | Number of shares | Number of shares |
| Total number of authorized shares: | | |
| Ordinary shares (no-par value) | 960,000,000 | 960,000,000 |
| Total number of issued shares: | | |
| Balance at beginning of year | 298,142,234 | 298,142,234 |
| Increase (decrease) | - | - |
| Balance at end of year | 298,142,234 | 298,142,234 |

(Notes) The number of treasury stocks included in the total number of issued shares in the above table for the years ended March 31, 2017 and 2018, are 1,544,634 and 2,182,209, respectively.

(2) Additional paid-in capital and retained earnings

Additional paid-in capital mainly consists of capital reserve. The changes in additional paid-in capital for the years ended March 31, 2017 and 2018, are as follows:

(Yen in millions)

| | For the years ended March 31, | |
|------------------------------|-------------------------------|---------|
| | 2017 | 2018 |
| Balance at beginning of year | 118,341 | 118,340 |
| Increase (decrease) | (1) | (204) |
| Balance at end of year | 118,340 | 118,136 |

Retained earnings consist of a legal reserve and other retained earnings.

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(3) Other components of equity

1) Fair value movements on FVTOCI debt financial assets

Fair value movements on FVTOCI debt financial assets through other comprehensive income

2) Fair value movements on FVTOCI equity financial assets

Fair value movements on FVTOCI equity financial assets through other comprehensive income

3) Foreign currency translation adjustments

Gains and losses arising from translating the financial statements of a foreign operation

4) Effective portion of net changes in fair value of cash flow hedges

Effective portion of gains and losses on hedging instruments in a cash flow hedge

5) Remeasurement of defined benefit plans

Remeasurement of defined benefit plans

25. Dividends

Dividends declared and paid to the ordinary shareholders are as follows:

For the year ended March 31, 2017

| Resolution date | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date |
|---|-----------------|--|------------------------------|--------------------|------------------|
| May 25, 2016 Board of directors meeting | Ordinary shares | 11,864 | 40 | March 31, 2016 | June 2, 2016 |
| October 24, 2016 Board of directors meeting | Ordinary shares | 11,864 | 40 | September 30, 2016 | December 1, 2016 |

For the year ended March 31, 2018

| Resolution date | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date |
|---|-----------------|--|------------------------------|--------------------|------------------|
| May 24, 2017 Board of directors meeting | Ordinary shares | 13,347 | 45 | March 31, 2017 | June 1, 2017 |
| October 24, 2017 Board of directors meeting | Ordinary shares | 13,323 | 45 | September 30, 2017 | December 1, 2017 |

Among the dividends whose record date falls in the year ended March 31, 2018, those whose effective date falls in the year ending March 31, 2019 are as follows:

| Resolution date | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date |
|---|-----------------|--|------------------------------|----------------|----------------|
| May 28, 2018 Board of directors meeting | Ordinary shares | 14,798 | 50 | March 31, 2018 | June 4, 2018 |

26. Operating expenses

Operating expenses for the year ended March 31, 2018 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥57,496 million of depreciation, ¥10,924 million of amortization and ¥263,490 million of employee benefit expenses. Operating expenses for the year ended March 31, 2017 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥50,530 million of depreciation, ¥9,207 million of amortization and ¥186,158 million of employee benefit expenses.

27. Financial income and expenses

(1) Financial income

The breakdown of financial income is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|---|-------------------------------|--------------|
| | 2017 | 2018 |
| Interest income | | |
| Financial assets measured at amortized cost | 2,695 | 6,181 |
| Dividend income | | |
| FVTOCI equity financial assets | 566 | 310 |
| Others | 107 | 86 |
| Total | 3,368 | 6,577 |

(2) Financial expenses

The breakdown of financial expenses is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|----------------|
| | 2017 | 2018 |
| Interest expenses | | |
| Financial liabilities measured at amortized cost | (2,684) | (6,468) |
| Others | (379) | (539) |
| Total | (3,063) | (7,007) |

28. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent - basic is as follows:

“Earnings per share attributable to owners of the parent - diluted” are not presented because there were no securities with dilutive effect outstanding.

| | For the years ended March 31, | |
|---|-------------------------------|-------------|
| | 2017 | 2018 |
| Profit attributable to owners of the parent (Yen in millions) | 111,007 | 131,434 |
| Weighted average shares (Shares) | 296,599,414 | 296,064,943 |
| Earnings per share attributable to owners of the parent - basic (Yen) | 374.27 | 443.94 |

29. Derivatives

NIDEC manages the exposure of the fluctuations in currency, interest rate and commodity prices through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate swap agreements, currency swap agreements and commodity futures contracts. NIDEC does not hold derivative financial instruments for trading purpose. NIDEC is exposed to credit risk in the event of non-performance by counterparties to the derivative contracts, but such risk is considered to be minimal due to high credit rating of the counterparties.

(1) Cash flow hedges

NIDEC uses foreign exchange forward contracts and commodity futures contracts designated as cash flow hedges to protect against currency risks and commodity price risks inherent in a portion of its forecasted transactions related to purchase commitments.

(2) Derivatives not designated as hedges

NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives from time to time. The changes in the fair value of these contracts are included in "Derivative gain (loss)".

