

[Translation]

Annual Securities Report

(The 46th Business Term)

From April 1, 2018 to March 31, 2019

NIDEC CORPORATION

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Cover

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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	46th business term
Year end	April 1, 2015	March 2016	March 2017	March 2018	March 2019
Net sales	-	1,178,290	1,199,311	1,488,090	1,518,320
Profit before income taxes	-	117,164	141,313	163,665	139,014
Profit attributable to owners of the parent	-	89,945	111,007	130,834	110,798
Comprehensive income attributable to owners of the parent	-	30,983	107,311	119,812	119,274
Total equity attributable to owners of the parent	746,491	763,023	846,572	932,501	997,628
Total assets	1,349,872	1,376,636	1,678,997	1,773,199	1,875,068
Total equity per share attributable to owners of the parent (yen)	2,538.23	2,572.56	2,854.28	3,150.77	3,389.91
Earnings per share attributable to owners of the parent - basic (yen)	-	303.04	374.27	441.91	375.83
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	52.6	53.2
Profit ratio of total equity attributable to owners of the parent (%)	-	11.9	13.8	14.7	11.5
Price earnings ratio (times)	-	25.4	28.1	36.9	37.3
Net cash provided by operating activities	-	147,659	129,853	175,568	170,233
Net cash used in investing activities	-	(95,377)	(211,476)	(113,915)	(160,844)
Net cash provided by (used in) financing activities	-	7,775	95,848	(116,858)	(32,683)
Cash and cash equivalents at end of year	269,902	305,942	321,580	265,947	242,267
Number of employees [Separately, average number of temporary employees]	98,439 [29,140]	96,602 [26,116]	107,062 [25,704]	107,554 [27,657]	108,906 [28,885]

(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, 45th and 46th business terms because there were no securities with dilutive effect outstanding through these business terms.

6. NIDEC changed in the accounting policy and finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019. As a result, figures for the year ended March 31, 2018 reflect the revision of the change in the accounting policy and 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	
	42nd business term	43rd business term
Year end	March 2015	March 2016
Net sales	1,028,385	1,178,290
Profit before income taxes	107,092	119,328
Profit attributable to owners of the parent	76,015	91,810
Comprehensive income attributable to owners of the parent	155,502	34,003
Total equity attributable to owners of the parent	744,972	764,221
Total assets	1,357,340	1,384,472
Total equity per share attributable to owners of the parent (yen)	2,533.07	2,576.59
Earnings per share attributable to owners of the parent - basic (yen)	271.61	309.32
Earnings per share attributable to owners of the parent - diluted (yen)	256.05	308.19
Ratio of total equity attributable to owners of the parent (%)	54.9	55.2
Profit ratio of total equity attributable to owners of the parent (%)	12.0	12.2
Price earnings ratio (times)	29.4	24.9
Net cash provided by operating activities	91,875	147,610
Net cash used in investing activities	(81,230)	(95,315)
Net cash (used in) provided by financing activities	(19,508)	7,775
Cash and cash equivalents, at end of year	269,902	305,942
Number of employees	98,439	96,602
[Separately, average number of temporary employees]	[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.

(2) Financial data, etc. of the Company

(Yen in millions, unless otherwise stated)

Fiscal year	42nd business term	43rd business term	44th business term	45th business term	46th business term
Year end	March 2015	March 2016	March 2017	March 2018	March 2019
Net sales	181,325	230,260	218,682	225,793	222,217
Ordinary profit	27,111	20,657	10,558	16,947	49,213
Net profit	25,217	17,658	7,808	16,715	48,417
Common stock	77,071	87,784	87,784	87,784	87,784
Number of issued shares (thousands of shares)	294,108	298,142	298,142	298,142	298,142
Total net assets	347,531	348,457	334,814	318,857	309,867
Total assets	690,302	702,471	867,645	904,890	983,178
Net assets per share (yen)	1,181.64	1,174.83	1,128.85	1,077.36	1,052.92
Dividends per share (yen)	70	80	85	95	105
[Of the above, interim dividend per share (yen)]	[30]	[40]	[40]	[45]	[50]
Earnings per share - basic (yen)	90.08	59.49	26.32	56.46	164.23
Earnings per share - diluted (yen)	84.79	59.27	-	-	-
Shareholders' equity ratio (%)	50.3	49.6	38.6	35.2	31.5
Return on equity (%)	8.7	5.1	2.3	5.1	15.4
Price earnings ratio (times)	88.7	129.5	402.5	290.3	85.4
Dividend payout ratio (%)	77.7	134.5	322.9	168.3	63.9
Number of employees [Separately, average number of temporary employees]	1,828 [190]	1,985 [212]	2,392 [222]	2,576 [253]	2,794 [185]
Total shareholder return (%) [Comparative index: Dividend- included TOPIX(%)]	128.3 [130.7]	125.0 [116.5]	172.5 [133.7]	266.3 [154.9]	230.3 [147.1]
Highest share prices in each of the fiscal years (yen)	8,485	11,415	11,045	18,525	17,720
Lowest share prices in each of the fiscal years (yen)	5,388	6,407	6,985	9,713	11,405

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

2. "Earnings per share - diluted" are not presented for the 44th, 45th and 46th business term because there were no securities with dilutive effect outstanding through this business term.

3. The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.(ASBJ Statement No. 28, released on February 16, 2018)" from the beginning of the 46th business term. Figures for the year ended March 31, 2018 reflect the revision of the partial amendments.

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

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), Echi-gun, 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.
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 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. (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. (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.
July 2018	Acquired CIMA S.p.A. of Italy.
August 2018	Acquired MS-Graessner GmbH & Co. KG of Germany.
November 2018	Took a stake in Chaun-Choung Technology Corp. of Taiwan.
February 2019	Acquired Systeme + Steuerungen GmbH of Germany.
March 2019	Acquired DESCH Antriebstechnik GmbH & Co. KG of Germany.

3. Description of Business

Major businesses of our group, which is comprised mainly of the Company, 322 consolidated subsidiaries and 4 equity-method associates, are manufacturing and sales of small precision motors, automotive products, 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.

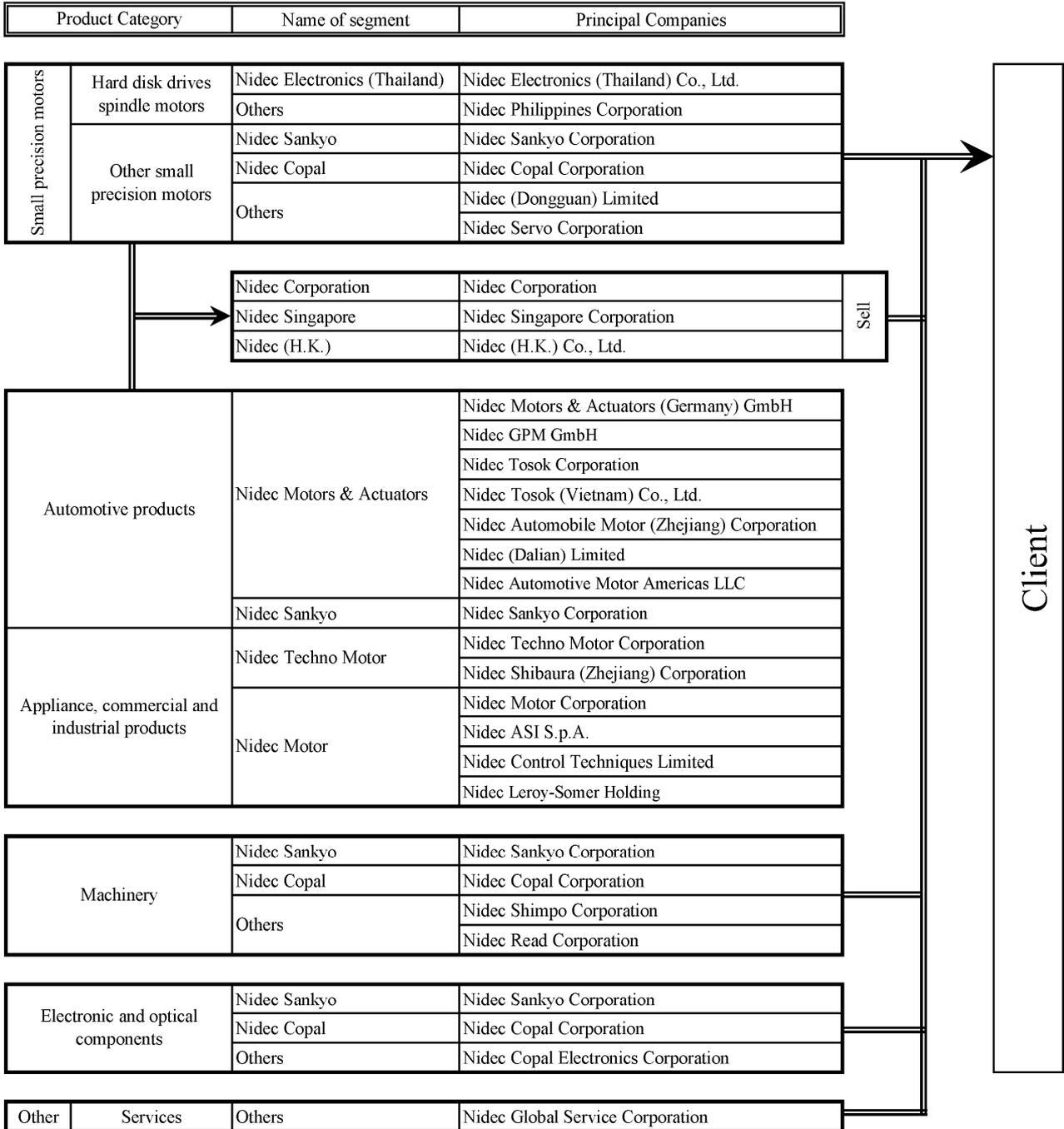
Outline for each segment is described as follows. These segment categories are the same as those in the segment information in notes to consolidated financial statements in “V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Statements of Financial Position” and segments for the year ended March 31, 2019 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 sells 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 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 GPM GmbH, Nidec Automobile Motor (Zhejiang) Corporation
Others	The Others segment comprises subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.	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 Copal Corporation
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 Automotive Motor Americas LLC, Nidec Sankyo Corporation
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
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	Obama, 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 1,355,662 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 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 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
Nidec ASI S.p.A.	Lombardia, Italy	EUR 15,644 thousand	Industrial products	100.0 (100.0)			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 Control Techniques Limited	Powys, UK	USD 13,032 thousand	Appliance, Commercial and Industrial products	100.0 (100.0)					
Nidec Leroy-Somer Holding	Angouleme, France	USD 55,413 thousand	Appliance, Commercial and Industrial products	99.8					
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		Receipt of royalties		
Nidec Automobile Motor (Zhejiang) Corporation	Pinghu, Zhejiang, China	USD 31,000 thousand	Automotive products	100.0 (23.0)	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 (Dalian) Ltd.	Dalian, Liaoning, China	USD 36,500 thousand	Automotive products	100.0	Yes		Supply of products to the Company, Receipt of royalties	Yes	*1
Nidec Automotive Motor Americas, LLC	Michigan U.S.A.	USD 6,537 thousand	Automotive products	100.0	Yes		Sales of products of the Company, Payment of commissions, Receipt of royalties		
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	Loan	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				
Other 294 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, 2019)

Name of segment	Number of employees	
Nidec Corporation	1,792	(111)
Nidec Electronics (Thailand)	10,669	(4,895)
Nidec Singapore	59	(-)
Nidec (H.K.)	258	(7)
Nidec Sankyo	14,406	(3,372)
Nidec Copal	6,469	(1,424)
Nidec Techno Motor	2,784	(2,962)
Nidec Motor	24,157	(1,188)
Nidec Motors & Actuators	16,662	(764)
Others	30,534	(14,087)
Corporate	1,116	(75)
Total	108,906	(28,885)

(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, 2019)

Number of employees	Average age	Average length of service	Average annual salary
2,794 (185)	39.0	9.4	6,609,335

Name of segment	Number of employees	
Nidec Corporation	1,792	(111)
Corporate	1,002	(74)
Total	2,794	(185)

(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) 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 a unified group matrix management.

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", "automotive products", "appliance, commercial and industrial 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.

In addition, 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.

Customer needs are shifting from the conventional, motor-only business to module-oriented business. NIDEC intends to address customer needs by providing both "modularized products" and "solutions" for our customers. It is to this end that we will utilize our group's core technologies and modularize our unique technologies to create high added values and cultivate new markets. In addition, NIDEC will innovate and grow itself as a company by taking in control and other technologies from the outside, and promoting technological application and development, to identify new demands in markets.

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, 2019, we successfully acquired companies formerly Genmark Automation, Inc., CIMA S.p.A., MS-Graessner GmbH & Co. KG and its group companies, Chaun-Choung Technology Corp., Systeme + Steuerungen GmbH and its group companies, DESCH Antriebstechnik GmbH & Co. KG and its group companies.

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. The entire facility is improving as the NIDEC'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 global economy, while expectations are growing for the U.S. to sustain its steady economic growth, the room for optimism remains limited due to concerns for China's economic recovery, the U.K.'s withdrawal from the EU (Brexit), and the geopolitical risks in the Middle East, among other factors. 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 by better productivity and other factors 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 18, 2019, 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 will contribute 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 matrix 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. As part of strengthening internal controls relative to financial reporting, in order to develop a "Global Chief Financial Officer (CFO) System" and strengthen independence of NIDEC's Accounting Department, we separated Chief Performance Officer (CPO) and Chief Financial Officer (CFO), and newly established the Global Performance Management Department. Furthermore, we will continue to 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, 2019.

(1) Risks related to economic downturns

Our products and the end-products are produced and consumed in Asia, the United States, Europe and Japan, mainly in China, and demand for our products may be adversely affected by unexpected economic, political and policy trends in these countries or regions. 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. However, the HDD motor business has high profitability compared with other businesses, and it is an important business that supports our revenue base, and it still accounts for a significant proportion of our revenue.

HDD motor demand is directly affected by the HDD market. Currently HDD faces competition from solid state drives (SSD), and this is one factor lowering demand for HDD motors. HDD is less expensive than SSD, so HDD is used in servers in data centers that store large amounts of data, but devices that traditionally use HDD, in particular PCs, are being replaced with SSD that has high processing speed and low risk of failure. In addition, the price of SSD is decreasing gradually. Therefore, the demand for HDD is expected to decrease in the future.

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 and delivery 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, their sales share shrinks, and they will impede the expansion of new product businesses and markets. 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.

(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, Shigenobu Nagamori

Our continued success had depended to a significant extent on the efforts and abilities of our founder and current Representative Director, Chairman and Chief Executive Officer, Shigenobu Nagamori. On the other hand, with the aim of transforming the founder-dependent system, NIDEC's management team headed by Hiroyuki Yoshimoto, our Representative Director, President and Chief Operating Officer will improve organizational coordination and formulate and execute group business strategies. However, in the event of 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 and application errors 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. Because we are listed on the Tokyo Stock Exchange, we are required to comply with the appropriateness of financial reporting under the application of the Financial Instruments and Exchange Act of Japan and other laws and regulations. We are continuing to expand our business as our business grows, and we need to strengthen our compliance system regarding the appropriateness of financial reporting. 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. We are continuously reviewing to strengthen the global internal control system.

However, if management determines that our internal control over financial reporting is not effective for any period or deviates from internal control, 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.

NIDEC changed in the accounting policy and finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019. As a result, figures for the year ended March 31, 2018 reflect the revision of the change in the accounting policy and of the initial allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

(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, 2019, the global economy saw the U.S. Federal Reserve Board (FRB) forgoes raising interest rates during 2019 despite the country's steady economic growth, due to concerns for a global economic deceleration. In China, the effects of the monetary tightening of local governments in the middle of 2018 and concerns for trade conflicts with the U.S. led to a temporary acceleration of the economic slowdown, and affected the global economy greatly. This year, while economic indicators improved partially due to the Chinese central government's economic stimulus measures and the progress expected in the U.S.-China trade talks, the European economy, which has been affected by the Chinese economic deceleration, continues to struggle, and Japanese companies, likewise, have started seeing the negative effects of China's economic slowdown, including the worsening of business confidence among large manufacturing businesses in the Bank of Japan's quarterly survey of business sentiment (the "tankan" survey).

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 of ¥300 billion based on our mid-term strategic goal, "Vision 2020," and achieved in the year ended March 31, 2019 the highest net sales in our history.

The following table sets forth consolidated operating results for the year ended March 31, 2019:

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Increase or decrease ratio
	2018	2019		
Net sales	1,488,090	1,518,320	30,230	2.0%
Operating profit	166,842	138,620	(28,222)	(16.9)%
Operating profit ratio	11.2%	9.1%	-	-
Profit before income taxes	163,665	139,014	(24,651)	(15.1)%
Profit attributable to owners of the parent	130,834	110,798	(20,036)	(15.3)%

Consolidated net sales increased 2.0% to ¥1,518,320 million for this fiscal year compared to the previous fiscal year, recording the highest annual net sales in our history. Operating profit decreased 16.9% to ¥138,620 million for this fiscal year compared to the previous fiscal year, due to approximately ¥38,800 million of temporary expenses such as structural reform expense for streamlining of plants and bases in Japan and abroad and other factors, the loss related to launching new products and M&A expense. Profit before income taxes decreased 15.1% to ¥139,014 million for this fiscal year compared to the previous fiscal year and profit attributable to owners of the parent decreased 15.3% to ¥110,798 million for this fiscal year compared to the previous fiscal year.

The following table sets forth operating results by segment:

(Yen in millions)

	For the years ended March 31,					
	Net sales			Operating profit (loss)		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Nidec Corporation	222,689	215,685	(7,004)	25,381	19,400	(5,981)
Nidec Electronics (Thailand)	130,832	123,498	(7,334)	18,380	14,922	(3,458)
Nidec Singapore	50,853	47,603	(3,250)	797	764	(33)
Nidec (H.K.)	125,980	126,129	149	1,248	861	(387)
Nidec Sankyo	150,282	153,935	3,653	21,661	13,739	(7,922)
Nidec Copal	51,028	47,378	(3,650)	4,674	(624)	(5,298)
Nidec Techno Motor	88,599	86,416	(2,183)	9,363	10,082	719
Nidec Motor	435,586	457,012	21,426	30,506	32,199	1,693
Nidec Motors & Actuators	302,824	306,334	3,510	34,932	34,832	(100)
Others	380,552	397,272	16,720	41,395	35,617	(5,778)
Elimination/corporate	(451,135)	(442,942)	8,193	(21,495)	(23,172)	(1,677)
Consolidated total	1,488,090	1,518,320	30,230	166,842	138,620	(28,222)

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

Net sales of Nidec Corporation decreased 3.1% to ¥215,685 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to a decrease in sales of hard disk drives spindle motors and automotive motors. Operating profit decreased 23.6% to ¥19,400 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to the decrease in sales and temporary expenses such as structural reform expense.

