

Nidec Corporation

First Quarter Fiscal 2022 Results



Three Months Ended June 30, 2022
<IFRS>
July 20, 2022

Disclaimer Regarding Forward-looking Statements

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

The first slide features AC servo motor equipped with Zignear®, the position detection technology that can be applied to industrial robots and replace encoders. In the fields of industrial robot and mobility system, Zignear®-equipped AC servo motors will contribute to meeting the needs for high-level accuracy, diverse forms of communication, and replacing conventional products. Please refer to Nidec's website for more information.
<https://www.nidec.com/en/product/news/2022/news0609-01/>

Consolidated Profit/Loss

This slide includes forward-looking statements. See Disclaimer on Page 2.



Millions of Yen, except for percentages, EPS, and FX rates	Q1/FY2021	Q1/FY2022	Change	FY2022 Forecast
Net sales	447,470	540,369	+20.8%	2,100,000
Operating profit	44,555	44,660	+0.2%	210,000
<i>Operating profit ratio</i>	<i>10.0%</i>	<i>8.3%</i>	-	<i>10.0%</i>
Profit before income taxes	43,752	56,989	+30.3%	206,000
Profit attributable to owners of the parent	33,451	41,321	+23.5%	165,000
EPS (Yen)	57.14	71.50	+25.1%	286.16
FX rate (Yen/US\$)				Assumed for Q2 onward: Yen/US\$: 110 Yen/Euro: 125
Average:	109.49	129.57	+18.3%	
Term end:	110.58	136.68	+23.6%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2022 is estimated to have an annualized impact of 10.0 billion yen and 1.9 billion yen on net sales, respectively, and 1.1 billion yen and 0.4 billion yen on operating profit, respectively.

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Summary of Q1 FY2022



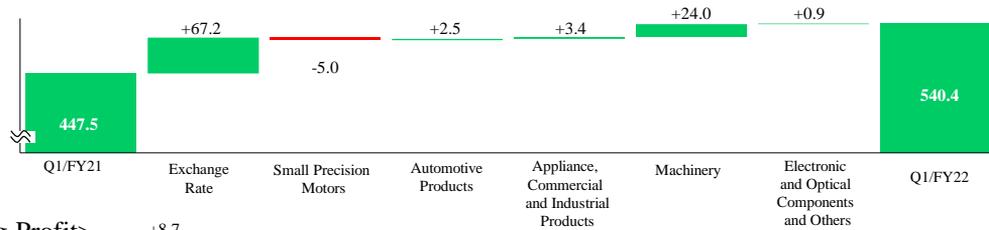
- ▣ Net sales increased 20.8% Y/Y to ¥540.4 billion, **marking a record high** on a quarterly basis.
- ▣ Operating profit increased 0.2% Y/Y to ¥44.7 billion.
- ▣ Profit before income taxes and profit attributable to owners of the parent increased 30.3% Y/Y to ¥57.0 billion, 23.5% Y/Y to ¥41.3 billion, respectively. **Both stood at record highs** on a quarterly basis.

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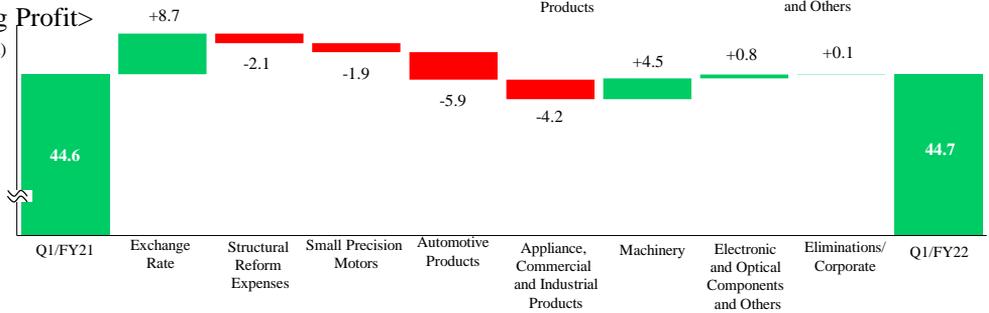
Year-on-Year Changes (Three Months Ended June 30, 2022)