Derivatives designated as cash flow hedges are as follows:

As of March 31, 2017

(Yen in millions)

| | Notional amount | Carrying amount | | Line item in the consolidated financial statements |
|------------------------------------|-----------------|-----------------|-------------|---|
| | | Assets | Liabilities | |
| Currency risk | | | | |
| Foreign exchange forward contracts | 14,882 | 155 | 83 | Other financial assets Other financial liabilities |
| Commodity price risk | | | | |
| Commodity futures contracts | 4,076 | 604 | - | Other financial assets |

As of March 31, 2018

(Yen in millions)

| | Notional amount | Carrying amount | | Line item in the consolidated financial statements |
|------------------------------------|-----------------|-----------------|-------------|---|
| | | Assets | Liabilities | |
| Currency risk | | | | |
| Foreign exchange forward contracts | 12,389 | 993 | - | Other financial assets |
| Commodity price risk | | | | |
| Commodity futures contracts | 7,831 | 134 | 143 | Other financial assets Other financial liabilities |

Derivatives not designated as hedges are as follows:

As of March 31, 2017

(Yen in millions)

| | Notional amount | Carrying amount | | Line item in the consolidated financial statements |
|------------------------------------|-----------------|-----------------|-------------|---|
| | | Assets | Liabilities | |
| Foreign exchange forward contracts | 2,275 | 20 | 4 | Other financial assets Other financial liabilities |
| Currency swap agreements | 27,550 | 328 | - | Other financial assets |

As of March 31, 2018

(Yen in millions)

| | Notional amount | Carrying amount | | Line item in the consolidated financial statements |
|------------------------------------|-----------------|-----------------|-------------|---|
| | | Assets | Liabilities | |
| Foreign exchange forward contracts | 17,641 | 240 | 9 | Other financial assets Other financial liabilities |
| Currency swap agreements | 27,799 | 9 | 1,054 | Other financial assets Other financial liabilities |
| Interest rate swap agreements | 70,543 | 1,111 | - | Other financial assets |

Carrying amounts of cash flow hedge reserve are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Currency risk | | |
| Foreign exchange forward contracts | (4) | 662 |
| Commodity price risk | | |
| Commodity futures contracts | 376 | 109 |

The effects of derivatives designated as cash flow hedges on profit or loss are as follows:

For the year ended March 31, 2017

(Yen in millions)

| | Hedging gain or loss recognized in OCI | Amount reclassified from cash flow hedge reserve to profit or loss | Line item in the consolidated statements of income that includes the reclassification adjustment |
|------------------------------------|--|--|--|
| Currency risk | | | |
| Foreign exchange forward contracts | 1,240 | (595) | Cost of sales |
| Commodity price risk | | | |
| Commodity futures contracts | 440 | 33 | Cost of sales |

For the year ended March 31, 2018

(Yen in millions)

| | Hedging gain or loss recognized in OCI | Amount reclassified from cash flow hedge reserve to profit or loss | Line item in the consolidated statements of income that includes the reclassification adjustment |
|------------------------------------|--|--|--|
| Currency risk | | | |
| Foreign exchange forward contracts | 632 | 34 | Cost of sales |
| Commodity price risk | | | |
| Commodity futures contracts | 104 | (371) | Cost of sales |

The amount of hedge ineffectiveness or exclusion from the assessment of hedge effectiveness recognized in profit or loss was not material for the years ended March 31, 2017 and 2018.

As at March 31, 2018, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for forecast transactions was approximately 23 months.

The effects of derivatives not designated as hedges on profit or loss are as follows:

(Yen in millions)

| | Line item in the consolidated financial statements | For the years ended March 31, | |
|------------------------------------|--|-------------------------------|---------|
| | | 2017 | 2018 |
| Foreign exchange forward contracts | Foreign exchange differences | (1) | 212 |
| | Derivative gain (loss) | - | (13) |
| Currency swap agreements | Derivative gain (loss) | 389 | (1,373) |
| | Financial income and expenses | 472 | (605) |
| Interest rate swap agreements | Derivative gain (loss) | - | 1,111 |
| | Financial income and expenses | - | 282 |

30. Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets;
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, inputs that are corroborated by observable market data by correlation or other means; and
- Level 3: Unobservable inputs for the asset or liability.

For recurring fair value measurements of assets and liabilities, NIDEC reviews whether there are transfers between levels of the fair value hierarchy at the end of the period by reassessing the level to be applied to the asset or liability for measuring its fair value.

Fair values of financial instruments measured at amortized cost

(Yen in millions)

| | March 31, 2017 | | March 31, 2018 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Short term investments | 2,103 | 2,103 | 118 | 118 |
| Long term investments | - | - | 2 | 2 |
| Short term loans receivable | 34 | 34 | 43 | 43 |
| Long term loans receivable | 118 | 116 | 131 | 128 |
| Short term borrowings | (166,606) | (166,606) | (1,657) | (1,657) |
| Long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds) | (88,591) | (89,111) | (143,183) | (143,575) |
| Corporate bonds (including corporate bonds due within one year) | (149,943) | (151,087) | (199,966) | (200,624) |

The following are explanatory notes relating to fair value estimation of the financial instruments.