Net sales of Nidec Electronics (Thailand) decreased 5.6% to ¥123,498 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to a decrease in sales of hard disk drives spindle motors. Operating profit decreased 18.8% to ¥14,922 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to the decrease in sales and temporary expenses such as structural reform expense.

Net sales of Nidec Singapore decreased 6.4% to ¥47,603 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to a decrease in sales for hard disk drives spindle motors. Operating profit decreased 4.1% to ¥764 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to the decrease in sales.

Net sales of Nidec (H.K.) increased 0.1% to ¥126,129 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to an increase in sales for other small precision motors, despite a decrease in sales for hard disk drives spindle motors. However, operating profit decreased 31.0% to ¥861 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to an increase in selling, general and administrative expenses, despite the increase in sales.

Net sales of Nidec Sankyo increased 2.4% to ¥153,935 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to an increase in sales of LCD panel handling robots and molding, despite a decrease in sales of other small precision motors. However, operating profit decreased 36.6% to ¥13,739 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to temporary expenses such as structural reform expense, despite the increase in sales.

Net sales of Nidec Copal decreased 7.2% to ¥47,378 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to a decrease in sales for other small precision motors. Operating profit (loss) was ¥624 million operating loss for the year ended March 31, 2019. This decrease was primarily due to the decrease in sales and temporary expenses such as structural reform expense.

Net sales of Nidec Techno Motor decreased 2.5% to ¥86,416 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to a decrease in sales of motors for air conditioning equipment in China.

However, operating profit increased 7.7% to ¥10,082 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to cost improvement, despite the decrease in sales and temporary expenses such as structural reform expense.

Net sales of Nidec Motor increased 4.9% to ¥457,012 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. Operating profit increased 5.5% to ¥32,199 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to the increase in sales and cost reduction benefits, despite temporary expenses such as structural reform expense.

Net sales of Nidec Motors & Actuators increased 1.2% to ¥306,334 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was primarily due to an increase in sales of products of control valves at Nidec Tosok Corporation. However operating profit decreased 0.3% to ¥34,832 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to temporary expenses such as structural reform expense, despite the increase in sales.

With respect to the Others segment, net sales increased 4.4% to ¥397,272 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was due to an increase in sales of press machines, speed reducers, test systems and other small precision motors and other factors. However, operating profit decreased 14.0% to ¥35,617 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was primarily due to temporary expenses such as structural reform expense, despite the increase in sales.

Operating results by product category are as follows:

From the year ended March 31, 2019, the product category “Automotive, appliance, commercial and industrial products” has been divided and presented as “Automotive products” and “Appliance, commercial and industrial products”.

(Yen in millions)

	For the years ended March 31,					
	Net sales			Operating profit		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Small precision motors	452,376	441,467	(10,909)	72,714	54,638	(18,076)
Automotive products	295,360	297,298	1,938	38,973	32,900	(6,073)
Appliance, commercial and industrial products	518,642	538,316	19,674	39,790	42,217	2,427
Machinery	146,561	163,966	17,405	27,247	23,489	(3,758)
Electronic and optical components	70,976	72,672	1,696	9,720	4,870	(4,850)
Other	4,175	4,601	426	574	679	105
Elimination/corporate	-	-	-	(22,176)	(20,173)	2,003
Consolidated total	1,488,090	1,518,320	30,230	166,842	138,620	(28,222)

Net sales of small precision motors decreased 2.4% to ¥441,467 million for this fiscal year compared to the previous fiscal year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥900 million for this fiscal year compared to the previous fiscal year. Net sales of spindle motors for HDDs for this fiscal year decreased 6.5% to ¥179,011 million compared to the previous fiscal year. The number of units sold of spindle motors for HDDs decreased approximately 11.1% compared to the previous fiscal year. Net sales of other small precision motors for this fiscal year increased 0.6% to ¥262,456 million compared to the previous fiscal year. This increase was mainly due to an increase in sales of small vibration motors in spite of a decrease in sales of DC motors and fan motors. Operating profit of small precision motors decreased 24.9% to ¥54,638 million for this fiscal year compared to the previous fiscal year. This decrease was mainly due to approximately ¥12,000 million of expenses for structural reform such as the loss related to launching new products and expense for streamlining of plants. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥1,600 million for this fiscal year compared to the previous fiscal year.

Net sales of automotive products increased 0.7% to ¥297,298 million for this fiscal year compared to the previous fiscal year due to an increase in sales of products of control valves at Nidec Tosok Corporation and other factors. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥1,500 million for this fiscal year compared to the previous fiscal year. Operating profit of this category decreased 15.6% to ¥32,900 million for this fiscal year compared to the previous fiscal year due to approximately ¥9,100 million expense of the loss related to launching new products and other factors. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥500 million for this fiscal year compared to the previous fiscal year.

Net sales of appliance, commercial and industrial products increased 3.8% to ¥538,316 million for this fiscal year compared to the previous fiscal year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥1,000 million for this fiscal year compared to the previous fiscal year. Operating profit of this category increased 6.1% to ¥42,217 million for this fiscal year compared to the previous fiscal year mainly due to the increase in sales and cost reduction benefits in spite of approximately ¥9,400 million of temporary expenses such as expense for streamlining of plants and M&A expense. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥100 million for this fiscal year compared to the previous fiscal year.

Net sales of machinery increased 11.9% to ¥163,966 million for this fiscal year compared to the previous fiscal year 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 decreased 13.8% to ¥23,489 million for this fiscal year compared to the previous fiscal year due to approximately ¥3,100 million of temporary expenses such as the disposal of slow moving inventory and other factors in spite of the increase in sales.

Net sales of electronic and optical components increased 2.4% to ¥72,672 million this fiscal year compared to the previous fiscal year. Operating profit of this category decreased 49.9% to ¥4,870 million for this fiscal year compared to the previous fiscal year due to approximately ¥5,100 million of temporary expenses such as the expenses of the disposal of slow moving inventory and the starting up of a factory in Mexico, and other factors in spite of the increase in sales.

Net sales of other increased 10.2% to ¥4,601 million and operating profit of this category increased 18.3% to ¥679 million for this fiscal year compared to the previous fiscal year.

(3) Financial position

Our cash and cash equivalents decreased ¥23,680 million to ¥242,267 million as of March 31, 2019 from ¥265,947 million as of March 31, 2018. This decrease was due to a net cash outflow from investing activities of ¥160,844 million for additions of fixed asset and a net cash outflow from financial activities of ¥32,683 million, although they were supplemented by a net cash inflow from operating activities of ¥170,233 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 for expanding the CMSs network globally. As of March 31, 2019, approximately 76% 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. The facility allows for cash withdrawals from this financial institution based upon our aggregate cash deposits within the same financial institution. Therefore, cash in banks includes cash deposits and cash withdrawals that are accounted for as a single unit of account under the notional pooling arrangement.

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, 2019, we had ¥310,644 million of trade and other payables, ¥17,394 million of short term borrowings, and ¥355,367 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 ¥120,555 million for the year ended March 31, 2019. We plan to invest ¥16,396 million in additions to property, plant and equipment for the year ending March 31, 2020. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥5,569 million as of March 31, 2019.

Research and development expenses were ¥62,912 million for the year ended March 31, 2019 and are expected to reach approximately ¥75,000 million for the year ending March 31, 2020.

In the year ended March 31, 2019, we acquired the following companies.

Company name	Country	Principal Businesses
Genmark Automation, Inc.	U.S.A.	Develops, manufactures and sells semiconductor wafer handling robots, motion control products and integrated tool automation
CIMA S.p.A.	Italy	Designs, manufactures and sells commercial motors
MS-Graessner GmbH & Co.KG	Germany	Manufacture and sells gearboxes
Chaun-Choung Technology Corp.	Taiwan	Development, manufacturing, and sales of thermal module products
Systeme + Steuerungen GmbH	Germany	Manufacture and sales of high-speed and high-precision feeding equipment, Retrofitting services for press machines
DESCH Antriebstechnik GmbH & Co. KG	Germany	Manufacture and sale of large precision reduction gearboxes

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 the fiscal year 2019. In addition, we entered into a stock purchase agreement of OMRON Automotive Electronics Co. Ltd. which engages in manufacturing and sale of automotive electronics components and systems on April 16, 2019. We will plan to complete the transaction by the end of October 2019. We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

Our short term borrowings increased ¥15,737 million to ¥17,394 million as of March 31, 2019 compared to March 31, 2018. This increase was mainly due to an increase in euro-denominated and yen-denominated borrowings. The short term borrowings as of March 31, 2019 consisted of borrowings from banks denominated in Euro and Yen. We had no commercial paper outstanding as of March 31, 2019.

Our long term debt due within one year increased ¥65,801 million to ¥95,339 million as of March 31, 2019 compared to March 31, 2018. This increase was mainly due to ¥95,621 million reclassification from long term debt. The ¥95,621 million reclassification consists of ¥15,000 million Second Series of Domestic Unsecured Bonds, ¥50,000 million Fifth Series of Domestic Unsecured Bonds

and ¥30,621 million of long term borrowings. The long term debt due within one year as of March 31, 2019 consisted of borrowings from banks denominated in U.S. dollar and Euro.

Our long term debt decreased ¥54,603 million to ¥260,028 million as of March 31, 2019 compared to March 31, 2018. This decrease was mainly due to ¥95,621 million reclassification into long term debt due within one year. On the other hand, the decrease in long term debt includes an increase of ¥37,368 million due to the issuance of Euro-denominated Senior Unsecured Bonds due 2021 to ensure operating expenditure with the expansion of business scale and the rising demand for fund in Europe. The long term debt as of March 31, 2019 consisted of Domestic Unsecured Bonds 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.167 million of loans under the program as of March 31, 2019, 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, 2019, were as follows:

Issue	Month of issuance	Total par value	Maturity	Use of proceeds
Second Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	November 2012	15 billion yen	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 billion yen	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 billion yen	November 2019	Redemption of corporate bonds
Sixth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	May 2017	50 billion yen	May 2020	Repayment of short term borrowings
Seventh Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	August 2017	65 billion yen	August 2022	Redemption of corporate bonds and repayment of short term borrowings
Euro-Denominated Senior Unsecured Bonds	September 2018	300 million euro	September 2021	Primarily for financing capital investments in Europe

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 5,000,000 shares of treasury stock and an aggregate of ¥50,000 million of treasury stock between January 29, 2019 and January 23, 2020. From January 29, 2019 to March 31, 2019 and from April 1, 2019 to May 31, 2019 we didn't repurchase any shares under the plan. We resolved to implement the same repurchase of treasury stock from January 29, 2018 until January 28, 2019, and we repurchased an aggregate of 1,581,900 shares for approximately ¥24,700 million under said resolution between April 1, 2018 and January 28, 2019.

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.

Total assets increased ¥101,869 million to ¥1,875,068 million as of March 31, 2019 compared to March 31, 2018. This was mainly due to increases of ¥66,991 million in property, plant and equipment, ¥27,890 million in inventories, ¥27,396 million in goodwill. On the other hand, there were decreases of ¥23,680 million in cash and cash equivalents, ¥17,607 million in trade and other receivables.

Total liabilities increased ¥28,546 million to ¥859,354 million as of March 31, 2019 compared to March 31, 2018. This was mainly due to an increase of ¥26,935 million in interest-bearing debt. Specifically, short term borrowings increased ¥15,737 million to ¥17,394 million, long term debt due within one year increased ¥65,801 million to ¥95,339 million, and long term debt decreased ¥54,603 million to ¥260,028 million as of March 31, 2019 compared to March 31, 2018.

Our working capital (subtract total current liabilities from total current assets) decreased ¥75,293 million to ¥389,478 million as of March 31, 2019 compared to March 31, 2018.

Accounts receivable (trade and other receivables) turnover ratio (net sales divided by account receivables) increased 0.3 to 4.1 as of March 31, 2019 compared to March 31, 2018. In addition, inventory turnover ratio (cost of sales divided by inventories) decreased 0.4 to 4.6 as of March 31, 2019 compared to March 31, 2018.

Total equity attributable to owners of the parent increased ¥65,127 million to ¥997,628 million as of March 31, 2019 compared to March 31, 2018. This was mainly due to an increase of ¥79,017 million in retained earnings and an increase in other components of equity of ¥12,077 million caused mainly by foreign currency translation adjustments. As a result, the ratio of our equity attributable to owners of the parent to total assets increased to 53.2% as of March 31, 2019 compared to 52.6% as of March 31, 2018.

(4) Cash flows

The respective cash flows in the year ended March 31, 2019 were as follows:

(Cash flows from operating activities)

Cash and cash equivalents (“net cash”) provided by operating activities decreased ¥5,335 million to ¥170,233 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was mainly due to decreases in accounts payable net changes year on year of ¥75,200 million and in profit for the year ¥20,016 million. On the other hand, there were increases in accounts receivable net changes year on year of ¥63,912 million and in inventories net changes year on year of ¥10,513 million.

For the year ended March 31, 2019, NIDEC had ¥170,233 million of net cash inflows provided by operating activities primarily due to profit for the year of ¥111,505 million and a decrease in accounts receivable of ¥33,280 million. On the other hand, net cash provided by operating activities was negatively impacted by a decrease in accounts payable of ¥27,391 million and an increase in inventories of ¥13,885 million. Accounts receivable decreased primarily due to increasing the liquidity of account receivable.

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 ¥131,521 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 receivable of ¥30,632 million and an increase in inventories of ¥24,398 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.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥46,929 million to ¥160,844 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This increase was mainly due to increase of ¥29,714 million of additions to property, plant and equipment and ¥7,604 million of acquisitions of businesses, net of cash acquired.

For the year ended March 31, 2019, NIDEC had ¥160,844 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥120,555 million, acquisitions of businesses, net of cash acquired of ¥27,675 million and additions to intangible assets of ¥10,894 million.

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 acquisitions of businesses, net of cash acquired of ¥20,071 million.

(Cash flows from financing activities)

Net cash used in financing activities decreased ¥84,175 million to ¥32,683 million for the year ended March 31, 2019 compared to the year ended March 31, 2018. This decrease was mainly due to an increase in net changes in short term borrowings of ¥192,746 million, decreases in outflow from redemption of corporate bonds of ¥65,000 million and in repayments of long term debt of ¥7,567 million. On the other hand, proceeds from issuance of long term debt decreased ¥84,025 million, proceeds from issuance of corporate bonds decreased ¥75,359 million and purchase of treasury stock increased ¥19,137 million.

For the year ended March 31, 2019, NIDEC had ¥32,683 million of net cash outflows from financing activities mainly due to repayments of long term debt of ¥30,456 million, dividends paid to owners of the parent of ¥29,513 million and purchase of treasury stock of ¥26,145 million. On the other hand, proceeds from issuance of corporate bonds was ¥39,642 million and increase in short term borrowings was ¥14,022 million.

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 owners of the parent of ¥26,670 million. On the other hand, proceeds from issuance of corporate bonds was ¥115,001 million and proceeds from issuance of long term debt was ¥84,062 million.

As a result of the foregoing factors and the effect of exchange rate changes, NIDEC’s total outstanding balance of net cash decreased ¥23,680 million from ¥265,947 million as of March 31, 2018 to ¥242,267 million as of March 31, 2019.

The main currencies we had as of March 31, 2019 were U.S. dollars, Chinese yuan, Thai baht, Japanese yen and Euros.

(5) Production, Orders Received and Sales

1) Production results

Consolidated production results by reporting segment for the year ended March 31, 2019 were as follows:

Reporting segment	Amount (Yen in millions)	Current to previous year ratio (%)
Nidec Corporation	-	-
Nidec Electronics (Thailand)	115,198	85.4
Nidec Singapore	-	-
Nidec (H.K.)	-	-
Nidec Sankyo	153,688	100.9
Nidec Copal	47,333	92.8
Nidec Techno Motor	86,584	100.8
Nidec Motor	474,317	108.3
Nidec Motors & Actuators	245,366	94.1
Others	351,995	105.5
Total	1,474,481	101.2

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

2. Amounts do not include consumption taxes.

2) Orders received

Consolidated orders received by reporting segment for the year ended March 31, 2019 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	30,627	82.7	3,301	69.8
Nidec Electronics (Thailand)	98,571	86.8	12,322	67.5
Nidec Singapore	43,600	83.7	6,152	66.4
Nidec (H.K.)	122,555	97.8	4,790	79.9
Nidec Sankyo	142,908	89.2	26,978	77.0
Nidec Copal	36,583	91.8	1,415	128.2
Nidec Techno Motor	80,114	97.0	2,044	95.6
Nidec Motor	455,861	104.5	101,611	101.0
Nidec Motors & Actuators	-	-	-	-
Others	506,044	108.9	87,765	129.5
Total	1,516,863	100.3	246,378	100.6

(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.

3) Revenues

Consolidated revenues by reporting segment for the year ended March 31, 2019 were as follows:

Reporting segment	Amount (Yen in millions)	Current to previous year ratio (%)
Nidec Corporation	32,053	88.1
Nidec Electronics (Thailand)	105,323	96.1
Nidec Singapore	47,124	93.8
Nidec (H.K.)	124,022	99.3
Nidec Sankyo	150,948	101.3
Nidec Copal	36,272	91.5
Nidec Techno Motor	80,209	97.3
Nidec Motor	456,370	104.8
Nidec Motors & Actuators	275,558	100.8
Others	210,441	112.3
Total	1,518,320	102.0

(Notes) 1. Intersegment transactions are eliminated.

2. Amounts do not include consumption taxes.

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	From July 24, 2009 to July 23, 2022. (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

(Whirlpool Corporation)

The Company has agreed to acquire the compressor businesses, Embraco, of Whirlpool Corporation (“Whirlpool”) and entered into stock purchase agreement on April 24, 2018 (the “Transaction”).

1. Purpose of the Transaction

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. Funds for the Transaction

Own funds and debt finance for funding

3. Information on Whirlpool

Company Name: Whirlpool Corporation

Headquarters: 2000 N M 63 Benton Harbor, MI, 49022-2692, U.S.A.

Business: Development, manufacture and sale of home appliances

4. Execution date of the share purchase and transfer agreement

April 24, 2018

5. Date of the completion of the share acquisition

Within 1st half of FY2019

(Genmark Automation, Inc.)

Nidec Sankyo Corporation (“Nidec Sankyo”), the NIDEC's subsidiary, entered into stock purchase agreement to acquire 100% equity shares of Genmark Automation, Inc. (“Genmark”) through Genmark Sub Corporation, the special purpose company which was established for this stock purchase on April 24, 2018, and in accordance with said agreement, completed the acquisition on April 30, 2018 (U.S. time) (the “Transaction”).

1. Purpose of the Transaction

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. Funds for the Transaction

Own funds

3. Information on Genmark

Company Name: Genmark Automation, Inc.

Headquarters: 46723 Lakeview Blvd. Fremont, California 94538 U.S.A.