<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)

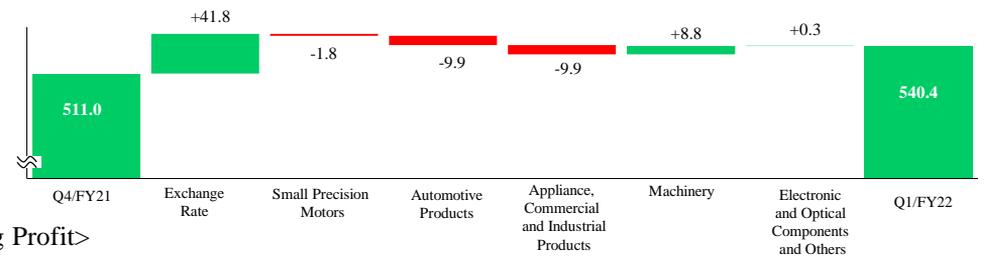


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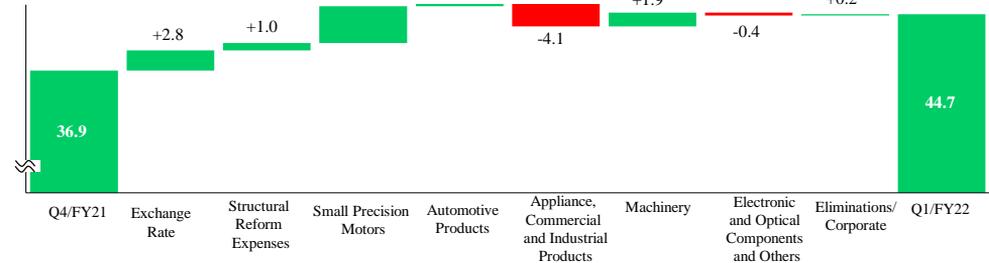
Quarter-on-Quarter Changes (Three Months Ended June 30, 2022)



<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)



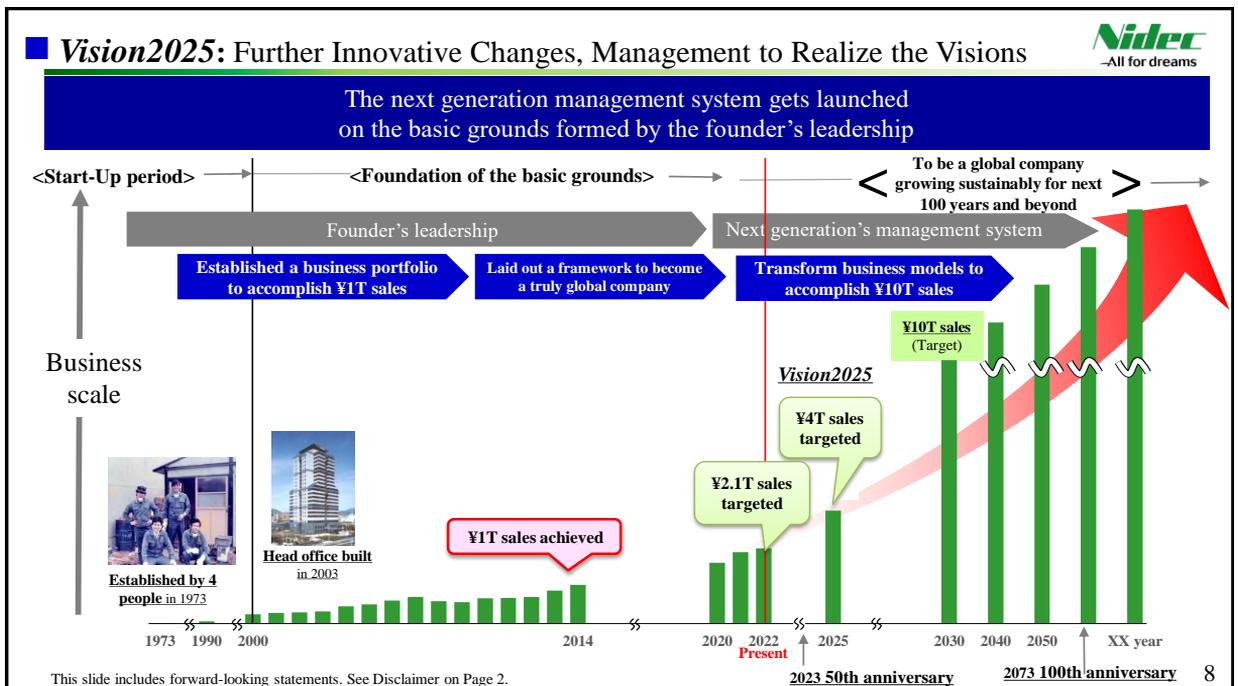
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Mid-Term Strategic Goal