(1) Short term investments, short term loans receivable and short term borrowings

In the normal course of business, substantially all short term investments (time deposits), short term loans receivable and short term borrowings are highly liquid and are carried at amounts that approximate their fair values.

(2) Long term investments

NIDEC's long term investments are mainly time deposits which are due over one year from March 31, 2018 to their original maturity dates and are classified as Level 2. The fair value of long term investments is estimated by discounting expected future cash flows to their present values.

(3) Long term loans receivable

The fair value of long term loans receivable is estimated by discounting expected future cash flows to their present values and classified as Level 2.

(4) Long term debt

The fair value of long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds) is estimated based on the present value of future repayment amounts by discounting at NIDEC's expected incremental borrowing rates for similar liabilities and classified as Level 2.

(5) Corporate bonds

The fair value of bonds issued by NIDEC (including corporate bonds due within one year) is estimated based on the quoted market price for the NIDEC's bonds in markets that are not active and classified as Level 2.

The fair values of "cash and cash equivalents", "trade and other receivables" and "trade and other payables" approximate their carrying amounts because of the short maturity of these instruments. Therefore, the table described above excludes these financial instruments.

Breakdown of financial instruments measured at fair value on a recurring basis by levels of the fair value hierarchy

The following is an analysis of financial instruments measured at fair value after they are initially recognized.

The breakdown of financial assets and financial liabilities categorized by the levels of the fair value hierarchy used in the analysis is as follows:

As of March 31, 2017

(Yen in millions)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|--------|
| Assets | | | | |
| Marketable securities and other investment securities | | | | |
| FVTOCI equity financial assets | 17,135 | - | 1,519 | 18,654 |
| FVTOCI debt financial assets | - | 228 | - | 228 |
| Derivatives | 604 | 503 | - | 1,107 |
| Total financial assets | 17,739 | 731 | 1,519 | 19,989 |
| Liabilities | | | | |
| Derivatives | - | 87 | - | 87 |
| Total financial liabilities | - | 87 | - | 87 |

There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2017.

As of March 31, 2018

(Yen in millions)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|--------|
| Assets | | | | |
| Marketable securities and other investment securities | | | | |
| FVTOCI equity financial assets | 19,934 | - | 1,390 | 21,324 |
| FVTOCI debt financial assets | - | 271 | - | 271 |
| Derivatives | 134 | 2,353 | - | 2,487 |
| Total financial assets | 20,068 | 2,624 | 1,390 | 24,082 |
| Liabilities | | | | |
| Derivatives | 143 | 1,063 | - | 1,206 |
| Total financial liabilities | 143 | 1,063 | - | 1,206 |

There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2018.

Level 1 securities and derivatives including commodity futures are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 securities are valued using non-active market prices for identical assets. Level 2 derivatives including foreign exchange forward contracts are valued using quotes obtained from counterparties or third parties, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates and interest rates.

Level 3 securities are composed mainly of unlisted shares. Fair values of those unlisted shares are calculated by discounted cash flow method, etc. For securities of level 3, no significant changes in fair value are expected to occur as a result of changing unobservable inputs to other alternative assumptions that are considered reasonable.

The reconciliation of financial instruments categorized as Level 3 is as follows:

(Yen in millions)

| | For the years ended March 31, | |
|---|-------------------------------|-------|
| | 2017 | 2018 |
| Balance at beginning of year | 1,589 | 1,519 |
| Gains or losses: | | |
| Recognized in other comprehensive income (Note) | (98) | (103) |
| Purchases | 30 | - |
| Sales | (2) | (26) |
| Transfers to/from Level 3 | - | - |
| Balance at end of year | 1,519 | 1,390 |

(Note) Those are included in “fair value movements on FVTOCI equity financial assets” and “foreign currency translation adjustments” in the consolidated statements of other comprehensive income.

31. Related party transactions

(1) Transactions with related parties for the years ended March 31, 2017 and 2018 are as follows:

Sales of goods and services

(Yen in millions)

| | For the years ended March 31, | |
|----------------------------|-------------------------------|------|
| | 2017 | 2018 |
| Related parties | | |
| SN Kosan Limited Company*1 | 0 | 0 |
| Nagamori foundation*2 | 12 | 12 |

(Note) *1. NIDEC’s directors and other officers, and their close relatives own a majority of voting rights of SN Kosan Limited Company.

*2. A director of NIDEC concurrently serves as president of Nagamori foundation.

Sales of goods and services to related parties are conducted on an arm’s-length basis.

Purchase of goods and services*(Yen in millions)*

| | For the years ended March 31, | |
|--|-------------------------------|------|
| | 2017 | 2018 |
| Related parties | | |
| SN Kosan Limited Company | 14 | 14 |
| Green Kohsan Limited Liability Company*3 | - | 22 |

(Note) *3. A director of NIDEC concurrently serves as representative member of Green Kohsan Limited Liability Company.

Purchase of goods and services from related parties are conducted on an arm's-length basis.

Outstanding balances arising from sales and purchases of goods and services*(Yen in millions)*

| | March 31, 2017 | March 31, 2018 |
|----------------------------------|----------------|----------------|
| Receivables from related parties | | |
| SN Kosan Limited Company | 1 | 1 |
| Nagamori foundation | 0 | - |
| Payables to related parties | | |
| SN Kosan Limited Company | 0 | - |

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2017 and 2018. In addition, there were no expenses recognized during the years ended March 31, 2017 and 2018 in respect of receivables from related parties.