Business: Development, manufacture and sale of semiconductor wafer handling robots, motion control products and integrated tool automation

4. Execution date of the share purchase and transfer agreement

April 24, 2018

5. Date of the completion of the share acquisition

April 30, 2018 (U.S. time)

(CIMA S.p.A.)

Nidec Europe B.V., the NIDEC's subsidiary, entered into stock purchase agreement on June 26, 2018 to acquire 100% of the equity shares of CIMA S.p.A. ("CIMA") from its main shareholders, and in accordance with said agreement, completed the acquisition on July 2, 2018 (the "Transaction").

1. Purpose of the Transaction

CIMA designs, manufactures and sells commercial motors. Through the Transaction, FIR Elettromeccanica S.r.l., NIDEC's subsidiary, can expand its product portfolio.

2. Funds for the Transaction

Own funds

3. Information on CIMA

Company Name: CIMA S.p.A.

Headquarters: Vicenza (Italy)

Business: Design, manufacture and sale of commercial motors

4. Execution date of the share purchase and transfer agreement

June 26, 2018

5. Date of the completion of the share acquisition

July 2, 2018

(MS-Graessner GmbH & Co. KG and its group companies)

The Company has acquired 100% ownership of MS-Graessner GmbH & Co. KG and its group companies (collectively "Graessner") (the "Transaction") through Nidec-Shimpo GmbH which is the Germany-based affiliate of Nidec's subsidiary, Nidec-Shimpo Corporation ("Nidec-Shimpo").

1. Purpose of the Transaction

The Company has been actively engaged in manufacture, sales and after-sales services associated with gearboxes through its subsidiary, Nidec-Shimpo. Nidec-Shimpo's main line of gearboxes are precision planetary reducers*1 with a particular strength in the linear type reducers whose input and output shafts are aligned. These lines of products produced by Nidec-Shimpo are currently sold in Asia, mainly in Japan and China and the Americas. Graessner exhibits a very strong capability in right-angle precision gearboxes whose input and output shafts are arranged at an angle of 90 degrees, particularly in hypoid reducers*2. Graessner's current main market for these products is Europe, mainly Germany.

As a result of the Transaction, Nidec-Shimpo is now capable of offering more comprehensive precision gearbox solutions, both linear and angular types, and leveraging Graessner's sales network to expand its sales in Europe which offers a large market for planetary gearboxes. In addition, Nidec-Shimpo plans to manufacture its newly developed strain wave gearboxes*3 for robotic applications in Graessner's German factory and offer its products along with after-sales services to Graessner's customers serving the robot industry.

Likewise, Graessner can sell its products through Nidec-Shimpo's sales and after-sales service network in Asia and the Americas. Also, Graessner's cost performance will be improved by leveraging Nidec-Shimpo's manufacturing capabilities in Asia. NIDEC expects the Transaction will offer mutually beneficial opportunities to capture the rapidly growing robotic demand.

(Notes) *1. Gearbox with the gearing mechanism where the planetary gears rotate around the center axis at the same time that it revolves around the center gear.

*2. Type of spiral bevel gearbox that the gears' axes do not intersect and the gears' geometry allows contact in multiple teeth allowing higher torque transmission.

*3. Gearbox mechanism where the main components are the cam, flexible bearing, flexible gear and internal gear which utilizes the differential movement between the oval flexible gear and the circular internal gear, applied in applications that require small size, light weight and high efficiency such as robotics applications.

2. Funds for the Transaction

Own funds

3. Information on Graessner

Company Name: MS-Graessner GmbH & Co. KG and its group companies

Headquarters: Dettenhausen, Baden-Württemberg Germany

Business: Manufacture and sale of gearboxes

4. Execution date of the share purchase and transfer agreement

July 30, 2018

5. Date of the completion of the share acquisition

August 31, 2018

(Chun-Choung Technology Corp.)

The Company has completed the tender offer for 48.0% of the outstanding shares of Chun-Choung Technology Corp. ("CCI") based in Taiwan which was commenced on October 3, 2018 (the "Tender Offer"), and the acquisition on November 30, 2018 (the "Transaction").

1. Purpose of the Transaction

The Company has dealt with a wide variety of motors including brushless DC motors featuring energy saving, long-life, low-noise, downsizing, lighter in weight, and provided them to customers in various segments including IT communication equipment, office automation appliances, industrial appliances, household electric appliances for a long time. These areas of business are managed by NIDEC's Small Precision Motor Business Unit aiming at sales of 600 billion yen under "Vision 2020", the Company's mid-term strategic goal.

Recently, customers' specification requirement relating to heat dissipation and cooling has been stricter than ever before in the foregoing industrial segments. At this point, NIDEC has realized to accommodate such customers' stringent request by enhancing our own quality for heat dissipation and cooling and by providing add-value proposition to customers with some extra value.

CCI, incorporated in 1973, has manufactured and provided thermal module product which composes of heat sink, heat pipe, vapor chamber etc., mainly to IT communication equipment sectors and CCI has strong expertise in this area.

Through this Tender Offer, NIDEC aims to improve thermal management technology and its product development capability through collaboration with CCI and to propose a thermal solution by combining motor products with CCI's thermal module to customers in a wide range of markets.

2. Funds for the Transaction

Own funds

3. Number of shares acquired

41,444,831 shares (which are equivalent to 48.0% of the shares outstanding)

4. Information on CCI

Company Name: Chaun-Choung Technology Corp.
Headquarters: 12F, No.123-1, Xingde Road, Sanchung, New Taipei City 241, Taiwan, R.O.C.
Business: Development, manufacturing, and sales of thermal module products
Capital: TWD 863,433,960
Date of establishment: December 14, 1973

5. Execution date of the share purchase and transfer agreement

October 1, 2018

6. Date of the completion of the share acquisition

November 30, 2018

(DESCH Antriebstechnik GmbH & Co. KG and its group companies)

The Company has completed the acquisition of 70% ownership of DESCHE Antriebstechnik GmbH & Co. KG and its group companies (collectively “DESCHE”), privately owned German companies from its owners (the “Transaction”) through Nidec-Shimpo GmbH (“Nidec-Shimpo”), a Germany-based affiliate of Nidec’s subsidiary, Nidec-Shimpo Corporation in March 1, 2019.

1. Purpose of the Transaction

The Company has been actively engaged in manufacture, sales and services associated with reduction gearboxes and pressing machinery business through Nidec-Shimpo.

Nidec-Shimpo has a consolidated strong presence in the gearbox market with its linear precision planetary reducers (input and output shafts are aligned) and right-angle precision reducers (input and output shafts are arranged at an angle of 90 degrees) manufactured by the German company MS-Graessner acquired by Nidec-Shimpo August 2018. Both types of gearboxes are characterized as small precision reducers, mainly used in automated machinery applications such as semiconductor manufacturing equipment, packaging machinery, printing machinery and robotics industry. DESCHE is a leading brand with strong presence especially in Europe and known for its world-class quality in large precision reduction gearboxes and drive systems including clutches and brakes, used in applications such as machine tools, construction machinery, agricultural machinery and press machines.

Through the Transaction, Nidec-Shimpo will have access to the large precision gearbox market in addition to its current small precision gearbox market.

Furthermore, Nidec-Shimpo will sell their products through DESCHE’s customer channel in Europe. Likewise, DESCHE will expand their business by using Nidec-Shimpo’s sales and service network in Asia and the Americas.

Nidec-Shimpo and DESCHE expect to mutually leverage their technologies, brand strength and global customer bases, backed by Nidec’s finance flexibility.

2. Funds for the Transaction

Own funds

3. Information on DESCHE

Company Name: DESCHE Antriebstechnik GmbH & Co. KG and its group companies
Headquarters: Arnsberg, Germany
Foundation: 1906
Principal Business: Manufacture and sale of large precision reduction gearboxes

4. Execution date of the share purchase and transfer agreement

January 31, 2019

5. Date of the completion of the share acquisition

March 1, 2019

(Systeme + Steuerungen GbmH and its group companies)

The Company has completed the acquisition of 100% ownership of a privately owned German company, Systeme + Steuerungen GmbH and its group companies (collectively “SYS”) (the “Transaction”), through Nidec-Shimpo, a German-based affiliate of Nidec’s subsidiary, Nidec-Shimpo Corporation.

1. Purpose of the Transaction

The Company has been actively developing its metal forming machinery business through its subsidiary, Nidec-Shimpo Corporation. Since the acquisition of Kyori Kogyo Co., Ltd. in 1997, a manufacturer of high-speed and high-precision stamping presses (merged with Nidec-Shimpo Corporation in 2012), the Company has strengthened its press business. The Company acquired Nidec Minster Corporation (formerly The Minster Machine Company) in the U.S. in 2012, and Nidec Arisa S.A. (formerly Arisa S.A.) in Spain in 2015. These acquisitions have formed Nidec's global foothold for stamping operations and services with manufacturing sites in three key regions, Asia (Japan and China), the U.S., and Europe, and enabled Nidec to offer best-in-class products and services to its customers.

Beyond the realm of the press machine business, the Company today also focuses on a broader range of metal forming equipment. The Company acquired Nidec Vamco Corporation (formerly Vamco International, Inc.) in 2017, an industry-leading, high-speed feeding equipment manufacturer. Through this acquisition, the Company gained Vamco's competitive brand, product quality and global customer base particularly in North America and Asia. With the acquisition of SYS with advanced technology in feeding equipment, strong expertise in high-speed, high-precision stamping technology, strong brand recognition in Europe, the Company will take a deeper root in the metal forming industry in Europe.

Through the Transaction, the Company is now set to offer highly value-added solutions to customers in the metal forming industry across the board, including motor core lamination manufacturers who serve the fast growing electric vehicle market.

2. Funds for the Transaction

Own funds

3. Information on SYS

Company Name:	Systeme + Steuerungen GmbH and its group companies
Headquarters:	Grafenau, Germany
Foundation:	1991
Principal Business:	Manufacture and sales of high-speed and high-precision feeding equipment. Retrofitting services for press machines

4. Execution date of the share purchase and transfer agreement

December 28, 2018

5. Date of the completion of the share acquisition

February 4, 2019

(OMRON Automotive Electronics Co.Ltd.)

The Company has agreed to acquire the share of OMRON Automotive Electronics Co. Ltd. ("OMRON Automotive Electronics") and some foreign subsidiaries which OMRON Corporation ("OMRON") owns, and the automotive electronic components business. For this purpose, the Company entered into a share purchase agreement and other agreements with OMRON on April 16, 2019. Details of the agreement are stated in "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 39. Events after the reporting period".

(Compressor Business)

On April 12, 2019, the Company's Board of Directors has resolved that Nidec Europe B.V. and Nidec Americas Holding Corporation which are NIDEC's subsidiaries, will sell NIDEC's entire compressor business ("Secop"), to ESSVP IV L.P., ESSVP IV (Structured) L.P., and Silenos GmbH & Co. KG (collectively "ESSVP IV"), advised by Orlando Management AG. For this purpose, the Company entered into a share purchase agreement and other agreements. Details of the agreement are stated in "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 39. Events after the reporting period".

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, 2019 were ¥62,912 million. Internally developed costs recorded as intangible assets were ¥7,104 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, 2019, which is categorized as "Corporate," were ¥6,918 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 such as small precision DC motors and fan 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 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, 2019 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, 2019 were ¥25,439 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-ronics" 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, 2019 were ¥5,610 million.

(3) Nidec Copal

In the Nidec Copal segment, Nidec Copal is conventionally developing element technologies and products for cameras, mobile devices and automotive-related products such as lenses, shutters, diaphragm function, and vibration motors, automotive motors, laser and other products for system equipment, at the company's Tokyo Technical Center. Nowadays, in the area of products for lenses, shutters, diaphragm function, Nidec Copal is promoting conversion of the business portfolio, is focused on developing automotive 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 healthcare devices.

The Nidec Copal segment's research and development expenses for the fiscal year ended March 31, 2019 were ¥2,370 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 is engaging in new product development and value engineering (VE) for China, South Korea, Southeast Asia and India.

The Nidec Techno Motor segment's research and development expenses for the fiscal year ended March 31, 2019 were ¥2,421million.

(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, with respect to vehicle driving motors, 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, 2019 were ¥5,299 million.

(6) Nidec Motors & Actuators

The Nidec Motors & Actuators segment conducts research and development of durable, compact, efficient 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 motors 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, brushed and brushless DC motors for regenerative cooperative brake systems and for anti-skid brake systems. In the area of electric 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), dual-clutch transmissions (DCT) 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, 2019 were ¥9,113 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, 2019 were ¥5,742 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, 2019 was ¥120,555 million. This mainly consists of capital investment to strengthen domestic R&D such as constructing a new Nidec Sankyo Corporation plant, and increase production capacity of overseas subsidiaries.

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, 2019)

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	2,933	61	3,591 (20)	425	7,010	722 (20)
Tokyo Office (Shinagawa-ku, Tokyo)	-	Sales facilities for products	1,331	0	2,026 (2)	83	3,440	65 (2)
Shiga Technical Center (Aisho-cho, Echigun, Shiga)	Nidec Corporation	Development facilities for small precision motors, automotive products, appliance, commercial and industrial products	4,046	338	1,931 (66)	591	6,906	1,033 (91)
Nagano Technical Center (Komagane, Nagano)	Nidec Corporation	Development facilities for small precision motors	2,382	92	286 (33)	159	2,919	201 (9)
Nidec Research And Development Center (Saiwai-ku, Kawasaki)	-	Fundamental and applied research facilities	3,629	69	1,281 (6)	163	5,142	294 (29)
Nidec Corporation Head Office ANNEX Global Learning Center (Minami-ku, Kyoto)	-	Employee training facilities	3,271	0	410 (4)	365	4,046	37 (-)
Nidec Center for Industrial Science (Seika-cho, Sorakugun, Kyoto)	-	Fundamental and applied research facilities	6,628	621	1,059 (27)	634	8,942	218 (24)

(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, 2019)

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	7,005	1,579	6,226 (545) [-]	816	15,626	1,354 (119)
Nidec Copal Corporation (Itabashi-ku, Tokyo)	Nidec Copal Corporation	Manufacturing facilities for small precision motors, machinery, electronic and optical parts	2,907	8,464	2,962 (53) [-]	498	14,831	667 (411)
Nidec Techno Motor Corporation (Obama, Fukui)	Nidec Techno Motor Corporation	Manufacturing facilities for commercial and industrial products	3,303	277	1,001 (35) [102]	178	4,759	713 (140)
Nidec Shimpo Corporation (Nagaokakyo, Kyoto)	Others	Manufacturing facilities for machinery	3,307	5,255	4,018 (36) [-]	1,201	13,781	693 (144)
Nidec Copal Electronics Corporation (Shinjuku-ku, Tokyo)	Others	Manufacturing facilities for electronic parts	1,637	567	1,583 (179) [2]	144	3,931	501 (55)

(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, 2019)

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	3,142	2,078	526 (95) [-]	5,322	11,068	5,820 (1,619)
Nidec Precision (Thailand) Co., Ltd. (Ayutthaya, Thailand)	Nidec Electronics (Thailand)	Manufacturing facilities for small precision motors	2,828	8,129	868 (164) [20]	1,917	13,742	3,092 (1,141)
Nidec Shibaura (Zhejiang) Co., Ltd. (Pinghu, Zhejiang, China)	Nidec Techno Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	1,367	9,157	- (-) [68]	2,151	12,675	1,275 (1,975)
Nidec Leroy- Somer Holding (Angouleme, France)	Nidec Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	10,679	9,588	2,788 (1,468) [264]	-	23,055	7,377 (663)
Nidec ASI S.p.A. (Lombardia, Italy)	Nidec Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	5,052	2,643	1,259 (140) [-]	133	9,087	833 (7)

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 Automobile Motor (Zhejiang) Corporation (Pinghu, Zhejiang, China)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	361	14,197	- (-) [32]	210	14,768	2,549 (-)
NIDEC GPM GmbH (Thüringen, Germany)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	2,149	10,334	180 (159) [4,505]	361	13,024	1,131 (54)
Nidec Tosok (Vietnam) Co., Ltd. (Ho Chi Minh, Vietnam)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	1,286	9,517	- (-) [51]	129	10,932	3,242 (-)
Nidec (Dalian) Ltd. (Dalian, Liaoning, China)	Nidec Motors & Actuators	Manufacturing facilities for small precision motors and automotive products	1,614	11,359	- (-) [68]	1,109	14,082	2,438 (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. 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, 2019 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 Corporation	Muko, Kyoto	Nidec Corporation	2nd head office and group companies' consolidation base	200,000	321	Own funds, borrowing	year 2020	year 2030
Nidec Tosok (Zhejiang) Corporation	Pinghu, Zhejiang, China	Nidec Motors & Actuators	Manufacturing factory for automotive products	2,028	1,036	Own funds	February 2018	May 2019
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	Others	Manufacturing factory for small precision motors	2,048	1,258	Own funds, borrowing	September 2017	May 2019
Nidec Motor Corporation	Ohio, United States	Nidec Motor Corporation	Manufacturing factory for appliance, commercial and industrial products	1,387	19	Own funds	April 2019	December 2019
Nidec Sankyo Corporation	Shimosuwa-cho, Suwagun, Nagano	Nidec Sankyo Corporation	Manufacturing facilities for small precision motors, automotive products, machinery and electronic parts	9,782	-	Own funds, borrowing	April 2019	March 2020

(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, 2019)	Number of shares issued as of the filing date (Shares) (June 19, 2019)	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, 2019)

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	-	199	71	1,091	872	66	56,862	59,161	-
Share ownership (Unit)	-	1,167,171	20,550	200,902	1,008,256	1,775	578,108	2,976,762	466,034
Ownership percentage of share (%)	-	39.21	0.69	6.75	33.87	0.06	19.42	100	-

(Notes) 1. Of 3,766,812 treasury stock, 37,668 units are included in the “Individuals and others”, while 12 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, 2019)

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	8.40
The Master Trust Bank of Japan, Ltd. (trust account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	17,546	5.96
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	17,437	5.92
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	4.21
S.N. Kosan, LLC.	518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto	10,122	3.43
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	ONE LINCOLN STREET, BOSTON MA USA 02111(11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	8,462	2.87
The Bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425	2.52
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	2.23
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	2.17
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd.)	270 PARK AVENUE, NEW YORK, NY 10017, USA (Shinagawa Intercity A, 2-15-1 Konan, Minato-ku, Tokyo)	4,928	1.67
Total	-	116,041	39.41

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

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

3. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 16, 2018, has been received from Mitsubishi UFJ Financial Group, Inc. and states that each of these companies held shares as of April 9, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2019 (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 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	8,035,374	2.70
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,426,100	0.48
Total	-	16,887,376	5.66

4. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on May 8, 2018, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of April 30, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2019 (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	10,879,743	3.65
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	460,200	0.15
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	3,046,000	1.02
Total	-	14,385,943	4.83

(7) Information on voting rights

① Issued shares

(As of March 31, 2019)

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 3,766,800	-	-
Shares with full voting rights (others)	Ordinary share 293,909,400	2,939,094	-
Shares less than one unit	Ordinary share 466,034	-	-
Number of issued shares	298,142,234	-	-
Total number of voting rights	-	2,939,094	-

- (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 2 voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (2 voting rights) registered in its name.
2. Ordinary shares in the “Shares less than one unit” row include 12 shares of the Company’s treasury stock.
3. Ordinary share in the “Shares with full voting rights (others)” row includes 59,800 shares (598 voting rights) of the BIP Trust and 21,700 shares (217 voting rights) of the ESOP Trust.