Vision2025

This section includes forward-looking statements. See Disclaimer on Page 2.

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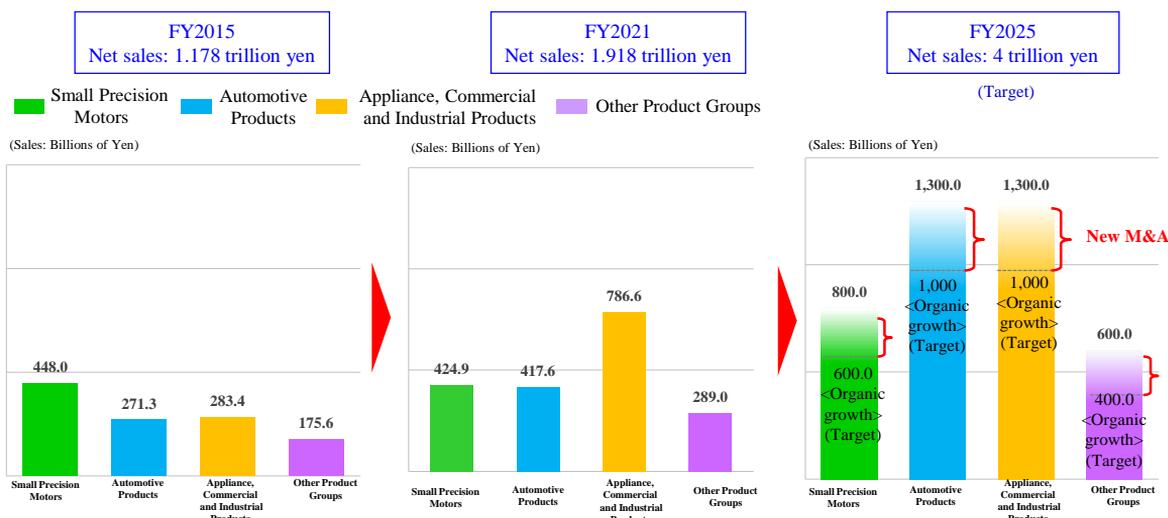


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Vision2025 Framework for the New Mid-Term Strategic Goals: Business Portfolio Management

This slide includes forward-looking statements. See Disclaimer on Page 2.

Achieve high growth with aggressive investment in key growth areas



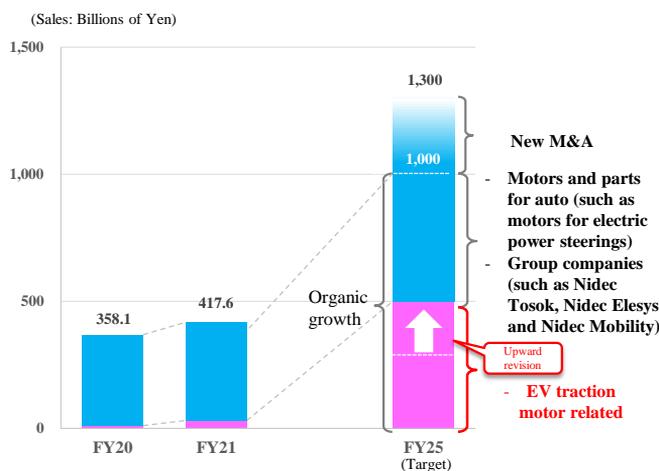
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Automotive: Strategy for High Growth

This slide includes forward-looking statements. See Disclaimer on Page 2.