(2) NIDEC's key management personnel compensation for the years ended March 31, 2017 and 2018 were ¥380 million and ¥439 million, respectively.

32. Subsidiaries and associates

(1) Composition of the group

The composition of the NIDEC group is presented in "I. Overview of the Company, 4. Information on Affiliates".

(2) Subsidiaries that have non-controlling interests that are material

There is no subsidiary that has non-controlling interests that are material.

(3) Aggregate financial information about investments in associates that are not individually material

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Carrying amount of interest in associates | 1,125 | 1,112 |

(Yen in millions)

| | For the years ended March 31, | |
|-----------------------------------|-------------------------------|------|
| | 2017 | 2018 |
| Comprehensive income for the year | | |
| Profit for the year | (534) | 118 |
| Total | (534) | 118 |

33. Leases

NIDEC leases certain assets under finance lease and operating lease arrangements. The summary of leased assets under finance leases is as follows:

(Yen in millions)

| Class of assets | March 31, 2017 | March 31, 2018 |
|---------------------------------|----------------|----------------|
| Machinery and equipment | 11,736 | 10,235 |
| Other leased assets | 285 | 284 |
| Less - accumulated depreciation | (10,059) | (7,440) |
| Total | 1,962 | 3,079 |

Depreciation under finance leases for the years ended March 31, 2017 and 2018 were ¥948 million and ¥516 million, respectively.

The future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

(Yen in millions)

| Term | March 31, 2017 | March 31, 2018 |
|---|----------------|----------------|
| Within one year | 6,350 | 258 |
| Over one year within five years | 931 | 703 |
| Over five years | 56 | 80 |
| Total future minimum lease payments | 7,337 | 1,041 |
| Less - amount equivalent to interest | (47) | (50) |
| Present value of net minimum lease payment | 7,290 | 991 |
| Less - short-term finance lease obligations | (6,325) | (243) |
| Log-term finance lease obligations | 965 | 748 |

Rent expenses under operating leases for the years ended March 31, 2017 and 2018 were ¥2,750 million and ¥2,236 million, respectively.

The future minimum rental payments required under operating leases relating primarily to land, buildings and equipment having non-cancelable lease terms in excess of one year are as follows:

(Yen in millions)

| Term | March 31, 2017 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| Within one year | 2,830 | 1,706 |
| Over one year within five years | 5,148 | 2,712 |
| Over five years | 967 | 745 |
| Total future minimum rental payments | 8,945 | 5,163 |

NIDEC is a lessor of a portion of the land, buildings and equipment in operating leases.

Rental income under operating leases for the years ended March 31, 2017 and 2018 were ¥87 million and ¥42 million, respectively.

The future minimum rental income under operating leases with remaining non-cancellable terms are as follows:

(Yen in millions)

| Term | March 31, 2017 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Within one year | 68 | 34 |
| Over one year within five years | 52 | 70 |
| Over five years | 1 | 15 |
| Total future minimum rental income | 121 | 119 |

34. Financial instruments

(1) Capital management

NIDEC's capital management principle is to optimize capital structure by achieving a balance between capital efficiency and financial strength, while sustainably increasing corporate value and aiming at 30% dividend payout ratio. In our Medium-Term Strategic Target "Vision 2020", we target for profit ratio of equity attributable to owners of the parent of 18%, assuming ratio of equity attributable to owners of the parent to total assets of 60%, and monitor these indexes considering a better credit rating.

NIDEC's ratio of equity attributable to owners of the parent to total assets and profit ratio of equity attributable to owners of the parent are as follows:

| | March 31, 2017 | March 31, 2018 |
|--|----------------|----------------|
| Ratio of equity attributable to owners of the parent to total assets | 50.4% | 52.8% |

| | For the years ended March 31, | |
|---|-------------------------------|-------|
| | 2017 | 2018 |
| Profit ratio of equity attributable to owners of the parent | 13.8% | 14.8% |

There are no material capital regulations applicable to NIDEC.

(2) Credit risk management

NIDEC defines default on trade receivables as "claims becoming unrecoverable due to customer's failure to fulfil its obligation". Therefore, regarding trade receivables, Nidec is regularly monitoring the financial position of main clients by checking payment terms and credit balance for each client according to the credits management policies to ensure early identification and mitigation of the potential bad debt associated with deterioration of their financial position.

No significant concentration of credit risk is present in a particular customer.

NIDEC's maximum exposure to credit risks is the carrying amount of financial assets less impairment losses in the consolidated financial statements.