② Treasury stock, etc.

(As of March 31, 2019)

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	3,766,800	-	3,766,800	1.26
Total	-	3,766,800	-	3,766,800	1.26

(Note) The Company’s shares owned by the BIP Trust and the ESOP Trust are not included in the above treasury stock.

(8) Officer/employee stock ownership plans

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

NIDEC 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 is structured as a BIP (Board Incentive Plan) trust (the “BIP Trust”). The BIP Trust is a share-based compensation plan for officers that grants 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 (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 NIDEC
Trust agreement date:	July 26, 2018
Trust period:	July 26, 2018, through August 31, 2021 (tentative)
Plan inception date:	July 26, 2018
Exercise of voting rights:	Not to be exercised
Class of shares to be acquired:	The Company's ordinary shares
Amount of trust funding:	¥1.02 billion (including trust fees and trust expenses)
Share acquisition period:	July 27, 2018
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 date is subject to change to other appropriate date 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 performing trust-related administrative tasks as the trust's trustees.
- ii) Share-related administrative tasks: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is administering 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

¥1.02 billion (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 domestic and overseas executives of NIDEC (the "NIDEC Executives") at the meeting of its Board of Directors held on April 24, 2018.

1) Overview of the Plan

The Plan is structured as an ESOP (Employee Stock Ownership Plan) trust (the "ESOP Trust"). The ESOP Trust is an employee incentive plan modeled after U.S. ESOP plans. More specifically, it is a share-based payment plan that grants Company shares and pay cash proceeds from the liquidation of Company shares to the NIDEC 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 NIDEC Executives
Trustor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	The NIDEC Executives who meet beneficiary requirements
Trust administrator:	A third-party (certified public accountant) with no interest in NIDEC
Trust agreement date:	July 26, 2018
Trust period:	July 26, 2018, through August 31, 2021 (tentative)
Plan inception date:	July 26, 2018
Exercise of voting rights:	Not to be exercised
Class of shares to be acquired:	The Company's ordinary shares
Amount of trust funding:	¥390 million (including trust fees and trust expenses)
Share acquisition period:	July 27, 2018

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 date is subject to change to other appropriate date 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 performing trust-related administrative tasks as the trust's trustees.
- ii) Share-related administrative tasks: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is administering 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

¥390 million (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, 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, 2019	114,000	1,820,305,000
Treasury stock acquired during the fiscal year ended March 31, 2019	1,581,900	24,720,564,000
Treasury stock not acquired for the fiscal year ended March 31, 2019	1,304,100	23,459,131,000
The percentage of remaining treasury stock not acquired as of March 31, 2019 (%)	43.5	46.9
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 (%)	43.5	46.9

Classification	Number of shares (Shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on January 23, 2019 (Term of validity: from January 29, 2019 to January 23, 2020)	5,000,000	50,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2019	-	-
Treasury stock acquired during the fiscal year ended March 31, 2019	-	-
Treasury stock not acquired for the fiscal year ended March 31, 2019	5,000,000	50,000,000,000
The percentage of remaining treasury stock not acquired as of March 31, 2019 (%)	100.0	100.0
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 (%)	100.0	100.0

(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, 2019 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, 2019	2,703	41,075,785
Treasury stock acquired during the period after the reporting period to the filing date of this report	242	3,607,480

(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, 2019 to the filing date of this report.

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

Classification	Fiscal year ended March 31, 2019		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	3,766,812	-	3,767,054	-

(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, 2019 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 ¥55 per share for the fiscal year ended March 31, 2019 together with the interim dividend of ¥50 per share. As a result, the dividend payout ratio for the fiscal year ended March 31, 2019 on a consolidated basis was 27.9%.

Internal 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 23, 2018	14,719	50
The Meeting of the Board of Directors on May 24, 2019	16,191	55

4. Corporate Governance, etc.

(1) Overview of Corporate Governance

① Basic policy regarding corporate governance

NIDEC'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 "Three Principles of Nidec's Operations".

② Corporate governance system

1) The overview of NIDEC's corporate governance system and reasons NIDEC uses the system

NIDEC 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 member of this meeting consists of eight members of Board of Directors including Representative Director, Chairman and Chief Executive Officer, Shigenobu Nagamori, five members of Audit & Supervisory Board. Five members of the Audit & Supervisory Board and itself audits the execution of business operations by members of the Board of Directors of the Company, and 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 member of this meeting consists of Representative Directors including Representative Director, Chairman and Chief Executive Officer, Shigenobu Nagamori, Executive members, Audit & Supervisory Board, and General Manager of Accounting Department. 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. The member of this meeting consists of Board of Directors, including Representative Director, President and Chief Operating Officer, Hiroyuki Yoshimoto and Executive members.

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) Other matters related to corporate governance

In September 2004, the Company established a "Nidec Policy Manual" as a set of 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:

i) 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, 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, along with initiatives such as the preparation and use of the compliance handbook, in an effort to 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 for resolutions based on reports, notifications, etc., made to its Compliance Office or internal point of contact for such notifications. The Company deliberates compliance violations that must be dealt with penalties in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties.

ii) 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.

iii) 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.

iv) 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 (Keici-kaigi).

v) 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.

vi) 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.

vii) 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.

viii) 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.

ix) 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.

x) 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 other audits.

xi) Internal audit system of the Group

- 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.

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 eight million yen or an amount determined based on applicable laws and regulations, whichever is higher.

③ Matters of the Company's Board of Directors

1) 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 twenty.

2) 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.

④ Matters related to the resolution of the general meeting of shareholders

-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.

- 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) Members of the Board of Directors and Members of the Audit & Supervisory Board

① List of Members of the Board of Directors and Members of the Audit & Supervisory Board
12 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: 7.7%)

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Representative Director and Chairman / Chief Executive Officer (CEO)	Shigenobu Nagamori	August 28, 1944	Jul. 1973: Founded Nidec Corporation Representative Director, Chairman of the Board and President Chief Executive Officer (CEO) (current position) Jun. 2009: Member of the Board of Directors and Chairman, Nidec Sankyo Corporation (current position) Jun. 2013: Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation (current position) Oct. 2014: Representative Director, Chairman of the Board and President Mar. 2018: Chairman of the Board, Kyoto Gakuen Educational Foundation (currently Nagamori Gakuen Educational Foundation) (current position) Jun. 2018: Representative Director and Chairman (current position)	*4	24,736

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Representative Director and President / Chief Operating Officer (COO)	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>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) Representative Director and Chairman, Nidec Copal Corporation (current position) Representative Director and Chairman, Nidec Seimitsu Corporation (current position) Member of the Board of Directors and Chairman, Nidec India Private Limited (current position)</p> <p>Jun. 2018: Representative Director and President (current position) Representative Director and Chairman, Nidec Elesys Corporation (current position)</p>	*4	1

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Representative Director and Vice Chairman / Chief Sales Officer (CSO) / 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. / International Business Administration Dept. / Sales Administration & Service Dept. / 3Q6S)	Hiroshi Kobe	March 28, 1949	Jul. 1973: Participated in the foundation of Nidec Corporation Mar. 1982: GM, Sales Dept. Nov. 1984: Member of the Board of Directors Nov. 1991: Member of the Board of Directors and Senior Vice President Apr. 1996: Member of the Board of Directors and First Senior Vice President Apr. 2000: Member of the Board of Directors and Executive Vice President Apr. 2005: Chief Operating Officer (COO) Jun. 2006: Representative Director and Executive Vice President Jun. 2008: Representative Director and Executive Vice President Apr. 2014: Representative Director and Chairman, Nidec Servo Corporation (current position) Jun. 2015: Representative Director and Vice Chairman (current position) Chief Sales Officer (CSO) (current position)	*4	473

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Representative Director and Vice Chairman / Chief Technology Officer (CTO) / Adviser to President (Nidec Research and Development Center, Japan / Nidec Center for Industrial Science / Global Production Engineering Division / Intellectual Property Dept.)	Mikio Katayama	December 12, 1957	<p>Apr. 1981: Sharp Corporation</p> <p>Apr. 2006: Representative Director and First Senior Vice President</p> <p>Apr. 2007: Representative Director and President</p> <p>Apr. 2012: Member of the Board of Directors and Chairman</p> <p>Sep. 2014: Executive Consultant, Nidec Corporation</p> <p>Oct. 2014: Vice Chairman Chief Technology Officer (CTO) (current position)</p> <p>Jun. 2015: Representative Director and Vice Chairman (current position)</p> <p>Oct. 2015: Representative Director and Chairman, Nidec Techno Motor Corporation (current position)</p>	*4	2

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Member of the Board of Directors and Executive Vice President / Chief Performance Officer (CPO) / Adviser to President (Corporate Strategy Office / Group Companies Management Dept.) / in charge of managing Global Performance Management Dept. / Investor Relations & CSR Promotion Dept. / Finance 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>Apr. 2015: Member of the Board of Directors and President, Green Sun Insurance, Inc. (current position)</p> <p>May 2016: Chief Financial Officer (CFO)</p> <p>Jun. 2019: Chief Performance Officer (CPO) (current position)</p>	*4	4

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Member of the Board of Directors and Executive Vice President / Executive GM, Small Precision Motor & Solutions Business Unit	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>	*4	9

Title	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>	*4	0

Title	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> <p>Oct. 2018: Registered as attorney-at-law, the Dai-Ichi Tokyo Bar Association</p>	*4	0

Title	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

Title	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

Title	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>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	-

Title	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	-

Title	Name	Date of birth	Brief personal records	Term of office	Share ownership (1,000 shares)
Member of the Audit & Supervisory Board	Takeshi Nakane	June 24, 1949	<p>Apr. 1974: The Ministry of Foreign Affairs of Japan</p> <p>Feb. 1996: Director, Overseas Establishments Division, Minister's Secretariat</p> <p>Apr. 1998: Minister, the Japanese Embassy in Republic of Korea</p> <p>May 2000: Consul-General in Munich, Germany</p> <p>Aug. 2002: Assistant Vice-Minister</p> <p>Aug. 2005: Director-General, Disarmament, Non-proliferation and Science Department, Foreign Policy Bureau</p> <p>Jul. 2008: Envoy Extraordinary and Minister Plenipotentiary, Permanent Mission of Japan to the International Organizations in Vienna</p> <p>Jul. 2009: Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Japan to the International Organizations in Vienna</p> <p>Jan. 2012: Ambassador Extraordinary and Plenipotentiary of Japan to Federal Republic of Germany</p> <p>Jan. 2016: Left the Ministry of Foreign Affairs of Japan</p> <p>Feb. 2016: Special Assistant to the Ministry of Foreign Affairs of Japan (current position)</p> <p>Mar. 2018: Director, Kyoto Gakuen Educational Foundation (currently Nagamori Gakuen Educational Foundation)</p> <p>Jun. 2019: Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p>	*8	-
Total					25,230

*1. Number of shares held has been rounded down to the nearest 1,000 shares.

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

3. Members of the Audit & Supervisory Board, Mr. Eisuke Nagatomo, Ms. Junko Watanabe and Mr. Takeshi Nakane are Outside Members of the Audit & Supervisory Board.

4. A year from the end of the Ordinary General Meeting of Shareholders held on June 18, 2019.

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.

8. Four years from the end of the Ordinary General Meeting of Shareholders held on June 18, 2019.

② 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 18, 2019, 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 positions 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 positions of Professor of Graduate School of Public Management, Waseda University and so forth. There is no current or past special interest between the Company and him or the organizations 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 18, 2019, the relationships between the Company and them or the organizations they individually belong to are as follows:

Mr. Eisuke Nagatomo has held the important positions at Tokyo Stock Exchange, Inc. and currently holds the positions of Representative Director and member of the Board of Directors, EN associates, Co., Ltd., outside member of the Board of Directors, Miroku Jyoho Service Co., Ltd., outside member of the Board of Directors, Nikkiso Co., Ltd. and so forth. 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 positions of Professor of Graduate School of Economics & Faculty of Economics, Kyoto University and so forth. 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. Nor is there current or past special interest between the Company and her or the organizations she belongs to.

Mr. Takeshi Nakane's experience includes the important posts at the Ministry of Foreign Affairs of Japan, such as Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Japan and so forth. Currently he holds the positions of Special Assistant to the Ministry of Foreign Affairs of Japan and so forth. There is no current or past special interest between the Company and him or the organizations he belongs to.

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 "①List of 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.

(3) Audit Status

① Status of Audit by the members of the Audit & Supervisory Board

There are five members of the Audit & Supervisory Board (including three members of external auditors). 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 an university professor. Mr. Takeshi Nakane, an 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. The members of the Audit & Supervisory Board hold meetings with accounting auditors quarterly. In addition to quarterly meeting, they also hold other meetings when necessary. They exchange information and opinions on audit results, audit structures, audit plans, and the progress of audit among other issues.

② Status of Internal Audit

The Company's Corporate Administrative & Internal Audit Department, which made up of fifteen members reports directly to the president, conducts internal audit based on an audit plan. The Corporate Administrative & Internal Audit Department and other concerned departments report internal audit reports through information system which can be inspected any time to the members of the Audit & Supervisory Board. If necessary, exchanging opinions and information and conducting onsite audits.

③ Status of auditing by the Accounting Auditor

1) Name of Auditor

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.

2) Certificated public accountants who executed audits

Designated and Engagement Partner	Minamoto Nakamura
Designated and Engagement Partner	Tsuyoshi Yamamoto

3) Assistants in auditing operations

Fifteen CPAs, six members of the Japanese Institute of Junior Accountants, and nineteen others

4) Reason and assessment for Auditor's selection

The reappointment of the Accounting Auditor is appropriately decided at the Audit & Supervisory Board meeting, after collecting information from the Company's Finance Department, and Accounting Department, Corporate Administrative & Internal Audit Department and the Accounting Auditor. The Audit & Supervisory Board confirmed that the audit system is well established based on the Standard on Quality Control for Audits and response of the audit was suitable.

④ Audit fee, etc.

NIDEC applies transitional measure in caution (56)d(f) i to iii described in item two of the "Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs", which was revised after "Partial Revision of the Cabinet Office Ordinance concerning disclosure of corporate affairs" (Item three of the Cabinet Office Ordinance 31st January, 2019) .

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

Category	For the year ended March 31,			
	2018		2019	
	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	226	4	269	5
The Company's consolidated subsidiaries	328	-	331	-
Total	554	4	600	5

(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.

(For the fiscal year ended March 31, 2019)

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.

2) Other important fees

(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.

(For the fiscal year ended March 31, 2019)

Audit fees paid by the Company and its consolidated subsidiaries, Nidec Americas Holding Corporation and 64 other subsidiaries, to the member firms of PricewaterhouseCoopers International Limited, which belong to the same network as the Company's accounting auditor, were ¥1,040 million. This fee is paid for audit services and non-audit services.

3) Policy for determining the audit fee

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

4) Reason for Accepting Audit fee by the member of Audit & Supervisory

The Audit & Supervisory Board has confirmed the simulated figures based on audit plan, audit details, and the number of man-hours required to conduct the audit and the personnel allocation plan to carry out the plan. The relationship between auditing service and audit fee are logical, detailed, and clarity. The Audit & Supervisory Board has approved the audit fee according to the Companies Act of Japan Article 399 Paragraph 1 .

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

① Policy for determination of the amount of compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board and method of calculating

1) 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, for members of the Board of Directors and members of the Audit & Supervisory Board is determined based on the Company's performance. The amount of compensation for members of the Board of Directors (except for the outside members of the Board of Directors) comprises the "fixed compensation," which is calculated based on the members' job responsibilities, contributions to the Company's performance, etc., and the "performance-linked share-based compensation," which is linked to the Company's short- and mid-term performance. The level of the compensation, etc. is determined based on, among other

elements, those of compensations at other Japanese companies in the same industry, while the rate of the share-based compensation is determined after finalizing a certain rate based on the fixed compensation. In addition, the compensation for the outside members of the Board of Directors and members of the Audit & Supervisory Board is their fixed compensation only.

2) Method of calculating performance-linked share-based compensation

NIDEC adopts 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”) from the fiscal year ended March 31, 2019. The Plan intend to heighten their motivation to attain performance targets specified in the medium term management plan, in order to achieve “Mid-Term Strategic Goal” medium term management plan and medium, long-term corporate value expansion. The Plan structures the compensation to fluctuate according to the level of achievement of consolidated sales and consolidated operating profit stated in the mid-term business plan. Specifically, 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 ended 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 unit 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 also adopts 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 unit 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
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	-
Nidec Machinery Corporation	-	2,000	-	-
Nidec Global Service Corporation	-	2,000	-	-

* The number of units to be awarded are 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 NIDEC 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 is 16,946.8896 yen, which is 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 acquisition of the Company shares took place in July 2018.

(*3) Short-term performance linkage coefficient

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

Metric to be used	Value to be used	Weighting	FY2018	
			Target	Result
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%	¥1.575 trillion	¥1.518 trillion
Consolidated operating profit	Same as above	50%	¥190 billion	¥139 billion

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

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

Metric to be used	Value to be used	Weighting	FY2020	
			Target	Result
Consolidated net sales	Medium-term management plan target (quantified in millions of yen) disclosed at the beginning of said plan's term	50%	¥2 trillion	-
Consolidated operating profit	Same as above	50%	¥300 billion	-

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.

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

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).

3) Process to determine 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, as shown below, within the range of the amount approved at the General Meeting of Shareholders. The fixed compensation of members of the Board of Directors is calculated by the Company's Human Resources Department and deliberated at a meeting that comprises, among others, President and members of the Board of Directors and Vice Presidents of the Company, after entrusted by the Board of Directors, Representative Director and Chairman resolves. The amount of the fixed compensation for members of the Audit & Supervisory Board is determined via deliberation at the meeting of the Audit & Supervisory Board. The amount of the share-based compensation, which was introduced during the fiscal year ended March 31, 2019, is determined at the meeting of the Board of Directors, attended by outside and other members of the Board of Directors.

Date of the General Meeting of Shareholders resolved the amount of compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board, and the details of the resolution

i) Members of the Board of Directors, etc.