Aiming to become No.1 automotive hardware company by anticipating the strong electrification demand boosted by CASE* mobility trends

<Vision 2025 in Automotive>



* CASE: Connected, Autonomous, Shared, Electric

<Businesses related to EV traction motors>

- Mass production of E-Axles by the joint venture with Stellantis starts in **September 2022**. Orders (up to FY30) are increasing with the strengthened environmental regulations in Europe as tailwind.
- In China, in addition to the two existing major customers, we are going to focus our resources on **the five customers** including the three new ones.

<Motors and parts for auto>

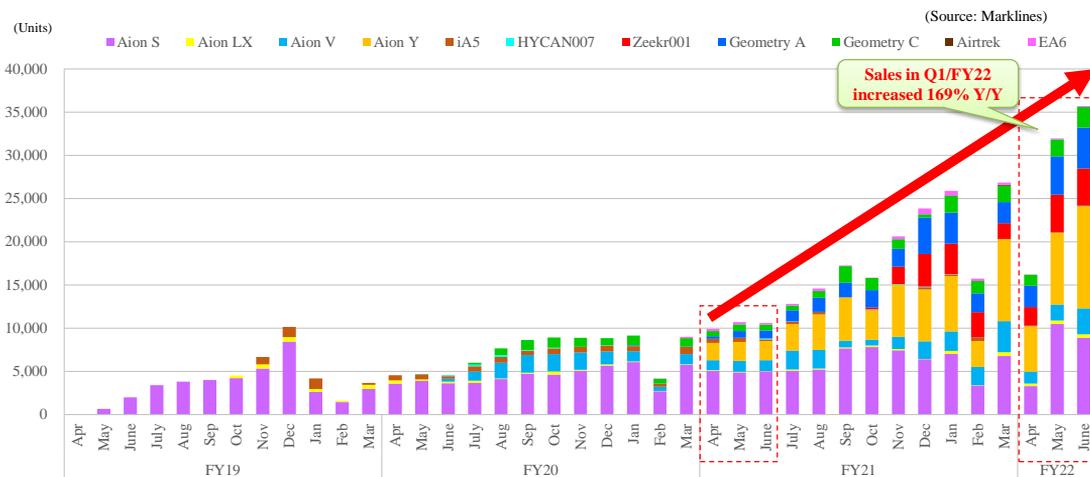
- The market in FY22 is expected to **recover gradually**.
- On the other hand, assuming the raw material price hike will continue, we are accelerating improvement of profit structure **through reflection of high raw material price to selling price and reduction of manufacturing cost**.

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Automotive: Sales of Vehicles with Nidec's E-Axle

The cumulative number of vehicles using our E-Axle (traction motor system) reached 418K units