The analysis of aging of receivables that are past due and expected credit loss of those financial assets are as follows:

As of March 31, 2017

(Yen in millions)

| | Past due | | | |
|--------------------------------|----------|-------------------|---------------------------------|---------------|
| | Total | Within six months | Over six months within one year | Over one year |
| Trade and other receivables: | | | | |
| Gross amount | 28,171 | 23,820 | 2,353 | 1,998 |
| Expected credit loss allowance | (1,247) | (12) | (103) | (1,132) |
| Net amount | 26,924 | 23,808 | 2,250 | 866 |
| Rate of expected credit loss | 4.4% | 0.1% | 4.4% | 56.7% |
| Other financial assets: | | | | |
| Gross amount | 491 | - | - | 491 |
| Expected credit loss allowance | (444) | - | - | (444) |
| Net amount | 47 | - | - | 47 |
| Rate of expected credit loss | 90.6% | - | - | 90.6% |

As of March 31, 2018

(Yen in millions)

| | Past due | | | |
|--------------------------------|----------|-------------------|---------------------------------|---------------|
| | Total | Within six months | Over six months within one year | Over one year |
| Trade and other receivables: | | | | |
| Gross amount | 30,120 | 26,042 | 1,643 | 2,435 |
| Expected credit loss allowance | (1,540) | (9) | (134) | (1,397) |
| Net amount | 28,580 | 26,033 | 1,509 | 1,038 |
| Rate of expected credit loss | 5.1% | 0.0% | 8.1% | 57.4% |
| Other financial assets: | | | | |
| Gross amount | 520 | - | 13 | 507 |
| Expected credit loss allowance | (455) | - | - | (455) |
| Net amount | 65 | - | 13 | 52 |
| Rate of expected credit loss | 87.5% | - | - | 89.7% |

The changes in the balance of expected credit loss allowance are as follows:

(Yen in millions)

| | For the year ended March 31, | | | |
|--|------------------------------|------------------------|-----------------------------|------------------------|
| | 2017 | | 2018 | |
| | Trade and other receivables | Other financial assets | Trade and other receivables | Other financial assets |
| Expected credit loss allowances at beginning of the year | 1,325 | 470 | 1,646 | 458 |
| Expected credit loss allowance, net of reversal | 609 | (12) | 407 | (10) |
| Usage as intended | (232) | - | (168) | - |
| Foreign currency translation and other | (56) | 0 | 127 | 12 |
| Expected credit loss allowances at the end of the year | 1,646 | 458 | 2,012 | 460 |

(3) Liquidity risk management

NIDEC relies on borrowings from financial institutions and capital raising from direct financing markets to finance its operations and capital expenditures. If, due to changes in financial market conditions or other factors, financial institutions reduce, terminate or otherwise modify the amounts or terms of their lending or credit lines to NIDEC, if there is a significant downgrade of its credit ratings by one or more credit rating agencies as a result of any deterioration of its financial condition or if investor demand significantly decreases due to economic downturns or otherwise, NIDEC may not be able to access funds when NIDEC needs them on acceptable terms.

NIDEC regularly checks the status of liquidity on hand and interest-bearing liabilities, and develops a financing plan against the liquidity risk. Furthermore, the board of directors approves the establishment of credit line for flexible financing in accordance with the plan.

See “18. Short term borrowings and long term debt” for the aggregate amounts of annual maturity of long term debts.

(4) Market risk management

1) Currency risk management

A significant portion of NIDEC overseas sales is denominated in currencies other than Japanese yen, primarily the U.S. dollar, Euro, Chinese yuan and Thai baht. NIDEC is exposed to currency risks arising from the appreciation of the Japanese yen against each currency. The appreciation of the Japanese yen against each currency would have negative effects on NIDEC’s sales, operating profit and profit for the year, etc. Furthermore, foreign exchange fluctuation affects the consolidation of financial statements of foreign subsidiaries.

To mitigate the currency risks, NIDEC, in principle, controls the balance of monetary assets and liabilities of each currency and uses a natural hedge such as selling and purchasing in a same currency. For some cases, NIDEC uses foreign exchange forward contracts and other contracts to reduce the impact of foreign exchange fluctuations.

The financial impacts on profit before income taxes in the case of appreciation of Japanese yen against the U.S. dollar and Euro by 1% on the foreign currency denominated financial instruments held by NIDEC while all other variables are held constant as of March 31, 2017 and 2018 are as follows:

(Yen in millions)

| | For the years ended March 31, | |
|--|-------------------------------|------|
| | 2017 | 2018 |
| U.S. dollar (appreciation of Japanese yen by 1%) | 43 | 538 |
| Euro (appreciation of Japanese yen by 1%) | 298 | 366 |

2) Interest rate risk management

As NIDEC has no significant interest-bearing assets, NIDEC’s profit or loss and cash flows are substantially independent of changes in market interest rates.

NIDEC has interest-bearing liabilities and enters into interest rate swaps and other contracts in order to manage the risks of the interest rate fluctuation and changes in cash flows of those liabilities. In addition, we monitor the interest rate fluctuation regularly. As a result, interest rate sensitivity analysis is omitted because payment of interest does not have material impacts on NIDEC.

3) Share price fluctuation risk management

For shares that NIDEC holds, we regularly check their market share price and financial condition of the issuers and monitor unrealized profits or losses. In addition, we review the shareholding on a continuous and as needed basis, taking into consideration the relationship with the issuers.