Type of compensation	Date of resolution	Recipient	Upper limit	Number of those in attendance at the time of the resolution
Fixed	June 22, 2007	Members of the Board of Directors	1,000 million yen per year	16
Share-based	June 20, 2018	Members of the Board of Directors (excluding outside members of the Board of Directors), Vice Presidents, and those of equal positions	Amount that results after multiplying 370 million yen with the number of years of the period (The upper limit of the three fiscal years, which are the initial period, is 1,110 million yen.) Number of shares that results after multiplying 22,300 shares with the number of years of the period (The upper limit of the three fiscal years, which are the initial period, is 66,900 shares)	Members of the Board of Directors: 7 Vice Presidents, etc.: 29

ii) Members of the Audit & Supervisory Board

Type of compensation	Date of resolution	Recipient	Upper limit	Number of those in attendance at the time of the resolution
Fixed	June 22, 2007	Members of the Audit & Supervisory Board	100 million yen per year	5

② 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
		Fixed compensation	Performance-linked share-based compensation	Retirement benefits	
Members of the Board of Directors (excluding outside members of the Board of Directors)	396	374	22	-	7
Members of the Audit & Supervisory Board (excluding outside members of the Audit & Supervisory Board)	34	34	-	-	3
Outside members of the Board of Directors and outside members of the Audit & Supervisory Board	42	42	-	-	7

(Note) The above includes information regarding three members of the Board of Directors (including two outside members of the Board of Directors) and one member of the Audit & Supervisory Board who retired during the fiscal year 2018.

③ 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.

(5) Status of shares held

① Framework and way of thinking for category about investment shares

We specify the separation about shares for investment held for any purpose pure investment or other than pure investment as follows.

(Purpose for pure investment)

Shares for investment held for any purpose to gain the benefits by occurring capital gain from stock price fluctuations and receiving dividend income solely

(Purpose other than pure investment)

Shares for investment held for any purpose other than pure investment out of investment securities recorded on the balance sheet

② Shares for investment held for any purpose other than pure investment

1) Our way to assess holding policy and economic rationality, contents that were assessed share holding appropriateness about each share at Board of Directors meeting

Basic policy for cross-share holding

NIDEC holds shares in the companies that NIDEC has relationships with in terms of trading and cooperation in its business or other areas when it judges the shareholding contributes to the company's corporate value expansion through stabilizing its business for a mid to-long-term perspectives by maintaining and strengthening the relationship with them. NIDEC assesses its cross-held shares individually at the Board of Directors every year on not only qualitative aspect such as purposes of the shareholding, but also, on quantitative aspect such as benefits that can be brought through the shareholding from the perspective of economic rationality. According to the results of the assessment, NIDEC intends to reduce the number of shares held if the cross-held shares would make insignificant benefits.

2) Number of shares for investment held for any purpose other than pure investment and total carrying value

	Number of issuer	Total carrying value (Yen in millions)
Unlisted shares	8	1,080
Other than unlisted shares	16	10,303

(Issuers of increased shares within current fiscal year)

	Number of issuer	Total acquisition cost of increased shares (Yen in millions)	Reasons for increase in number of shares held
Unlisted shares	-	-	-
Other than unlisted shares	-	-	-

(Issuers of decreased shares within current fiscal year)

	Number of issuer	Total selling value of decreased shares (Yen in millions)
Unlisted shares	-	-
Other than unlisted shares	-	-

3) 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

Issuer	Current fiscal year	Previous fiscal year	Purposes and quantitative effects for ownership, reasons for increase in number of shares held	Owned by another company (Yes/No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
Brother Industries, Ltd.	1,120,300	1,120,300	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship	Yes
	2,294	2,771	-Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	
ROHM Co., Ltd.	228,600	228,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship	Yes
	1,577	2,316	-Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	
NICHICON Corporation	1,184,600	1,184,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship	Yes
	1,200	1,425	-Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	
KYOCERA Corporation	175,600	175,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship	Yes
	1,141	1,054	-Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	
The Bank of Kyoto, Ltd.	205,656	205,656	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution	Yes
	952	1,222	-Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	

Issuer	Current fiscal year	Previous fiscal year	Purposes and quantitative effects for ownership, reasons for increase in number of shares held	Owned by another company (Yes/No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
The Shiga bank, Ltd.	318,488	1,592,440	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	840	854		
HORIBA, Ltd.	124,500	124,500	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	766	1,026		
Mitsubishi UFJ Financial Group, Inc.	1,251,129	1,251,129	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	688	872		
SCREEN Holdings Co., Ltd.	57,600	57,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	257	562		
Mizuho Financial Group, Inc.	1,064,124	1,064,124	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	182	204		

Issuer	Current fiscal year	Previous fiscal year	Purposes and quantitative effects for ownership, reasons for increase in number of shares held	Owned by another company (Yes/No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
Sumitomo Mitsui Financial Group, Inc.	31,483	31,483	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	122	140		
The Hachijuni Bank, Ltd.	256,439	256,439	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	118	146		
The Fukui Bank, Ltd.	42,100	42,100	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	71	98		
Nissha Printing Co., Ltd.	56,300	56,300	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	66	161		
Dai-ichi Life Holdings, Inc.	17,400	17,400	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	27	34		

Issuer	Current fiscal year	Previous fiscal year	Purposes and quantitative effects for ownership, reasons for increase in number of shares held	Owned by another company (Yes/No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
NAGANO KEIKI Co., Ltd.	665	665	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1	1		

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,	
		2018	2019
Assets			
Current assets			
Cash and cash equivalents	7	265,947	242,267
Trade and other receivables	9	388,741	371,134
Other financial assets	32	1,718	695
Income tax receivables		2,402	12,173
Inventories	10	227,766	255,656
Other current assets	11	30,155	37,547
Total current assets		916,729	919,472
Non-current assets			
Property, plant and equipment	12	450,488	517,479
Goodwill	13	234,915	262,311
Intangible assets	13	124,413	126,504
Investments accounted for using the equity method	34	1,112	2,785
Other investments	14, 32	22,295	18,444
Other financial assets	32	5,464	6,514
Deferred tax assets	22	11,055	11,968
Other non-current assets	15	6,728	9,591
Total non-current assets		856,470	955,596
Total assets		1,773,199	1,875,068

(Yen in millions)

	Note	As of March 31,	
		2018	2019
Liabilities			
Current liabilities			
Short term borrowings	18, 19, 32	1,657	17,394
Long term debt due within one year	18, 19, 32	29,538	95,339
Trade and other payables	16	317,031	310,644
Other financial liabilities	32	1,557	2,148
Income tax payables		7,582	13,434
Provisions	23	32,733	28,514
Other current liabilities	17	61,860	62,521
Total current liabilities		451,958	529,994
Non-current liabilities			
Long term debt	18, 19, 32	314,631	260,028
Other financial liabilities	32	2,373	1,887
Retirement benefit liabilities	20	24,178	28,886
Provisions	23	6,577	4,602
Deferred tax liabilities	22	28,922	31,751
Other non-current liabilities		2,169	2,206
Total non-current liabilities		378,850	329,360
Total liabilities		830,808	859,354
Equity			
Common stock	25	87,784	87,784
Additional paid-in capital	25	118,136	118,314
Retained earnings		822,589	901,606
Other components of equity	21, 25	(76,857)	(64,780)
Treasury stock		(19,151)	(45,296)
Total equity attributable to owners of the parent		932,501	997,628
Non-controlling interests		9,890	18,086
Total equity		942,391	1,015,714
Total liabilities and equity		1,773,199	1,875,068

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

Consolidated Statements of Income

(Yen in millions)

	Note	For the years ended March 31,	
		2018	2019
Net sales	5, 27	1,488,090	1,518,320
Cost of sales	28	(1,131,557)	(1,174,362)
Gross profit		356,533	343,958
Selling, general and administrative expenses	28	(134,253)	(142,426)
Research and development expenses	28	(55,438)	(62,912)
Operating profit	5	166,842	138,620
Financial income	29	6,577	10,563
Financial expenses	29	(7,007)	(8,874)
Derivative (loss) gain	31	(275)	352
Foreign exchange differences		(2,590)	(1,014)
Share of net profit (loss) from associate accounting using the equity method	34	118	(633)
Profit before income taxes		163,665	139,014
Income tax expenses	22	(32,144)	(27,509)
Profit for the year		131,521	111,505
Profit for the year attributable to:			
Owners of the parent		130,834	110,798
Non-controlling interests		687	707
Profit for the year		131,521	111,505
Earnings per share attributable to owners of the parent	30		
Basic (yen)		441.91	375.83
Diluted (yen)		-	-

Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the years ended March 31,	
		2018	2019
Profit for the year		131,521	111,505
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		425	(1,085)
Fair value movements on FVTOCI equity financial assets		2,093	(2,540)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		(13,881)	12,463
Effective portion of net changes in fair value of cash flow hedges		399	(584)
Fair value movements on FVTOCI debt financial assets		(3)	7
Total other comprehensive income for the year, net of taxation	21	(10,967)	8,261
Comprehensive income for the year		120,554	119,766
Comprehensive income for the year attributable to:			
Owners of the parent		119,812	119,274
Non-controlling interests		742	492
Comprehensive income for the year		120,554	119,766

(3) Consolidated Statements of Changes in Equity

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				130,834			130,834	687	131,521
Other comprehensive income	21				(11,022)		(11,022)	55	(10,967)
Total comprehensive income							119,812	742	120,554
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	26			(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	822,589	(76,857)	(19,151)	932,501	9,890	942,391

For the year ended March 31, 2019

(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, 2018		87,784	118,136	822,589	(76,857)	(19,151)	932,501	9,890	942,391
Change in accounting policies	3			199			199		199
Balance after restatement		87,784	118,136	822,788	(76,857)	(19,151)	932,700	9,890	942,590
Comprehensive income									
Profit for the year				110,798			110,798	707	111,505
Other comprehensive income	21				8,476		8,476	(215)	8,261
Total comprehensive income							119,274	492	119,766
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(26,145)	(26,145)	-	(26,145)
Dividends paid to the owners of the parent	26			(29,513)			(29,513)	-	(29,513)
Dividends paid to non-controlling interests							-	(93)	(93)
Share-based payment transactions			164				164	-	164
Transfer to retained earnings				(3,600)	3,600		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries							-	7,833	7,833
Other			14	1,133	1		1,148	(36)	1,112
Balance at March 31, 2019		87,784	118,314	901,606	(64,780)	(45,296)	997,628	18,086	1,015,714

(4) Consolidated Statements of Cash Flows

(Yen in millions)

		For the years ended March 31,	
	Note	2018	2019
Cash flows from operating activities:			
Profit for the year		131,521	111,505
Adjustments to reconcile profit for the year to net cash provided by operating activities			
Depreciation		57,651	59,090
Amortization		11,089	11,647
Loss from sales, disposal or impairment of property, plant and equipment		372	1,498
Financial income		(23)	(1,942)
Share of net (profit) loss from associate accounting using the equity method		(118)	633
Deferred income taxes		(2,349)	(984)
Current income taxes		34,493	28,493
Foreign currency adjustments		(7,096)	7,007
Increase in retirement benefit liability		915	4,457
(Increase) decrease in accounts receivable		(30,632)	33,280
Increase in inventories		(24,398)	(13,885)
Increase (decrease) in accounts payable		47,809	(27,391)
Other, net		(8,990)	(11,944)
Interests and dividends received		6,482	10,378
Interests paid		(6,647)	(8,046)
Income taxes paid		(34,511)	(33,563)
Net cash provided by operating activities		175,568	170,233

(Yen in millions)

		For the years ended March 31,	
	Note	2018	2019
Cash flows from investing activities:			
Additions to property, plant and equipment		(90,841)	(120,555)
Proceeds from sales of property, plant and equipment		6,856	2,961
Additions to intangible assets		(9,544)	(10,894)
Acquisitions of business, net of cash acquired		(20,071)	(27,675)
Other, net		(315)	(4,681)
Net cash used in investing activities		(113,915)	(160,844)
Cash flows from financing activities:			
	8		
(Decrease) increase in short term borrowings		(178,724)	14,022
Proceeds from issuance of long term debt		84,062	37
Repayments of long term debt		(38,023)	(30,456)
Proceeds from issuance of corporate bonds		115,001	39,642
Redemption of corporate bonds		(65,000)	-
Purchase of treasury stock		(7,008)	(26,145)
Dividends paid to the owners of the parent		(26,670)	(29,513)
Other, net		(496)	(270)
Net cash used in financing activities		(116,858)	(32,683)
Effect of exchange rate changes on cash and cash equivalents		(428)	(386)
Net decrease in cash and cash equivalents		(55,633)	(23,680)
Cash and cash equivalents at beginning of year		321,580	265,947
Cash and cash equivalents at end of year	7	265,947	242,267

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 (<https://www.nidec.com/en-Global>).

Consolidated Financial Statements as of March 31, 2019 and for the fiscal year then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC. See “I. 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 products, which include automotive motors and components,
- 3) Appliance, commercial and industrial products, which include home appliance, commercial and industrial motors and related products.
- 4) Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- 5) Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- 6) 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 retirement-defined benefit plan assets, 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, unless otherwise indicated.

(4) Changes in accounting policies

(Revenue Recognition)

NIDEC has adopted the following standard from the year ended March 31, 2019.

IFRS		Summary of new standard and amendment
IFRS15	Revenue from Contracts with Customers	Revised accounting standard for revenue recognition

IFRS 15 replaces 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 goods or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

In applying IFRS 15, NIDEC adopts the methods where cumulative effect is applied retrospectively to contracts that have not been completed as of the initial application date (April 1, 2018) and the cumulative effect is recognized as an adjustment to the opening balance of retained earnings, as permitted as a transition method (modified retrospective approach).

As a result of the adoption of IFRS 15, revenue is recognized based on the following five-step approach. This will result in the following main change in accounting policies and impact on consolidated financial statements.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to each performance obligation in the contract.

Step 5: An entity recognizes revenue when a performance obligation is satisfied.

(i) Sales of goods

NIDEC manufactures and sells small precision motors, automotive products, certain 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 recognizes revenue from sales of goods at the time of the goods delivery.

(ii) Construction contracts

Additionally, for certain 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 recognizes revenue from sales of certain 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.

Of costs incurred in fulfilling contracts with customers, NIDEC recognizes costs as assets when those costs are not within the scope of another accounting standard, are directly related to a contract or an anticipated contract that NIDEC can specifically identify, are expected to be recovered, and generate or enhance resources of NIDEC that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

As a result of the adoption of IFRS 15, compared with reported figures under the standard NIDEC applied previously, at the beginning of the year ended March 31, 2019, inventories decreased by ¥72 million and other non-current assets, deferred tax liabilities and retained earnings increased by ¥350 million, ¥79 million and ¥199 million, respectively. The impact of this change on income for the year ended March 31, 2019 is immaterial.

(Government grants)

In this fiscal year, NIDEC changed the accounting policy for government grants, which were previously presented in “Other current liabilities” and “Other non-current liabilities”, to offset corresponding “Property, plant and equipment” in accordance with the nature of each grant. This is to clarify the assets and to provide more relevant information regarding classification of assets and liabilities because there are no unfulfilled conditions or other contingencies attaching the grants.

As a result of this change applied retrospectively, “Property, plant and equipment”, “Other current liabilities” and “Other non-current liabilities” decreased by ¥810 million, ¥55 million and ¥755 million, respectively, in the Consolidated Statement of Financial Position for the year ended March 31, 2018. This change did not have an effect on the operating profit.

(5) 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 16	Leases	January 1, 2019	March 31, 2020	Revised accounting standard for leases

IFRS 16 "Leases" replaces IAS 17 "Leases". As a result of this adoption, due to its single lessee accounting model, right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are required to be recognized for all leases, in principle, on the consolidated statement of financial position. After recognition of right-of-use assets and lease liabilities, depreciation of right-of-use assets and interest on the lease liabilities are recognized on the consolidated statement of income. In applying IFRS 16, NIDEC elects to recognize the cumulative effect 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). In addition, NIDEC will apply the exemptions that lessee can elect not to apply to the requirements regarding short term lease and low-value lease.

The main impact of IFRS 16 "Leases" on NIDEC's consolidated financial statements are still under consideration. Furthermore, operating lease payments will be reclassified as a reduction in cash flows from operating activities to financing activities in the consolidated statement of cash flows. The impact on the consolidated statements of income will be immaterial.

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, acquiree'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. The facility allows for cash withdrawals from this financial institution up to our aggregate cash deposits within the same financial institution. This arrangement represents a single unit of account for accounting purposes.

(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.

Intangible assets that have a definite useful life are mainly 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
Proprietary technology	9 – 20 years
Software	2 – 10 years
Capitalized development costs	2 – 11 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 at fair value if there is reasonable assurance that NIDEC will comply with the conditions associated with the grants and they will be received.

When government grants are related to expense items, they are deducted from the related costs. Government grants related to assets are deducted from the cost of the assets.

(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) Share-Based Payment

NIDEC has adopted a performance-linked share-based compensation plan (the “Plan”). NIDEC has adopted equity-settled share-based payments and cash-settled share-based payments.

(i) Equity-settled share-based payments

Equity-settled share-based payments measured with the Plan is measured the received services by fair value of the shares of the company at the grant date, and is recognized as expenses over the vesting period, and an equivalent amount is recognized as an increase in additional paid-in capital.

(ii) Cash-settled share-based payments

Cash-settled share-based payments measured with the Plan is measured the received services by the fair value of the liabilities, and is recognized as expenses over the vesting period, and an equivalent amount is recognized as an increase in the liabilities. The fair value of the liabilities are remeasured at the end of the period and the settlement date, with changes in the fair value recognized in profit or loss.

(16) Revenue recognition

NIDEC recognizes the revenue by applying the following five-step approach.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to each performance obligation in the contract.

Step 5: An entity recognizes revenue when a performance obligation is satisfied.

(i) Sales of goods

NIDEC manufactures and sells small precision motors, automotive products, certain 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 recognizes revenue from sales of goods at the time of the goods delivery.

(ii) Construction contracts

Additionally, for certain 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 recognizes revenue from sales of certain 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.

Of costs incurred in fulfilling contracts with customers, NIDEC recognizes costs as assets when those costs are not within the scope of another accounting standard, are directly related to a contract or an anticipated contract that NIDEC can specifically identify, are expected to be recovered, and generate or enhance resources of NIDEC that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(17) 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.

(18) 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.

(19) 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 32. 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.

(20) 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 36)
- 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 32)
- Contingent liabilities (see Notes 3 (14) and 37)

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.

As noted in “2. Basis of Preparation of consolidated financial statements, (4) Changes in accounting policies”, NIDEC has adopted IFRS 15 from the fiscal year ended March 31, 2019. In applying IFRS 15, NIDEC has elected to recognize the cumulative effect of applying IFRS 15 at the date of initial application. Accordingly, data for the year ended March 31, 2018 is not restated.