<Auto sales of cars adopting Nidec's E-Axle>

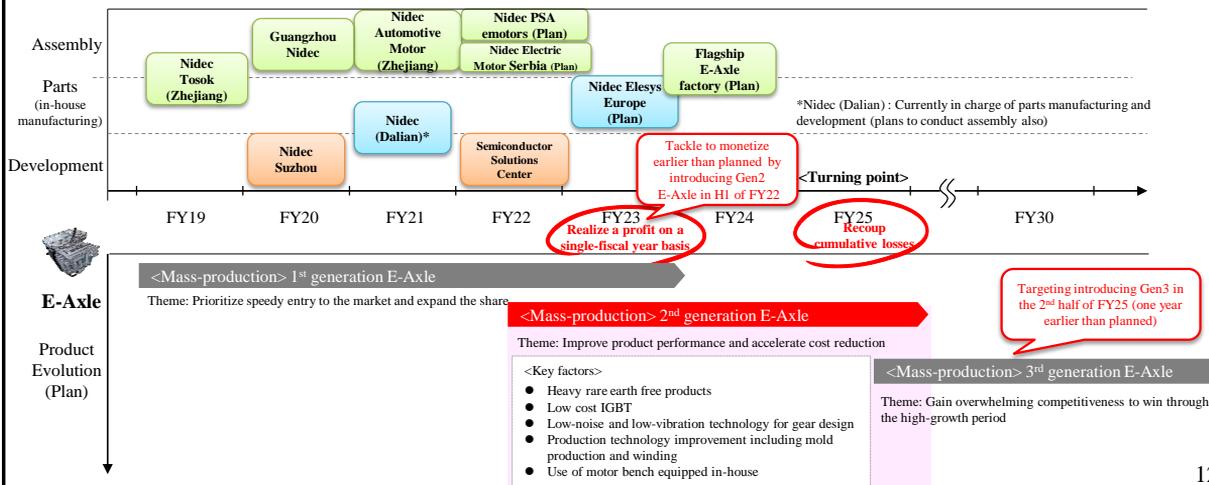


Automotive: Road Map to E-Axle Business Monetization

This slide includes forward-looking statements. See Disclaimer on Page 2.

✓ Introducing Gen 2 E-Axle within 1st half of FY22
 ✓ E-Axle business is steadily making its progress to be profitable in FY23 on a single-year basis

<Launching years of operation of major production facilities and R&D centers for EV traction motors >



Automotive: Plan for Increasing E-Axle Production Capacity

This slide includes forward-looking statements. See Disclaimer on Page 2.

Nidec's flagship factory fully dedicated to E-Axle production from parts manufacturing to assembling



1. Flagship E-Axle factory: Pinghu, Zhejiang Province

Products: E-Axle, inverter, gear, etc.

Annual production capacity: One million units



2. Nidec Tosok (ZHEJIANG)



3. Nidec Automotive Motor (Zhejiang)



4. Guangzhou Nidec Auto Drive System



5. Nidec (Dalian)



6. Nidec PSA emotors

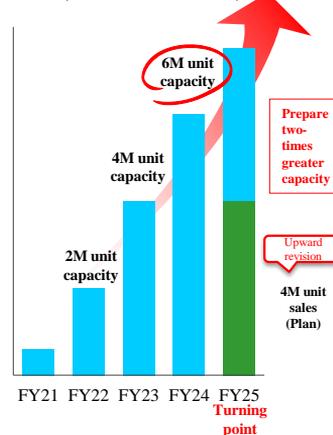


7. Nidec Electric Motor Serbia



Planning the 8th, 9th, 10th new global production sites

< E-Axle production capacity plan > (On an annual unit basis)



*<https://www.nidec.com/en/corporate/news/2022/news0523-01/> 13

Semiconductor Strategy: Semiconductor Solutions Center *1

This slide includes forward-looking statements. See Disclaimer on Page 2. -All for dreams

Established to plan and implement semiconductor strategy, seeking 10 trillion yen sales in FY30



- Address: 2-8, Shin-Kawasaki, Saiwai-ku, Kawasaki-shi, Kanagawa, 212-0032 Japan (inside Nidec Research and Development Center, Japan)
- Director: Ryuji Omura (Senior Vice President)
- Purposes:
 - 1) To build a strong partnership with semiconductor suppliers;
 - 2) To establish a sustainable supply chain of semiconductors inside and outside the Nidec Group in anticipation of geopolitical risks and other contingencies; and
 - 3) To create synergies between semiconductors and motors and provide high-value-added solutions.

<Semiconductor strategy>

Make or Buy approach, as a basic strategy for semiconductor business

Phase	Make or Buy	Theme
Phase 1	Buy	Ensure stable procurements of semiconductor components we currently purchase (centralize semiconductor procurement among group companies)
Phase 2	Buy → Make	Procure high value-added semiconductor components (Development/ commissioned manufacturing) ➔ Create and conduct RFQ (Request for Quotation) scheme to secure semiconductors suitable for Nidec's products in terms of quality, cost and delivery
Phase 3	Make	Become a comprehensive motor control solution provider (Ecosystem) ➔ Provide intelligent motor® solution!