35. Government grants

The granted amount from government for the year, government grants recognized in the consolidated statements of income and the carrying amount of deferred income are as follows:

(Yen in millions)

| | For the years ended March 31, | |
|---|-------------------------------|---------|
| | 2017 | 2018 |
| Balance at April 1 | 327 | 375 |
| The granted amount from government for the year | 875 | 1,516 |
| Government grants recognized in the consolidated statements of income | (807) | (1,146) |
| Exchange difference on translation | (20) | 65 |
| Balance at March 31 | 375 | 810 |

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|-------------|----------------|----------------|
| Current | 29 | 55 |
| Non-current | 346 | 755 |
| Total | 375 | 810 |

Government grants are mainly provided for purchase of certain property, plant and equipment. There are no unfulfilled conditions or other contingencies attaching to the grants.

36. Contingent liabilities

At March 31, 2018, NIDEC was aware of total contingent liabilities of ¥13,643 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds. Such contingencies relate to the performance of the undergoing projects or projects in its warranty periods. No material claims have been made against the guarantees and NIDEC has not found any event that may result in material claims.

37. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

| | March 31, 2017 | March 31, 2018 |
|--|----------------|----------------|
| Property, plant and equipment and other assets | 8,473 | 4,236 |

38. Events after the reporting period

(1) A stock purchase agreement of Whirlpool Corporation's Compressor Businesses ("Embraco"), a U.S. Manufacturer NIDEC has agreed to acquire the compressor businesses ("Embraco") of Whirlpool Corporation ("Whirlpool") (the "Transaction"). For this purpose, NIDEC entered into a stock purchase agreement on April 24, 2018 (Japan time).

| | |
|------------------------------------|---|
| 1) Purpose | Embraco develops, manufactures and sells refrigeration compressors and electronic components. Through the Transaction, NIDEC is able to strengthen its refrigeration compressor business and expand its product reach and geographic footprint by gaining mutual complement of Embraco and Nidec Global Appliance Compressors. In addition, ever stricter environmental regulations in major regions like Europe, the Americas and China are stimulating customers demand for DC compressors. In addition to Embraco's excellent technologies for DC compressors, NIDEC's best in class brushless DC motor technology is expected to be utilized widely. Furthermore, because motors and compressors have similarities in terms of the nature of components used, Nidec Global Appliance Division expects to reduce procurement costs (to be benefit of customers) by taking advantage of synergies of the Nidec group's purchase capabilities and give customers additional value. |
| 2) Acquisition method and schedule | NIDEC utilizes its cash on hand and debt finance for funding. Closing of the Transaction is to be completed within 1st half of FY2019. (The Transaction will be filed for approval with a number of antitrust authorities. Also, the closing may be deferred in some regions.) |
| 3) Purchase price | US\$1,080 million (on a cash and debt-free enterprise value basis) |

(2) Completion of Acquisition of Genmark Automation, Inc., a U.S. Semiconductor Wafer Handling Robot Manufacturer

On April 30, 2018 (U.S. time), Nidec Sankyo Corporation ("Nidec Sankyo"), the company's subsidiary, acquired 100% equity shares of Genmark Automation, Inc. ("Genmark") through Genmark Sub Corporation (the "Transaction").

| | |
|-----------------------|---|
| 1) Purpose | Genmark develops, manufactures and sells semiconductor wafer handling robots, motion control products and integrated tool automation. Through the Transaction, Nidec Sankyo will utilize Genmark's product development, production capabilities and network to strengthen its product lineup and global network. Also Nidec Sankyo will conduct sales activities utilizing customer bases of both Nidec Sankyo and Genmark. NIDEC aims to further grow by capturing demand of expanding semiconductor market. |
| 2) Acquisition method | NIDEC utilizes its cash on hand for funding. |

(3) Establishment of significant joint venture

On May 16, 2018, Nidec Leroy-Somer Holding ("Nidec Leroy-Somer"), the company's subsidiary, and Groupe PSA ("PSA") have completed the establishment of the joint venture for automotive electric traction motors.

| | |
|---------------------------------------|--|
| 1) Purpose | Both companies have acknowledged strategic importance of traction motors in the automotive industry from now on and agreed mutual cooperation for developing high-performance and competitive electric traction motor range for MHEV, EV and PHEV to be developed by PSA. The joint venture will develop, manufacture and sell high-performance electric traction motor mainly to PSA, and to other OEM later, by combining PSA's knowledge on automotive as OEM and Nidec Leroy-Somer's expertise of motor and related electrical equipment. |
| 2) Company name | Nidec PSA emotors |
| 3) Head quarters and development base | Carrières sous Poissy, Paris region (France) |
| 4) Production base | Tremery, Grand Est region (France) |
| 5) Representative (CEO) | Ghislain Boiteau, Nidec's executive |
| 6) Establishment date | May 16, 2018 |
| 7) Main business | Development, manufacturing and sales of automotive electric traction motors and inverters |
| 8) Number of employees | 40 (the joint venture plans to hire additional 30 engineers by the end of summer 2018 and more in line with business expansion.) |
| 9) Initial share capitals | 15 million Euro |
| 10) Ownership | Nidec Leroy-Somer Holding: 50% PSA Automobiles SA: 50% |

(4) Adoption of Performance-linked share-based compensation plan for members of the Board of Directors et al. of NIDEC

The Company and its group companies resolved to adopt a performance-linked share-based compensation plan (the "Plan") for the Company's members of the Board of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto and for group companies' members of the Board of Directors (excluding outside members of the Board of Directors) and Executive Officers (collectively, the "Eligible Board Members") at their respective ordinary general meetings of shareholders held in June 2018.