NIDEC’s operating segments are as follows:

Name	Outline of operating 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 components and other small precision motors.
6. Nidec Copal	Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell electronic and optical components, 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 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,	
	2018	2019
Nidec Corporation	36,386	32,053
Nidec Electronics (Thailand)	109,565	105,323
Nidec Singapore	50,244	47,124
Nidec (H.K.)	124,872	124,022
Nidec Sankyo	149,005	150,948
Nidec Copal	39,650	36,272
Nidec Techno Motor	82,418	80,209
Nidec Motor	435,272	456,370
Nidec Motors & Actuators	273,236	275,558
Others	187,442	210,441
Consolidated net sales	1,488,090	1,518,320

There was no certain customer group which exceeded 10% of the consolidated net sales for the years ended March 31, 2019 and 2018.

Net sales to other operating segments:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Nidec Corporation	186,303	183,632
Nidec Electronics (Thailand)	21,267	18,175
Nidec Singapore	609	479
Nidec (H.K.)	1,108	2,107
Nidec Sankyo	1,277	2,987
Nidec Copal	11,378	11,106
Nidec Techno Motor	6,181	6,207
Nidec Motor	314	642
Nidec Motors & Actuators	29,588	30,776
Others	193,110	186,831
Total	451,135	442,942
Intersegment elimination	(451,135)	(442,942)
Consolidated net sales	-	-

Segment profit/loss:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Nidec Corporation	25,381	19,400
Nidec Electronics (Thailand)	18,380	14,922
Nidec Singapore	797	764
Nidec (H.K.)	1,248	861
Nidec Sankyo	21,661	13,739
Nidec Copal	4,674	(624)
Nidec Techno Motor	9,363	10,082
Nidec Motor	30,506	32,199
Nidec Motors & Actuators	34,932	34,832
Others	41,395	35,617
Total	188,337	161,792
Elimination and corporate (Note)	(21,495)	(23,172)
Operating profit (loss)	166,842	138,620
Financial (expenses) income	(430)	1,689
Derivative (loss) gain	(275)	352
Foreign exchange differences	(2,590)	(1,014)
Share of net profit (loss) from associate accounting using the equity method	118	(633)
Profit before income taxes	163,665	139,014

(Note) "Elimination and corporate" includes corporate expenses, which do not belong to any operating segment, of ¥18,999 million and ¥21,338 million for the years ended March 31, 2019 and 2018, respectively. The corporate expenses include basic research expenses and head office expenses.

Depreciation:*(Yen in millions)*

	For the years ended March 31,	
	2018	2019
Nidec Corporation	89	107
Nidec Electronics (Thailand)	6,360	7,339
Nidec Singapore	42	19
Nidec (H.K.)	16	15
Nidec Sankyo	5,299	6,223
Nidec Copal	4,156	3,643
Nidec Techno Motor	3,250	3,015
Nidec Motor	13,158	13,419
Nidec Motors & Actuators	11,214	12,132
Others	15,414	18,966
Subtotal	58,998	64,878
Others (Note)	(3,628)	(7,838)
Corporate	2,281	2,050
Total	57,651	59,090

(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, 2018	March 31, 2019
Nidec Corporation	89,479	77,773
Nidec Electronics (Thailand)	174,100	158,592
Nidec Singapore	26,193	24,513
Nidec (H.K.)	43,438	34,831
Nidec Sankyo	184,387	182,465
Nidec Copal	74,886	72,820
Nidec Techno Motor	88,897	94,686
Nidec Motor	414,726	421,839
Nidec Motors & Actuators	305,353	346,511
Others	395,342	462,205
Subtotal	1,796,801	1,876,235
Elimination and corporate (Note)	(258,517)	(263,478)
Goodwill	234,915	262,311
Total	1,773,199	1,875,068

- (Notes) 1. Corporate assets included in “Elimination and corporate” that do not belong to any segment amounted for ¥101,342 million as of March 31, 2019 and ¥52,506 million as of March 31, 2018. In addition, depreciation expenses of corporate assets are allocated to each applicable segment based on a reasonable allocation method.
2. NIDEC’s chief operating decision maker reviewed the report materials in the year ended March 31, 2019. As a result, some of the assets, including securities of affiliated companies, of Nidec Europe B.V. which were included in “Others” have been reclassified as corporate assets. In addition, the figures for the year ended March 31, 2018 have been restated to conform to the presentation for the year ended March 31, 2019.

Capital equipment expenditures:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Nidec Corporation	75	1,875
Nidec Electronics (Thailand)	9,663	12,857
Nidec Singapore	20	17
Nidec (H.K.)	9	5
Nidec Sankyo	9,303	8,803
Nidec Copal	1,410	1,012
Nidec Techno Motor	4,781	5,387
Nidec Motor	18,222	19,405
Nidec Motors & Actuators	22,515	37,310
Others	21,357	28,518
Subtotal	87,355	115,189
Corporate	3,486	5,366
Total	90,841	120,555

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,	
	2018	2019
Small precision motors:		
Hard disk drives spindle motors	191,497	179,011
Other small precision motors	260,879	262,456
Subtotal	452,376	441,467
Automotive products	295,360	297,298
Appliance, commercial and industrial products	518,642	538,316
Machinery	146,561	163,966
Electronic and optical components	70,976	72,672
Other products	4,175	4,601
Consolidated net sales	1,488,090	1,518,320

(Notes) 1. “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, motor and applications, etc.

“Automotive products” consists of automotive motors and components.

“Appliance, commercial and industrial products” consists of 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.

“Other products” consists of services, etc.

2. From the year ended March 31, 2019, the product category “Automotive, appliance, commercial and industrial products” has been divided and presented as “Automotive products” and “Appliance, commercial and industrial products”

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 county are as follows:

Net sales

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Japan	306,445	297,469
U.S.A.	253,643	258,753
Singapore	57,255	53,234
Thailand	130,756	129,824
Germany	129,771	135,870
China	351,155	354,732
Others	259,065	288,438
Consolidated net sales	1,488,090	1,518,320

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

(Yen in millions)

	March 31, 2018	March 31, 2019
Japan	199,592	204,786
U.S.A.	147,945	152,911
Singapore	12,471	12,861
Thailand	39,419	43,160
Germany	50,024	66,835
China	106,757	138,598
Others	257,543	291,585
Total non-current assets	813,751	910,736

6. Business combination

On April 30, 2018 (U.S. time), NIDEC acquired 100% equity shares in Genmark Automation, Inc. (“Genmark”), a U.S. company, from the shareholders for cash of ¥2,870 million. 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. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On July 2, 2018, NIDEC acquired 100% equity shares in CIMA S.p.A. (“CIMA”), an Italian company, from its main shareholders for cash of ¥2,391 million. CIMA designs, manufactures and sells commercial motors. Through the transaction, FIR Elettromeccanica S.r.l., NIDEC’s subsidiary, can expand its product portfolio. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On August 31, 2018, NIDEC acquired 100% in the equity shares in MS-Graessner GmbH & Co. KG and its group companies (“Graessner”), a German company, from its main shareholders for cash of ¥4,166 million. Graessner manufactures and sells gearboxes. Through the transaction, Nidec-Shimpo is capable of leveraging Graessner’s sales network to expand its sales in Europe. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On November 30, 2018, NIDEC acquired 48.0% in the equity shares in Chaun-Choung Technology Corp. (“CCI”), a Taiwan company, from its main shareholders for cash of ¥16,472 million. CCI develops, manufactures and sells thermal module products. Through the transaction, NIDEC aims to improve thermal management technology and its product development capability through collaboration with CCI and to propose a thermal solution by combining motor products with CCI’s thermal module to customers in a wide range of markets. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On February 4, 2019, NIDEC acquired 100% in the ownership interest in Systeme + Steuerungen GmbH and its group companies (collectively “SYS”), a German company, from its main shareholders for cash of ¥2,526 million. SYS manufactures and sells high-speed and high-precision feeding equipment and serves the retrofit for press machines. Through the transaction, NIDEC will take a deeper root in the metal forming industry in Europe. Furthermore, NIDEC can jointly sell presses and feeders for motor core lamination manufacturers who serve the fast growing electric vehicle market. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

On March 1, 2019, NIDEC acquired 70.0% in the ownership interest in DESCH Antriebstechnik GmbH & Co. KG and its group companies (collectively “DESCH”), a German company, from its main shareholders for cash of ¥7,426 million. DESCH manufactures and sells large precision gearboxes. Through the transaction, NIDEC can sell and propose the modules of Servo presses and speed reducers to customers of press machine. Furthermore, Nidec-Shimpo will sell their products through DESCH’s customer channel in Europe. Likewise, DESCH will expand their business by using Nidec-Shimpo’s sales and service network in Asia and the Americas. This acquisition did not have a material impact on NIDEC’s consolidated financial position and results of operations.

Completion of purchase price allocation to the assets and the liabilities

During the three months ended June 30, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition in the previous fiscal year of 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 LGB Elettropompe S. r. l. In addition, during the three months ended September 30, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition in the previous fiscal year of SV Probe Pte. Ltd. NIDEC's consolidated financial statements for the year ended March 31, 2018 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, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Secop	Others
Current assets		
Inventories	-	(26)
Other current assets	(1,424)	116
Non-current assets		
Property, plant and equipment	3,747	228
Intangible assets	(685)	2,375
Deferred tax assets	132	-
Acquired assets at fair value	1,770	2,693
Current liabilities		
Income tax payable	(40)	39
Provisions	4,170	65
Other current liabilities	144	-
Non-current liabilities		
Long term debt	29	-
Retirement benefit liabilities	(17)	-
Provisions	2,033	-
Deferred tax liabilities	(1,599)	1,025
Assumed liabilities at fair value	4,720	1,129
Acquired assets and assumed liabilities at fair value (net amount)	(2,950)	1,564
Goodwill	2,499	(1,700)

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	Secop	Others
Proprietary technology	15 years	-	888
Customer relationships	18 years	-	1,419
Others	-	(685)	68

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)

	Secop	Others
Operating profit	(592)	(203)
Profit before income taxes	(592)	(203)
Profit for the year attributable to owners of the parent	(458)	(142)

During the three months ended March 31, 2019, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Genmark Automation, Inc. in this fiscal year. In addition, NIDEC partly completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Chaun-Choung Technology Corp. and the acquisition of MS-Graessner GmbH & Co. KG and its group companies in this fiscal year.

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	391
Non-current assets	
Property, plant and equipment	92
Intangible assets	450
Other non-current assets	(5)
Acquired assets at fair value	928
Current liabilities	
Trade and other payables	4
Income tax payable	39
Non-current liabilities	
Deferred tax liabilities	241
Assumed liabilities at fair value	284
Acquired assets and assumed liabilities at fair value (net amount)	644
Goodwill	(644)

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
Proprietary technology	15 years	364
Customer relationships	9 years	86

Effect on the consolidated statement of income for the year ended March 31, 2019 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	(275)
Profit before income taxes	(275)
Profit for the year attributable to owners of the parent	(214)

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2019, 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, 2019.

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Cash on hand	97	95
Cash in banks	260,573	235,931
Cash equivalents	5,277	6,241
Cash and cash equivalents in consolidated statements of financial position	265,947	242,267
Cash and cash equivalents in consolidated statements of cash flows	265,947	242,267

Cash in banks includes cash deposits and cash withdrawals that are accounted for as a single unit of account under the notional pooling arrangement.

Cash equivalents consist mainly of time deposit within 3 months 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,	
	2018	2019
Non-cash investing and financing activities:		
Accrued amount of finance lease obligations	80	475

9. Trade and other receivables

The breakdown of trade and other receivable is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Notes receivable	34,764	26,673
Trade receivable	328,236	318,780
Other accounts receivable	27,753	28,684
Expected credit loss allowances	(2,012)	(3,003)
Total	388,741	371,134

10. Inventories

The breakdown of inventories is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Finished products	87,698	107,851
Raw materials	79,648	86,936
Work in progress	53,818	53,245
Supplies and other	6,602	7,624
Total	227,766	255,656

The acquisition costs of inventories that were recognized as expenses for the year ended March 31, 2019 were mainly included in “cost of sales”. The amounts of write-down of inventories for the years ended March 31, 2018 and 2019 were ¥1,158 million and ¥6,739 million, respectively.

11. Other current assets

The breakdown of other current assets is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Prepaid expenses	10,842	10,345
Costs on uncompleted construction contracts	11,773	14,840
Other	7,540	12,362
Total	30,155	37,547

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 costs)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 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	244	3,594	8,414	519	12,771
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	23	(2,002)	(160)	(1,788)
Others	111	282	4,001	(1,150)	3,244
Balance at March 31, 2018	53,582	237,317	545,554	56,883	893,336
Acquisitions	377	4,161	26,867	93,454	124,859
Acquisitions through business combinations	1,050	2,508	3,286	588	7,432
Disposals	(253)	(1,366)	(18,847)	(339)	(20,805)
Reclassification	34	8,194	57,543	(67,922)	(2,151)
Foreign currency translation adjustments	(104)	394	4,670	(505)	4,455
Others	(35)	794	1,131	(5,251)	(3,361)
Balance at March 31, 2019	54,651	252,002	620,204	76,908	1,003,765

(Accumulated depreciation and impairment losses)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2017	(1,843)	(104,530)	(302,414)	(17)	(408,804)
Depreciation	-	(9,230)	(48,421)	-	(57,651)
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	3,731	0	4,378
Changes in the scope of consolidation	-	-	(16)	-	(16)
Others	-	(406)	(1,516)	-	(1,922)
Balance at March 31, 2018	(1,708)	(110,039)	(331,056)	(45)	(442,848)
Depreciation	-	(9,324)	(49,766)	-	(59,090)
Impairment losses	(0)	(5)	(1,011)	(1)	(1,017)
Reversal of impairment losses	-	-	87	-	87
Disposals	4	1,189	16,985	45	18,223
Reclassification	-	(1)	58	-	57
Foreign currency translation adjustments	(61)	(769)	(4,447)	1	(5,276)
Changes in the scope of consolidation	-	-	-	-	-
Others	0	90	3,592	(104)	3,578
Balance at March 31, 2019	(1,765)	(118,859)	(365,558)	(104)	(486,286)

(Carrying amounts)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2017	52,063	117,958	188,172	41,546	399,739
Balance at March 31, 2018	51,874	127,278	214,498	56,838	450,488
Balance at March 31, 2019	52,886	133,143	254,646	76,804	517,479

(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 (Machinery and equipment) located in Thailand during the year.

13. Goodwill and intangible assets

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

(Acquisition costs)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others	Total
Balance at April 1, 2017	218,786	78,992	16,040	27,299	-	43,518	384,635
Acquisitions	-	0	112	2,618	-	295	3,025
Internally developed	-	-	-	-	6,333	-	6,333
Acquisitions through business combinations	20,714	1,748	1,472	103	947	535	25,519
Disposals	-	-	-	(1,040)	-	(64)	(1,104)
Foreign currency translation adjustment	(4,585)	(2,387)	717	48	(43)	(1,645)	(7,895)
Others	-	836	285	117	1,383	22	2,643
Balance at March 31, 2018	234,915	79,189	18,626	29,145	8,620	42,661	413,156
Acquisitions	-	-	268	3,087	-	1,089	4,444
Internally developed	-	-	-	-	7,104	-	7,104
Acquisitions through business combinations	23,130	280	385	61	-	907	24,763
Disposals	-	-	-	(2,259)	(283)	(159)	(2,701)
Foreign currency translation adjustment	4,266	1,968	(368)	(258)	(161)	1,062	6,509
Others	-	(1,447)	-	(163)	1,128	(1,920)	(2,402)
Balance at March 31, 2019	262,311	79,990	18,911	29,613	16,408	43,640	450,873

(Accumulated amortization and impairment losses)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others	Total
Balance at April 1, 2017	-	(20,753)	(4,813)	(14,566)	-	(4,661)	(44,793)
Amortization	-	(4,647)	(989)	(3,627)	(53)	(583)	(9,899)
Impairment losses	-	-	-	(0)	(42)	-	(42)
Disposals	-	-	-	1,006	-	43	1,049
Foreign currency translation adjustment	-	481	(261)	(80)	0	(143)	(3)
Others	-	447	(101)	(697)	-	211	(140)
Balance at March 31, 2018	-	(24,472)	(6,164)	(17,964)	(95)	(5,133)	(53,828)
Amortization	-	(4,458)	(1,025)	(3,597)	(479)	(647)	(10,206)
Impairment losses	-	-	-	(7)	(582)	-	(589)
Disposals	-	-	-	2,220	7	159	2,386
Foreign currency translation adjustment	-	(313)	185	303	27	117	319
Others	-	(196)	0	302	(403)	157	(140)
Balance at March 31, 2019	-	(29,439)	(7,004)	(18,743)	(1,525)	(5,347)	(62,058)

(Carrying amounts)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others	Total
Balance at April 1, 2017	218,786	58,239	11,227	12,733	-	38,857	339,842
Balance at March 31, 2018	234,915	54,717	12,462	11,181	8,525	37,528	359,328
Balance at March 31, 2019	262,311	50,551	11,907	10,870	14,883	38,293	388,815

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, 2018	March 31, 2019
Nidec Corporation	-	322
Nidec Electronics (Thailand)	9,080	9,489
Nidec Sankyo	28,919	30,406
Nidec Copal	16,462	16,147
Nidec Techno Motor	2,049	2,049
Nidec Motor	135,494	136,901
Nidec Motors & Actuators	22,000	25,970
Others	20,911	41,027
Total	234,915	262,311

(Intangible assets with indefinite useful lives)

(Yen in millions)

	March 31, 2018	March 31, 2019
Nidec Motor	27,765	29,006
Others	5,567	5,517
Total	33,332	34,523

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 (4.52% - 7.67%). 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 (1.43% - 3.77%).