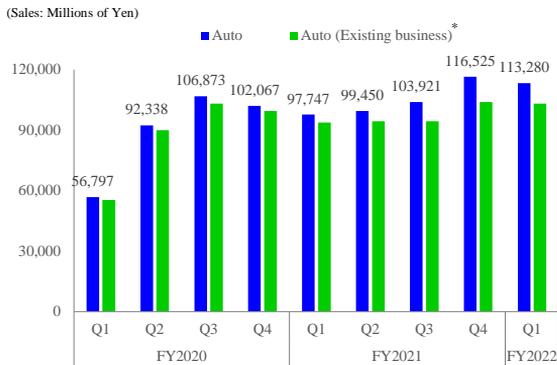
*2 Intelligent motor® is a motor, developed by Nidec, equipped with microcomputers. It is easily controlled by wireless network and collects various information from the motor such as location, speed, torque.

*1 <https://www.nidec.com/en/corporate/news/2022/news0511-01/> 14

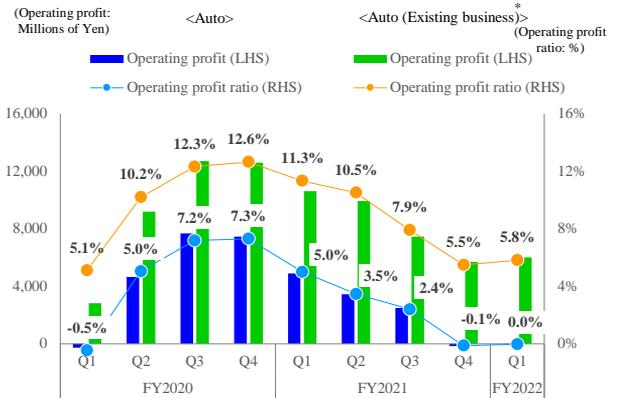
Automotive: Quarterly Results

As higher raw material prices and lockdowns in China pressurize profitability, we are preparing for demand recovery with increasing selling prices and reducing costs

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>



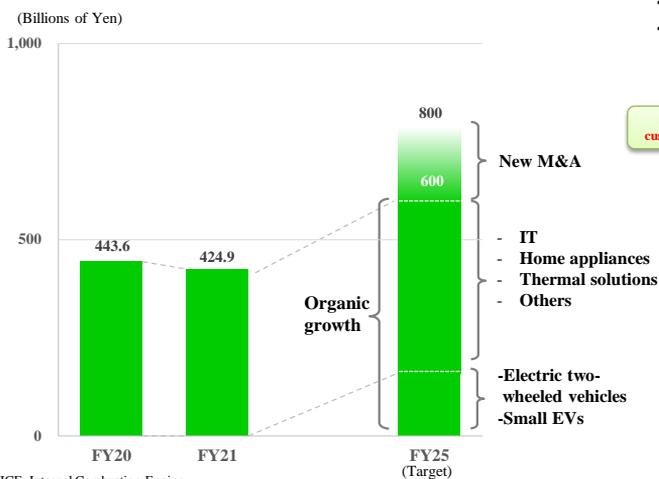
*Existing business: Excluding impact of traction motor related business from Auto business

Small Precision Motors: Acceleration of Business Portfolio Transformation in the Segment

This slide includes forward-looking statements. See Disclaimer on Page 2.

- ✓ Paradigm shift from ICE* vehicles to electric ones is also rapidly accelerated in two wheels and small cars
- ✓ Order intake steadily increasing

<Vision 2025 in Small Precision Motors>



*ICE: Internal Combustion Engine

<Electric two-wheeled vehicles and small EVs >

- Focusing on two major markets, India and China
- Planning mass production in FY22 for 11 projects
 - 6 projects related to electric two-wheeled vehicles*
 - 5 projects related to small EVs

For Indian customer (New)