The Company and the Affiliate Company will adopt this Plan as an incentive for the Directors, et al. covered by the Plan using a trust that is linked to corporate performance results and based on shares of Company stock. Its purpose is to clarify the linkage between compensation for the Directors, et al. covered by the Plan and the Company's corporate value to heighten their motivation to attain performance targets specified in the "Mid-Term Strategic Goal" medium-term management plan and medium, long-term corporate value expansion. Moreover, the Plan is intended to further motivate the Directors, et al. covered by the Plan to contribute to sustainably enhancing corporate value (stock value) through their ownership of the Company's share.

The Plan will be structured as a BIP (Board Incentive Plan) trust (the "BIP Trust"). The BIP Trust will be a share-based compensation plan for officers that will grant Company shares and pay cash proceeds from the liquidation of Company shares to the Eligible Board Members based on their rank, operating performance targets' degree of attainment, and other factors, like U.S. and European performance share plans and restricted stock plans.

[Content of trust agreement]

| | |
|---------------------------------|--|
| Trustor: | The Company |
| Trustee: | Mitsubishi UFJ Trust and Banking Corporation (tentative) (Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| Beneficiaries: | The Eligible Board Members who meet beneficiary requirements |
| Trust agreement date: | July 26, 2018 (tentative) |
| Trust period: | July 26, 2018 (tentative), through August 31, 2021 (tentative) |
| Exercise of voting rights: | No to be exercised |
| Class of shares to be acquired: | The Company's ordinary shares |
| Amount of trust funding: | ¥1.05 billion (tentative) (including trust fees and trust expenses) |

Share acquisition period: July 27, 2018 (tentative), through August 27, 2018 (tentative)

Share acquisition method: Purchases on the stock market

(5) Adoption of Performance-linked share-based payment plan for domestic and overseas NIDEC executives

The Company resolved to adopt a performance-linked share-based payment plan (the “Plan”) for executives of its domestic and overseas group companies including the Company (the “Group Executives”) at the meeting of its Board of Directors held on April 24, 2018.

The Company and the Affiliate Company in Japan and outside of Japan will adopt a common global incentive plan, to attain performance targets specified in the “Mid-Term Strategic Goal” medium-term management plan and medium, long-term corporate value expansion as “One Nidec”.

The Plan will be structured as an ESOP (Employee Stock Ownership Plan) trust (the “ESOP Trust”). The ESOP Trust will be an employee incentive plan modeled after U.S. ESOP plans. More specifically, it will be a share-based payment plan that will grant Company shares and pay cash proceeds from the liquidation of Company shares to the Group Executives based on their respective job titles, operating performance targets’ degree of attainment, and other factors.

[Content of trust agreement]

Trustor: The Company

Trustee: Mitsubishi UFJ Trust and Banking Corporation (tentative)
(Co-trustee: The Master Trust Bank of Japan, Ltd.)

Beneficiaries: The Group Executives who meet beneficiary requirements

Trust agreement date: July 26, 2018 (tentative)

Trust period: July 26, 2018 (tentative), through August 31, 2021 (tentative)

Exercise of voting rights: No to be exercised

Class of shares to be acquired: The Company’s ordinary shares

Amount of trust funding: ¥380 million (tentative) (including trust fees and trust expenses)

Share acquisition period: July 27, 2018 (tentative), through August 27, 2018 (tentative)

Share acquisition method: Purchases on the stock market

39. Authorization of consolidated financial statements

NIDEC’s consolidated financial statements were authorized for issue on June 21, 2018 by Shigenobu Nagamori, Representative Director, Chairman and Chief Executive Officer and Akira Sato, Member of the Board of Directors, Executive Vice President and Chief Financial Officer.

2. Others

Quarterly information, etc. from April 1, 2017 to March 31, 2018

(Yen in millions, unless otherwise stated)

| (Accumulated period) | Three months ended June 30, 2017 | Six months ended September 30, 2017 | Nine months ended December 31, 2017 | Year ended March 31, 2018 |
|---|----------------------------------|-------------------------------------|-------------------------------------|---------------------------|
| Net sales | 343,091 | 715,890 | 1,105,921 | 1,488,090 |
| Profit before income taxes | 36,171 | 76,319 | 119,458 | 164,460 |
| Profit attributable to owners of the parent | 28,077 | 59,839 | 94,517 | 131,434 |
| Earnings per share attributable to owners of the parent-basic (yen) | 94.83 | 202.11 | 319.23 | 443.94 |

| (Fiscal period) | Three months ended June 30, 2017 | Three months ended September 30, 2017 | Three months ended December 31, 2017 | Three months ended March 31, 2018 |
|---|----------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| Earnings per share attributable to owners of the parent-basic (yen) | 94.83 | 107.28 | 117.13 | 124.71 |

(Notes) 1. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2018.

Related quarterly items for the year ended March 31, 2018 reflect the revision of the initially allocated amount of acquisition price as NIDEC finalized the provisional accounting treatment.

2. "Earnings per share attributable to owners of the parent - basic" has been calculated based on figures of "Profit attributable to owners of the parent".