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, 2018	March 31, 2019
Other investments		
FVTOCI equity financial assets	21,324	17,794
FVTOCI debt financial assets	271	150
Financial assets measured at amortized costs	700	500
Total	22,295	18,444

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, 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

As of March 31, 2019

(Yen in millions)

Principal FVTOCI financial assets	Fair value
Canon Inc.	2,423
Brother Industries, Ltd.	2,294
ROHM Co., Ltd.	1,577
The Bank of Kyoto, Ltd.	1,244
Nichicon Corporation.	1,200

The information on FVTOCI equity financial assets that were derecognized for the years ended March 31, 2018 and 2019 is as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Fair value at the time of derecognition	306	19
Accumulated gains at the time of derecognition	182	18

15. Other non-current assets

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

(Yen in millions)

	March 31, 2018	March 31, 2019
Prepaid pension expenses	1,824	1,140
Other	4,904	8,451
Total	6,728	9,591

16. Trade and other payables

The breakdown of trade and other payables is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Notes payable	7,779	10,667
Accounts payable	282,233	264,909
Other account payable	25,345	30,825
Equipment notes payable	1,674	4,243
Total	317,031	310,644

17. Other current liabilities

The breakdown of other current liabilities is as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Accrued expense	41,634	42,518
Advances received	16,656	15,594
Other	3,570	4,409
Total	61,860	62,521

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, 2018	March 31, 2019
Unsecured loans, principally from banks average interest per annum: 2018 3.25% 2019 0.47%	1,572	17,311
Secured loans, principally from banks average interest per annum: 2018 6.09% 2019 6.09%	85	83
Total	1,657	17,394

As of March 31, 2019, NIDEC had unused lines of credit amounting to ¥1,056,826 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, 2018	March 31, 2019
Unsecured loans, principally from banks		
Due 2018 to 2026 in 2018 with interest ranging from 0.00% to 7.29% per annum	142,365	-
Due 2019 to 2028 in 2019 with interest ranging from 0.00% to 7.29% per annum	-	116,345
Secured loans, principally from banks		
Due 2018 to 2023 in 2018 with interest ranging from 1.95% to 3.45% per annum	818	-
Due 2019 to 2023 in 2019 with interest ranging from 1.95% to 3.45% per annum	-	557
The Second Series of Domestic Unsecured bonds due 2019 Interest at 0.60% per annum in 2018 and 2019	14,991	14,998
The Third Series of Domestic Unsecured bonds due 2022 Interest at 0.96% per annum in 2018 and 2019	19,973	19,979
The Fifth Series of Domestic Unsecured bonds due 2019 Interest at 0.001% per annum in 2018 and 2019	50,001	50,000
The Sixth Series of Domestic Unsecured bonds due 2020 Interest at 0.001% per annum in 2018 and 2019	50,001	50,000
The Seventh Series of Domestic Unsecured bonds due 2022 Interest at 0.11% per annum in 2018 and 2019	65,000	65,000
Euro-Denominated Senior Unsecured bonds due 2021 Interest at 0.49% per annum in 2018 and 2019	-	37,368
Finance lease obligations		
Due 2018 to 2025 in 2018, with interest ranging from 0.14% to 8.90% per annum	1,020	-
Due 2019 to 2033 in 2019, with interest ranging from 0.01% to 8.90% per annum	-	1,120
Subtotal	344,169	355,367
Less - Bonds due within one year	-	(64,998)
Less - Long term debt due within one year	(29,295)	(30,050)
Less - Finance lease obligations due within one year	(243)	(291)
Total	314,631	260,028

(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, 2018	March 31, 2019
Within one year	29,546	95,341
Over one year within two years	95,083	107,552
Over two years within three years	105,548	66,747
Over three years within four years	28,813	85,365
Over four years within five years	85,135	113
Over five years	79	272

(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, 2018	March 31, 2019
Trade receivables	- (-)	106 (-)
Property, plant and equipment, net	2,741 (797)	1,859 (-)
Other investments	700 (-)	500 (-)
Total	3,441 (797)	2,465 (-)

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

"Other investments" as of March 31, 2018 and 2019 include financial assets measured at amortized costs of ¥700 million and ¥500 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, 2018	March 31, 2019
Short term borrowings	85 (85)	83 (-)
Long term debt due within one year	335 (-)	211 (-)
Long term debt	483 (-)	346 (-)
Total	903 (85)	640 (-)

(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	-	32
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	777
Cash flows from financing activities	14,022	(29,959)	-	42	(97)	39,642	(405)
Changes arising from acquisition or exclusion of subsidiaries and other businesses	2,108	-	-	-	1,623	-	(29)
Effect of exchange rate changes	(393)	96	-	(2)	2,055	(2,274)	11
Transfer from long term to short term	-	30,621	64,992	-	(30,621)	(64,992)	-
New finance lease	-	-	-	-	-	-	475
Others	-	(3)	6	8	3	6	-
Balance at March 31, 2019	17,394	30,050	64,998	291	86,851	172,348	829

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, 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

As of March 31, 2019

(Yen in millions)

	Pension and lump-sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	19,432	42,364	61,796
Fair value of plan assets	16,612	17,438	34,050
Funded status	2,820	24,926	27,746
Net defined benefit liability (asset)	2,820	24,926	27,746
Amounts in the consolidated statements of financial position:	2,820	24,926	27,746
Other non-current assets	(1,127)	(13)	(1,140)
Retirement benefit liabilities	3,947	24,939	28,886

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,	
	2018	2019
Current service cost	2,977	2,844
Past service cost	(60)	(547)
Interest cost (net)	414	568
Total retirement benefit expenses	3,331	2,865

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, 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
The amount recognized in net profit or loss			
Current service cost	1,397	1,447	2,844
Past service cost	-	(547)	(547)
Interest cost	103	1,172	1,275
Total	1,500	2,072	3,572
The amount recognized in other comprehensive income			
Remeasurements			
-actuarial gains or losses arising from changes in demographic assumptions	(90)	(28)	(118)
-actuarial gains or losses arising from changes in financial assumptions	133	2,001	2,134
-actuarial gains or losses arising from experience adjustments	(1,071)	417	(654)
Total	(1,028)	2,390	1,362
Others			
Benefits paid	(1,238)	(2,552)	(3,790)
Effects of business combinations	-	4,901	4,901
Foreign currency translation adjustments	-	(89)	(89)
Total	(1,238)	2,260	1,022
Balance at March 31, 2019	19,432	42,364	61,796

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

(Yen in millions)

	Japanese plan	Non-Japanese plan	Total
Balance at April 1, 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
The amount recognized in net profit or loss			
Interest income	102	605	707
Total	102	605	707
The amount recognized in other comprehensive income			
Remeasurements			
- Return on plan assets	124	14	138
Total	124	14	138
Others			
Employer's contributions	599	1,639	2,238
Benefits paid	(956)	(2,067)	(3,023)
Trust dividend	1	-	1
Effects of business combinations	-	298	298
Foreign currency translation adjustments	-	222	222
Total	(356)	92	(264)
Balance at March 31, 2019	16,612	17,438	34,050

NIDEC expects to contribute ¥1,874 million to its defined benefit plans in the fiscal year ending March 31, 2020.

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, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Equity instruments:				
Domestic equities	360	319	-	-
Overseas equities	334	318	-	-
Debt instruments:				
Pooled funds *1	-	-	1,582	1,759
Other assets:				
Cash and cash equivalents	3,011	2,036	-	-
General accounts of insurance companies	-	-	7,176	7,508
Pooled funds *2	-	-	4,225	4,614
Others	-	2	54	56
Total	3,705	2,675	13,037	13,937

(Notes) *1. As of March 31, 2018, Japanese pooled funds categorized as debt instruments invested approximately 77% in Japanese bonds and 23% in foreign bonds. As of March 31, 2019, they invested approximately 70% in Japanese bonds and 30% in foreign bonds.

*2. As of March 31, 2018, Japanese pooled funds categorized as other assets invested approximately 18% in Japanese stocks, 15% in foreign stocks, 25% in Japanese bonds and 20% in foreign bonds. As of March 31, 2019, they invested approximately 16% in Japanese stocks, 16% in foreign stocks, 27% in Japanese bonds and 19% 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, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Equity instruments:				
Domestic equities	-	-	-	-
Overseas equities	1,587	1,609	-	-
Debt instruments:				
Pooled funds	-	-	-	-
Other assets:				
Cash and cash equivalents	587	887	-	-
General accounts of insurance companies	-	-	3,368	3,178
Pooled funds (Note)	823	1,556	6,707	6,556
Others	12	0	3,643	3,652
Total	3,009	4,052	13,718	13,386

(Note) As of March 31, 2018, non-Japanese pooled funds categorized as other assets invested approximately 33% in foreign stocks and 55% in foreign bonds. As of March 31, 2019, they invested approximately 24% in foreign stocks and 56% 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, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Discount rate	0.5%	0.5%	3.1%	2.9%
Rate of increase in future compensation levels	2.1%	1.8%	2.0%	2.1%

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, 2018	March 31, 2019
Discount rate		
0.5% increase	(4,665)	(3,810)
0.5% decrease	5,109	4,093

The weighted-average duration of the defined benefit obligation is as follows:

	March 31, 2018	March 31, 2019
Japanese plan	15.0 years	14.5 years
Non-Japanese plan	12.4 years	12.4 years

2) Defined contribution pension plan

Total amounts of cost recognized for the contribution to the plans were ¥2,576 million and ¥2,674 million for the years ended March 31, 2018 and 2019, respectively. NIDEC expects to contribute approximately ¥2,721 million for the year ending March 31, 2020.

3) Multi-employer plan

Certain subsidiary companies had employee's pension funds of multi-employer plan until the year ended March 31, 2018. The contributions to the plan were ¥4 million for the year ended March 31, 2018. As the plan was already dissolved in the year ended March 31, 2018, certain subsidiary companies had no the contributions to the plan for the year ended March 31, 2019, and would never have the contributions for the year ending March 31, 2020.

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,	
	2018	2019
Fair value movements on FVTOCI debt financial assets		
Balance at beginning of year	(7)	(11)
Changes during year	(4)	7
Balance at end of year	(11)	(4)
Fair value movements on FVTOCI equity financial assets		
Balance at beginning of year	-	-
Changes during year	2,093	(2,540)
Transfer to retained earnings	(2,093)	2,540
Balance at end of year	-	-
Foreign currency translation adjustments		
Balance at beginning of year	(63,685)	(77,617)
Changes during year	(13,932)	12,653
Balance at end of year	(77,617)	(64,964)
Effective portion of net changes in fair value of cash flow hedges		
Balance at beginning of year	372	771
Changes during year	399	(584)
Balance at end of year	771	187
Remeasurement of defined benefit plans		
Balance at beginning of year	-	-
Changes during year	421	(1,060)
Transfer to retained earnings	(421)	1,060
Balance at end of year	-	-
Other components of equity		
Balance at beginning of year	(63,320)	(76,857)
Changes during year	(11,023)	8,477
Transfer to retained earnings	(2,514)	3,600
Balance at end of year	(76,857)	(64,780)

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,					
	2018			2019		
	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	(5)	2	(3)	(3)	1	(2)
Reclassification adjustment	-	-	-	14	(4)	10
Changes during year	(5)	2	(3)	11	(3)	7
Fair value movements on FVTOCI equity financial assets						
Amounts	3,016	(923)	2,093	(3,689)	1,149	(2,540)
Changes during year	3,016	(923)	2,093	(3,689)	1,149	(2,540)
Foreign currency translation adjustments						
Amounts	(2,846)	-	(2,846)	495	-	495
Reclassification adjustment	(11,035)	-	(11,035)	11,968	-	11,968
Changes during year	(13,881)	-	(13,881)	12,463	-	12,463
Effective portion of net changes in fair value of cash flow hedges						
Amounts	938	(202)	736	(725)	173	(552)
Reclassification adjustment	(434)	97	(337)	(40)	8	(32)
Changes during year	504	(105)	399	(765)	181	(584)
Remeasurement of defined benefit plans						
Amounts	543	(118)	425	(1,224)	138	(1,085)
Changes during year	543	(118)	425	(1,224)	138	(1,085)
Other comprehensive income	(9,823)	(1,144)	(10,967)	6,796	1,465	8,261

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,	
	2018	2019
Current income taxes	(34,493)	(28,493)
Deferred income taxes		
Origination and reversal of temporary differences	(1,223)	947
Changes in tax rates	3,572	37
Total	2,349	984
Total income tax expenses	(32,144)	(27,509)

(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, 2019 was 30.5%. 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,	
	2018	2019
Effective statutory income tax rate in Japan	30.8%	30.5%
Increase (decrease) in tax rate resulting from:		
Difference in tax rate applied to foreign subsidiaries	(9.6%)	(10.3%)
Tax effect on undistributed earnings	0.6%	(0.2%)
Assessment of the realizability of deferred tax assets	0.8%	0.8%
Foreign tax credits	(0.3%)	0.0%
Change in deferred tax assets and liabilities resulting from change in tax rate	(2.2%)	0.0%
Tax credit for experimental research costs and other	(0.9%)	(0.7%)
Others	0.4%	(0.3%)
Effective tax rate in income tax expenses on the consolidated statements of income	19.6%	19.8%

(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, 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)	-	750	447
Total	17,924	966	(118)	1,143	19,915
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)	857	(15,274)
Others	(4,131)	(271)	(408)	-	(4,810)
Total	(39,436)	1,764	(967)	857	(37,782)
Net	(21,512)	2,730	(1,085)	2,000	(17,867)

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.

For the year ended March 31, 2019

(Yen in millions)

	As of April 1, 2018	Recognized in net profit or loss	Recognized in other comprehensive income	Others	As of March 31, 2019
Deferred tax assets:					
Inventories	5,064	2,158	-	115	7,337
Property, plant and equipment	765	1,055	-	-	1,820
Provision for bonuses	2,194	(121)	-	66	2,139
Accrued enterprise tax	403	(117)	-	-	286
Retirement benefit liabilities	4,296	104	138	-	4,538
Tax loss carryforwards	4,293	(1,210)	-	178	3,261
Provision for paid leave	1,096	137	-	3	1,236
Accrued expense	1,357	485	-	-	1,842
Others	447	757	-	123	1,327
Total	19,915	3,248	138	485	23,786
Deferred tax liabilities:					
FVTOCI financial assets	(4,755)	-	1,149	-	(3,606)
Basis difference of acquired assets	(814)	88	-	(94)	(820)
Undistributed earnings	(12,129)	119	-	-	(12,010)
Intangible assets	(15,274)	(4,809)	-	(2,902)	(22,985)
Others	(4,810)	1,981	178	(1,496)	(4,147)
Total	(37,782)	(2,621)	1,327	(4,492)	(43,568)
Net	(17,867)	627	1,465	(4,007)	(19,782)

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, 2018 and 2019 the deferred tax assets decreased by ¥15,401 million and ¥17,446 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, 2018	March 31, 2019
Deferred tax assets	11,055	11,968
Deferred tax liabilities	(28,922)	(31,751)
Net	(17,867)	(19,782)

(5) Future deductible temporary differences etc. for unrecognized deferred tax assets

Future deductible temporary differences and tax loss carryforwards for unrecognized deferred tax assets are as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Future deductible temporary differences	27,755	32,048
Tax loss carryforwards	13,360	20,004
Total	41,115	52,052

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 and tax loss carryforwards for unrecognized deferred tax assets were ¥41,115 million and ¥52,052 million in the years ended March 31, 2018 and 2019, 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, 2018	March 31, 2019
Year 1	6,276	783
Year 2	2,400	155
Year 3	898	2,194
Year 4	2,895	518
Year 5 or later	348	1,508
No expiration	543	14,846
Total	13,360	20,004

(7) Future taxable temporary differences for unrecognized deferred tax liabilities

At the March 31, 2018 and 2019, 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, 2018 and 2019, future taxable temporary differences related to the investment in subsidiaries, etc. for unrecognized deferred tax liabilities were ¥501,045 million and ¥609,528 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, 2018	12,883	26,427	39,310
Increase during the year	4,594	25,877	30,471
Acquisitions through business combinations	405	806	1,211
Decrease due to intended use	(3,290)	(23,862)	(27,152)
Reversal during the year	(5,783)	(2,872)	(8,655)
Foreign currency translation and other	(957)	(1,112)	(2,069)
Balance at March 31, 2019	7,852	25,264	33,116

(Yen in millions)

	March 31, 2018	March 31, 2019
Current liabilities	32,733	28,514
Non-current liabilities	6,577	4,602
Total	39,310	33,116

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. Share-Based Payment (Performance-Linked Share-Based Compensation Plan)

NIDEC has adopted a performance-linked share-based compensation plan from the fiscal year ended March 31, 2019, to attain performance targets specified in the mid-term strategic goal, “Vision 2020” and medium, long-term corporate value expansion as “One Nidec”.

NIDEC has adopted the structure of the BIP Trust and the ESOP Trust as equity-settled share-based payments to the group executives. In addition, NIDEC has adopted the structure of providing in cash the amount determined based on stock price of the company as cash-settled share-based payments to some group executives in overseas resident.

Under the Plan, continuous service from grant date to vesting date is the vesting conditions, and the rights will be determined as of the end of each fiscal year based on operating performance targets’ degree of attainment.

The expenses for the equity-settled share-based payment recognized for the year ended March 31, 2019 were ¥164 million.

For the year ended March 31, 2019

	Number of shares granted	Grant date	Fair value at the grant date (Yen)
BIP Trust	59,800	July 26, 2018	16,946.89
ESOP Trust	21,700	July 26, 2018	17,041.20

(Note) The fair value is measured based on observable market prices.

The expenses for the cash-settled share-based payment recognized for the year ended March 31, 2019 were ¥11 million, and the related liabilities as of March 31, 2019 were ¥11 million.

25. Common stock and surplus

(1) Common stock

The number and changes of authorized shares and issued shares for the years ended March 31, 2018 and 2019, are as follows:

	For the years ended March 31,	
	2018	2019
	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, 2018 and 2019, are 2,182,209 and 3,766,812, 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, 2018 and 2019, are as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Balance at beginning of year	118,340	118,136
Increase (decrease)	(204)	178
Balance at end of year	118,136	118,314

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

26. Dividends

Dividends declared and paid to the ordinary shareholders are as follows:

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	Ordinary shares	13,347	45	March 31, 2017	June 1, 2017
October 24, 2017 Board of directors	Ordinary shares	13,323	45	September 30, 2017	December 1, 2017

For the year ended March 31, 2019

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	Ordinary shares	14,798	50	March 31, 2018	June 4, 2018
October 23, 2018 Board of directors	Ordinary shares	14,719	50	September 30, 2018	December 3, 2018

(Note) In the above table, total dividends resolved at the board of directors on October 23, 2018 included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

Among the dividends whose record date falls in the year ended March 31, 2019, those whose effective date falls in the year ending March 31, 2020 are as follows:

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 24, 2019 Board of directors	Ordinary shares	16,191	55	March 31, 2019	June 3, 2019

(Note) In the above table, total dividends included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

27. Revenue

(1) Disaggregation of revenue

For the year ended March 31, 2019

(Yen in millions)

		Type of product								
		Small precision motors			Automotive products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Other products	Total
		Hard disk drives spindle motors	Other small precision motors	Subtotal						
S e g m e n t	Nidec Corporation	804	19,599	20,403	11,030	-	620	-	0	32,053
	Nidec Electronics (Thailand)	102,104	3,219	105,323	-	-	-	-	-	105,323
	Nidec Singapore	40,044	7,080	47,124	-	-	-	-	-	47,124
	Nidec (H.K.)	8,561	114,457	123,018	1,004	-	-	-	-	124,022
	Nidec Sankyo	-	55,687	55,687	10,349	-	59,119	24,367	1,426	150,948
	Nidec Copal	-	3,414	3,414	-	-	7,481	25,377	-	36,272
	Nidec Techno Motor	-	-	-	-	80,209	-	-	-	80,209
	Nidec Motor	-	-	-	-	456,370 (20,299)	-	-	-	456,370 (20,299)
	Nidec Motors & Actuators	-	1,068	1,068	274,490	-	-	-	-	275,558
	Others	27,498	57,932	85,430	425	1,737	96,746 (17,280)	22,928	3,175	210,441 (17,280)
Consolidated net sales	179,011	262,456	441,467	297,298	538,316 (20,299)	163,966 (17,280)	72,672	4,601	1,518,320 (37,579)	

(Notes) 1. Figures show sales for external customers.