VI. Share-related Administration of the Company

| | |
|---|---|
| Fiscal year | April 1 - March 31 |
| Annual General Meeting of Shareholders | During June |
| Record date | March 31 |
| Record dates for dividends of surplus | September 30 March 31 |
| Number of shares in one trading unit | 100 shares |
| Buyback in holdings of shares less than one unit | |
| Place of handling | Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 5-33,Kitahama 4-chome,Chuo-ku, Osaka |
| Administrator of shareholder registry | Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Forwarding office | ----- |
| Fees for buyback in holdings | Amount separately specified as an amount equivalent to fees for entrusting sale or purchase of shares |
| Method of giving public notice | Nidec carries out its public notifications by means of electronic public notice http://www.nidec.com/ja-JP/ However, in the event of an accident which makes electronic notice impossible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper). |
| Shareholders privileges | Hospitality programs for shareholders 1. Target shareholder We target all recorded shareholders on the list of shareholders as of March 31 each year. 2. Content of hospitality programs We give all shareholders a leaflet of Nidec Sankyo Orgel Museum Suwanone, with which they can enter the Museum free charge. |

- (Notes) 1. The Articles of Incorporation provide that a holder of shares less than one unit does not have any rights other than rights under each item of Article 189, Paragraph 2 of the Companies Act or rights to be allotted rights to subscribe for free for new shares and share acquisition rights in proportion to the number of shares held by the shareholder.
2. We assume that a buyback of shares less than one unit is charged through an account administration authority, such as a brokerage firm and so on (in case of the special account, the above Sumitomo Mitsui Trust Bank, Limited).

VII. Reference Information on the Company

1. Information on Parent Company, etc. of the Company

The Company has no parent company pursuant to Article 24-7, Paragraph 1 of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2018 to the filing date of the Annual Securities Report.

1. Annual Securities Report and the attachments thereto, and Confirmation Letter

| | |
|--|--|
| (The 44th business term) (From April 1, 2016 to March 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on June 19, 2017 |
|--|--|

2. Internal Control Report and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on June 19, 2017

3. Quarterly Report and Confirmation Letter

| | |
|--|--|
| (First Quarter of the 45th business term) (From April 1, 2017 to June 30, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on August 9, 2017 |
| (Second Quarter of the 45th business term) (From July 1, 2017 to September 30, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2017 |
| (Third Quarter of the 45th business term) (From October 1, 2017 to December 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on February 13, 2018 |

4. Extraordinary Report

| | |
|--|--|
| Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc. | Filed with the Director-General of the Kanto Local Finance Bureau on October 2, 2017 |
| Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc. | Filed with the Director-General of the Kanto Local Finance Bureau on February 20, 2018 |

5. Amendment Report of Annual Securities Report and Confirmation Letter

| | |
|--|--|
| (The 44th business term) (From April 1, 2016 to March 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2017 |
|--|--|

6. Shelf Registration Statements (Straight bond) and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on March 28, 2018

7. Status Report of Acquisition of Treasury Shares

| | |
|--|--|
| (From June 1, 2017 to June 30, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on July 6, 2017 |
| (From July 1, 2017 to July 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on August 4, 2017 |
| (From August 1, 2017 to August 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2017 |
| (From September 1, 2017 to September 30, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on October 5, 2017 |
| (From October 1, 2017 to October 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on November 7, 2017 |
| (From November 1, 2017 to November 30, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on December 6, 2017 |
| (From December 1, 2017 to December 31, 2017) | Filed with the Director-General of the Kanto Local Finance Bureau on January 10, 2018 |
| (From January 1, 2018 to January 31, 2018) | Filed with the Director-General of the Kanto Local Finance Bureau on February 6, 2018 |
| (From February 1, 2018 to February 28, 2018) | Filed with the Director-General of the Kanto Local Finance Bureau on March 6, 2018 |
| (From March 1, 2018 to March 31, 2018) | Filed with the Director-General of the Kanto Local Finance Bureau on April 6, 2018 |
| (From April 1, 2018 to April 30, 2018) | Filed with the Director-General of the Kanto Local Finance Bureau on May 8, 2018 |
| (From May 1, 2018 to May 31, 2018) | Filed with the Director-General of the Kanto Local Finance Bureau on June 1, 2018 |

Part II Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report
(filed under the Financial Instruments and Exchange Act of Japan)

June 21, 2018

To the Board of Directors of
NIDEC CORPORATION (Nihon Densan Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto

Designated and Engagement Partner,
Certified Public Accountant: Yukihiro Matsunaga

Designated and Engagement Partner,
Certified Public Accountant: Tsuyoshi Yamamoto

Audit of Financial Statements

Pursuant to the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Consolidated Financial Statements and Other Information", namely, the consolidated statements of financial position as of March 31, 2018 of Nidec Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, including notes to the consolidated financial statements.

Managements' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provision of Article 93 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements and fair presentation, and for such internal control as management determines its necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit from independent position. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2018, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

The Company has agreed to acquire the compressor businesses, Embraco, of Whirlpool Corporation ("Whirlpool") and entered into a stock purchase agreement on April 24, 2018, as described in "Notes to Consolidated Financial Statements, 38. Events after the reporting period".

Our opinion is not affected by this matter.

Audit of Internal Control

Pursuant to the Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2018.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit from independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2018 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.