2. Figures in the round brackets in the “Type of product” column show revenue from construction contracts satisfied performance obligations over time, which is a part of the sales for external customers.

NIDEC mainly manufactures and sells small precision motors, automotive products, appliances, commercial and industrial products, machinery, electronic and optical components and so on. Business revenue resulting from such business is accounted for under contracts with customers. The amount of revenue, including its variable considerations and so on, is immaterial and does not include significant financing component.

① Small precision motors

Small precision motors product group manufactures and sells hard disk drives spindle motors and other small precision motors. Other small precision motors consist of brushless motors, fan motors, vibration motors, brush motors, motor applications and so on. 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 recognizes revenue from sales of goods at the time of the goods delivery.

② Automotive products

Automotive product group manufactures and sells automotive motors and 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 recognizes revenue from sales of goods at the time of the goods delivery.

③ Appliance, commercial and industrial products

Appliance, commercial and industrial product group manufactures and sells home appliance, commercial and industrial motors and related products. 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 recognizes revenue from sales of goods at the time of the goods delivery. A construction contract is included in customer contracts, 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 recognizes revenue from sales based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period.

④ Machinery

Machinery product group manufactures and sells product of industrial robots, card readers, test systems, press machines, power transmission drives and so forth. 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 recognizes revenue from sales of goods at the time of the goods delivery. A construction contract is included in customer contracts, 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 recognizes revenue from sales based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period.

⑤ Electronic and optical components

Electronic and optical components product group manufactures and sells product of switches, trimmer potentiometers, lens units, camera shutters and so on. 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 recognizes revenue from sales of goods at the time of the goods delivery.

⑥ Other products

Other product group provides services and so on. In selling such services, NIDEC deems its performance obligations to be satisfied upon completion of service provision. Accordingly, NIDEC recognizes revenue from sales at the time of service provision.

(2) Assets recognized from the costs to fulfill contracts with customers

Of costs incurred in fulfilling contracts with customers, NIDEC recognizes costs as assets when those costs are not within the scope of another accounting standard, are directly related to a contract or an anticipated contract that NIDEC can specifically identify, are expected to be recovered, and generate or enhance resources of NIDEC that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(Yen in millions)

	The initial application date for IFRS15 (April 1, 2018)	As of March 31, 2019
Assets recognized from the costs to fulfill contracts		
Other current assets	350	254

(3) Transaction price allocated to the remaining performance obligations

Transaction price and period for satisfaction allocated to the remaining performance obligations related to construction contracts were as described below. The transactions for which individual estimated contract terms are within 1 year were excluded.

(Yen in millions)

Period	As of March 31, 2019
Within one year	35,384

28. Operating expenses

Operating expenses for the year ended March 31, 2019 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥59,090 million of depreciation, ¥11,647 million of amortization and ¥272,556 million of employee benefit expenses. Operating expenses for the year ended March 31, 2018 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥57,651 million of depreciation, ¥11,089 million of amortization and ¥263,490 million of employee benefit expenses.

29. Financial income and expenses

(1) Financial income

The breakdown of financial income is as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Interest income		
Financial assets measured at amortized cost	6,181	10,123
Dividend income		
FVTOCI equity financial assets	310	248
Others	86	192
Total	6,577	10,563

(2) Financial expenses

The breakdown of financial expenses is as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Interest expenses		
Financial liabilities measured at amortized cost	(6,468)	(8,244)
Others	(539)	(630)
Total	(7,007)	(8,874)

30. 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,	
	2018	2019
Profit attributable to owners of the parent (Yen in millions)	130,834	110,798
Weighted average shares (Shares)	296,064,943	294,808,542
Earnings per share attributable to owners of the parent - basic (Yen)	441.91	375.83

(Note) In the calculation of “Earnings per share attributable to owners of the parent - basic” for the year ended March 31, 2019, the Company’s shares owned by the BIP Trust and the ESOP Trust are included in treasury stock. Therefore, the number of those shares is deducted from calculating the number of “Weighted average shares”.

31. 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, 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				Other financial assets
Commodity futures contracts	7,831	134	143	Other financial liabilities

As of March 31, 2019

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Currency risk				
Foreign exchange forward contracts	14,953	240	154	Other financial assets Other financial liabilities
Commodity price risk				Other financial assets
Commodity futures contracts	7,407	231	50	Other financial liabilities

Derivatives not designated as hedges are as follows:

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

As of March 31, 2019

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	59,833	1,880	305	Other financial assets Other financial liabilities
Currency swap agreements	27,563	59	44	Other financial assets Other financial liabilities
Interest rate swap agreements	49,946	421	-	Other financial assets

Carrying amounts of cash flow hedge reserve are as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Currency risk		
Foreign exchange forward contracts	662	(58)
Commodity price risk		
Commodity futures contracts	109	246

The effects of derivatives designated as cash flow hedges on profit or loss are as follows:

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

For the year ended March 31, 2019

(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	(326)	(394)	Cost of sales
Commodity price risk			
Commodity futures contracts	(226)	362	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, 2018 and 2019.

As at March 31, 2019, 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,	
		2018	2019
Foreign exchange forward contracts	Foreign exchange differences	212	1,668
	Derivative gain (loss)	(13)	-
Currency swap agreements	Derivative gain (loss)	(1,373)	1,041
	Financial income and expenses	(605)	904
Interest rate swap agreements	Derivative gain (loss)	1,111	(689)
	Financial income and expenses	282	3,549

32. 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, 2018		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	118	118	96	96
Long term investments	2	2	27	27
Short term loans receivable	43	43	36	36
Long term loans receivable	131	128	143	138
Short term borrowings	(1,657)	(1,657)	(17,394)	(17,394)
Long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds)	(143,183)	(143,575)	(116,902)	(117,194)
Corporate bonds (including corporate bonds due within one year)	(199,966)	(200,624)	(237,345)	(238,151)

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 trust funding which is contributed for the performance-linked share-based compensation plan 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, 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

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2018.

As of March 31, 2019

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTOCI equity financial assets	16,122	-	1,672	17,794
FVTOCI debt financial assets	-	150	-	150
Derivatives	231	2,600	-	2,831
Total financial assets	16,353	2,750	1,672	20,775
Liabilities:				
Derivatives	50	503	-	553
Total financial liabilities	50	503	-	553

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019.

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,	
	2018	2019
Balance at beginning of year	1,519	1,390
Gains or losses:		
Recognized in other comprehensive income (Note)	(103)	22
Purchases	-	123
Sales	(26)	(48)
Acquisition by business combination	-	185
Balance at end of year	1,390	1,672

(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.

33. Related party transactions

(1) Transactions with related parties for the years ended March 31, 2018 and 2019 are as follows:

Sales of goods and services

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Related parties		
S.N. Kosan, LLC.*1	0	1
Nagamori Foundation*2	12	12
Kyoto Gakuen Educational Foundation*3, *4	-	41

(Notes) *1. NIDEC’s directors and other officers, and their close relatives own a majority of voting rights of S.N. Kosan, LLC.

*2. A director of NIDEC concurrently serves as president of Nagamori Foundation.

*3. A director of NIDEC concurrently serves as chairman of the board of trustees of Kyoto Gakuen Educational Foundation.

*4. Kyoto Gakuen Educational Foundation has changed the name to Nagamori Gakuen Educational Foundation on April 1, 2019.

Sales of goods and services to related parties are entered into on terms consistent with third-party transactions and considering market prices.

Purchase of goods and services

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Related parties		
S.N. Kosan, LLC.	14	14
Green Kosan, LLC.*5	22	92

(Note) *5. A director of NIDEC concurrently serves as representative member of Green Kosan, LLC.

Purchase of goods and services from related parties are entered into on terms consistent with third-party transactions and considering market prices.

Outstanding balances arising from sales and purchases of goods and services

(Yen in millions)

	March 31, 2018	March 31, 2019
Receivables from related parties		
S.N. Kosan, LLC.	1	1
Nagamori Foundation	-	0
Kyoto Gakuen Educational Foundation	-	4
Payables to related parties		
S.N. Kosan, LLC.	-	-
Green Kosan, LLC.	-	-

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2018 and 2019. In addition, there were no expenses recognized during the years ended March 31, 2018 and 2019 in respect of receivables from related parties.

(2) NIDEC's key management personnel compensation for the years ended March 31, 2018 and 2019 are as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Fixed compensation	439	450
Performance-linked share-based compensation	-	22
Total	439	472

34. 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, 2018	March 31, 2019
Carrying amount of interest in associates	1,112	2,785

(Yen in millions)

	For the years ended March 31,	
	2018	2019
Comprehensive income for the year		
Profit for the year	118	(633)
Total	118	(633)

35. 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, 2018	March 31, 2019
Machinery and equipment	10,235	9,434
Other leased assets	284	544
Less - accumulated depreciation	(7,440)	(6,552)
Total	3,079	3,426

Depreciation under finance leases for the years ended March 31, 2018 and 2019 were ¥516 million and ¥276 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, 2018	March 31, 2019
Within one year	266	306
Over one year within five years	724	791
Over five years	80	67
Total future minimum lease payments	1,070	1,164
Less - amount equivalent to interest	(50)	(44)
Present value of net minimum lease payments	1,020	1,120
Less - short-term finance lease obligations	(243)	(291)
Long-term finance lease obligations	777	829

Rent expenses under operating leases for the years ended March 31, 2018 and 2019 were ¥2,236 million and ¥3,787 million, respectively.

The future minimum rental payments required under operating leases relating primarily to land, buildings and equipment having non-cancellable lease terms in excess of one year are as follows:

(Yen in millions)

Term	March 31, 2018	March 31, 2019
Within one year	1,706	2,665
Over one year within five years	2,712	5,272
Over five years	745	2,841
Total future minimum rental payments	5,163	10,778

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, 2018 and 2019 were ¥42 million and ¥60 million, respectively.

The future minimum rental income under operating leases with remaining non-cancellable terms are as follows:

(Yen in millions)

Term	March 31, 2018	March 31, 2019
Within one year	34	104
Over one year within five years	70	196
Over five years	15	16
Total future minimum rental income	119	316

36. 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 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, 2018	March 31, 2019
Ratio of equity attributable to owners of the parent to total assets	52.6%	53.2%

	For the years ended March 31,	
	2018	2019
Profit ratio of equity attributable to owners of the parent	14.7%	11.5%

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 fulfill 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, 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%

As of March 31, 2019

(Yen in millions)

	Past due			
	Total	Within six months	Over six months within one year	Over one year
Trade and other receivables:				
Gross amount	49,363	42,296	3,068	3,999
Expected credit loss allowance	(1,830)	(47)	(69)	(1,714)
Net amount	47,533	42,249	2,999	2,285
Rate of expected credit loss	3.7%	0.1%	2.3%	42.9%
Other financial assets:				
Gross amount	465	-	-	465
Expected credit loss allowance	(420)	-	-	(420)
Net amount	45	-	-	45
Rate of expected credit loss	90.3%	-	-	90.3%

The changes in the balance of expected credit loss allowance are as follows:

(Yen in millions)

	For the year ended March 31,			
	2018		2019	
	Trade and other receivables	Other financial assets	Trade and other receivables	Other financial assets
Expected credit loss allowances at beginning of the year	1,646	458	2,012	460
Expected credit loss allowance, net of reversal	407	(10)	1,314	8
Usage as intended	(168)	-	(251)	(12)
Foreign currency translation and other	127	12	(72)	0
Expected credit loss allowances at the end of the year	2,012	460	3,003	456

(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, 2018 and 2019 are as follows:

(Yen in millions)

	For the years ended March 31,	
	2018	2019
U.S. dollar (appreciation of Japanese yen by 1%)	538	147
Euro (appreciation of Japanese yen by 1%)	366	(105)

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.

37. Contingent liabilities

At March 31, 2019, NIDEC was aware of total contingent liabilities of ¥8,044 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.

38. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

	March 31, 2018	March 31, 2019
Property, plant and equipment and other assets	4,236	5,569

39. Events after the reporting period

(1) A share purchase agreement of OMRON Automotive Electronics Co. Ltd. and the other agreements

NIDEC has agreed to acquire the share of OMRON Automotive Electronics Co. Ltd. (“OMRON Automotive Electronics”) and some foreign subsidiaries which OMRON Corporation (“OMRON”) owns, and the automotive electronic components business (the “Transaction”). For this purpose, NIDEC entered into a share purchase agreement and other agreements with OMRON on April 16, 2019.

1) Purpose	OMRON Automotive Electronics manufactures and sells automotive electronics components and systems. Through the Transaction, NIDEC will be able to create new module and system products by combining NIDEC group’s motors, pumps, gears, etc. with OMRON Automotive Electronics’ products including ECUs and other electronics products. Furthermore, OMRON Automotive Electronics, which has strengths in laser radar and driver monitoring systems, and Nidec Elesys will cooperate to provide a wide variety of sensor products which support autonomous driving technologies.
2) Acquisition method and schedule	NIDEC utilizes its cash on hand and debt finance for funding. Closing of the Transaction is to be completed by the end of October 2019. (The schedule is subject to defer based on approvals from antitrust authorities.)
3) Purchase price	Approximately JPY100,000 million Total consideration of the Transaction includes the consideration for Share Acquisition, acquisition of the target foreign subsidiaries and acquisition of the target overseas businesses. The acquisition price would be finalized subject to the condition described in the share purchase agreement including the financials.

(2) Sale of the Compressor Business to ESSVP IV

On April 12, 2019, NIDEC’s Board of Directors has resolved that Nidec Europe B.V. and Nidec Americas Holding Corporation which are NIDEC’s subsidiaries, will sell NIDEC’s entire compressor business (“Secop”), to ESSVP IV L.P., ESSVP IV (Structured) L.P., and Silenos GmbH & Co. KG (collectively “ESSVP IV”), advised by Orlando Management AG (the “Transaction”). For this purpose, NIDEC entered into a share purchase agreement and other agreements.

1) Purpose	NIDEC is actively moving forward with the development of new growth platforms with particular emphasis on appliance, commercial and industrial motors and solutions. As Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators, from the acquisition of Secop in 2017, our appliance motor business in Global Appliance Division has expanded further into the refrigeration market. Whereas the Transaction is made following NIDEC’s commitment to the European Commission to sell certain of its compressor business lines to a suitable purchaser as condition for the European Commission’s approval of NIDEC’s acquisition of Embraco from Whirlpool Corporation, which was obtained on April 12, 2019.
2) The purchaser	ESSVP IV
3) Schedule for the Transaction	The specific schedule is not yet determined
4) The reporting segment in which the business is included	Nidec Motor

40. Authorization of consolidated financial statements

NIDEC’s consolidated financial statements were authorized for issue on June 19, 2019 by Hiroyuki Yoshimoto, Representative Director, President and Chief Operating Officer and Takeaki Ishii, Senior Vice President and Chief Financial Officer.

2. Others

Quarterly information, etc. from April 1, 2018 to March 31, 2019

(Yen in millions, unless otherwise indicated)

(Accumulated period)	For the three months ended June 30, 2018	For the six months ended September 30, 2018	For the nine months ended December 31, 2018	For the year ended March 31, 2019
Net sales	383,765	777,604	1,154,306	1,518,320
Profit before income taxes	46,845	98,208	131,023	139,014
Profit attributable to owners of the parent	37,287	78,467	103,000	110,798
Earnings per share attributable to owners of the parent-basic (yen)	126.06	265.70	349.18	375.83

(Fiscal period)	For the three months ended June 30, 2018	For the three months ended September 30, 2018	For the three months ended December 31, 2018	For the three months ended March 31, 2019
Earnings per share attributable to owners of the parent-basic (yen)	126.06	139.63	83.36	26.50

(Notes) 1. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019.

Related quarterly items for the year ended March 31, 2019 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 https://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	Shareholder Benefit Program 1. Eligible shareholders The program will apply to shareholders recorded in shareholders' register as of March 31 every year. 2. Type of benefits NIDEC offers a leaflet which serves as an admission ticket to Suwanone Museum where Nidec Sankyo Corporation showcases their music box products. NIDEC will also offer a 10% discount ticket that can be used for a purchase of merchandise over ¥5,000. (Please have your leaflet with you when visiting Suwanone Museum.)

- (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, 2019 to the filing date of the Annual Securities Report.

1. Annual Securities Report and the attachments thereto, and Confirmation Letter

(The 45th business term) (From April 1, 2017 to March 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2018
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2. Internal Control Report and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2018

3. Quarterly Report and Confirmation Letter

(First Quarter of the 46th business term) (From April 1, 2018 to June 30, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on August 9, 2018
(Second Quarter of the 46th business term) (From July 1, 2018 to September 30, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2018
(Third Quarter of the 46th business term) (From October 1, 2018 to December 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on February 13, 2019

4. Extraordinary Report

Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director-General of the Kanto Local Finance Bureau on June 22, 2018
Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director-General of the Kanto Local Finance Bureau on April 16, 2019

5. Shelf Registration Statements (Straight bond) and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on March 28, 2019

6. Registration Form of Issuance and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on April 17, 2019

7. Status Report of Acquisition of Treasury Shares

(From June 1, 2018 to June 30, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on July 5, 2018
(From July 1, 2018 to July 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on August 6, 2018
(From August 1, 2018 to August 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2018
(From September 1, 2018 to September 30, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on October 4, 2018
(From October 1, 2018 to October 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on November 6, 2018
(From November 1, 2018 to November 30, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on December 6, 2018
(From December 1, 2018 to December 31, 2018)	Filed with the Director-General of the Kanto Local Finance Bureau on January 9, 2019
(From January 1, 2019 to January 31, 2019)	Filed with the Director-General of the Kanto Local Finance Bureau on February 6, 2019
(From February 1, 2019 to February 28, 2019)	Filed with the Director-General of the Kanto Local Finance Bureau on March 6, 2019
(From March 1, 2019 to March 31, 2019)	Filed with the Director-General of the Kanto Local Finance Bureau on April 4, 2019
(From April 1, 2019 to April 30, 2019)	Filed with the Director-General of the Kanto Local Finance Bureau on May 10, 2019
(From May 1, 2019 to May 31, 2019)	Filed with the Director-General of the Kanto Local Finance Bureau on June 6, 2019

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 19, 2019

To the Board of Directors of
NIDEC CORPORATION (Nihon Densan Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto

Designated and Engagement Partner,
Certified Public Accountant: Minamoto Nakamura

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, 2019 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, 2019, 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 share of OMRON Automotive Electronics Co. Ltd. and some foreign subsidiaries which OMRON Corporation ("OMRON") owns, and the automotive electronic components business. For this purpose, the Company entered into a share purchase agreement and other agreements with OMRON on April 16, 2019, as described in "Notes to Consolidated Financial Statement, 39. 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, 2019.

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, 2019 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.