<Major products>

In-wheel motor for electric bike
EV traction motor
Inverter

<Mass-production factory>

Nidec (Zhejiang) Corporation
Nidec India Private Limited

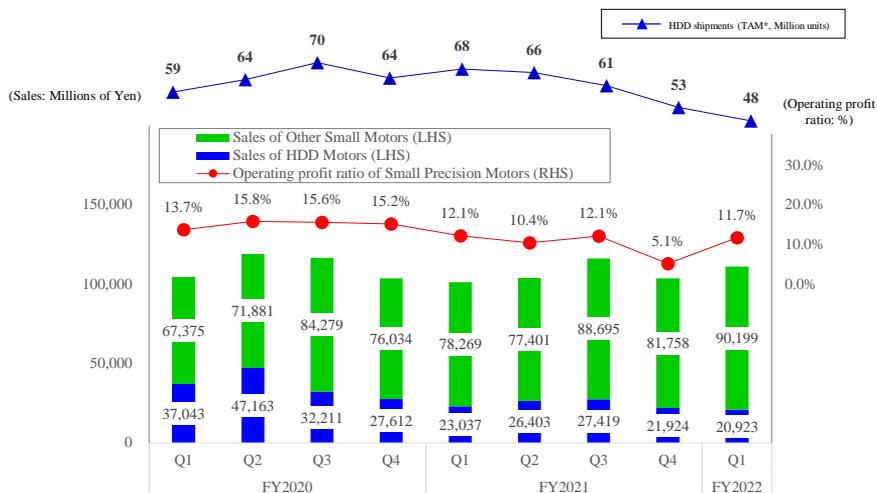
Transformed from HDD motor production line

Floor area planned to be doubled

*6 projects include the mass production for Yadea's Huan Dian Shou 01 which started in the second half of FY21, and business cases for major Indian local two-wheeler companies

Small Precision Motor: Quarterly Results

Implementing business portfolio transformation amid HDD motor market structural change



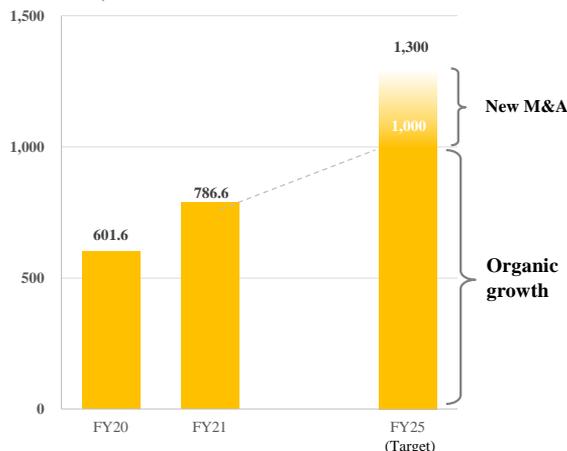
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Appliance, Commercial and Industrial: Strategy for High Growth

- ✓ Executing structural reform in overseas businesses
- ✓ ACI will enter a new phase of growth

<Vision 2025 in Appliance, Commercial and Industrial>

(Sales: Billions of Yen)



This slide includes forward-looking statements. See Disclaimer on Page 2.

<Business environment in FY22>

- Gain market share outside Europe shaken by the conflict, and accelerate Three-New Strategy in the fields of generator, battery energy storage system, battery charger for EV, etc.
- Air conditioning market expands globally mainly for industrial use.
- Assuming higher raw material cost continues for the time being the same as in auto business, we will accelerate improvement of profit structure through passing that on to selling price and reducing manufacturing cost.

<Growth drivers>



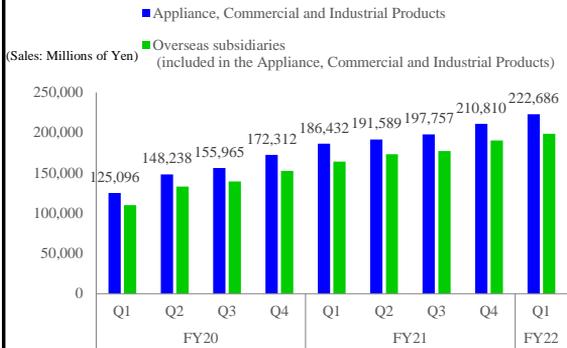
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Appliance, Commercial & Industrial: Quarterly Results

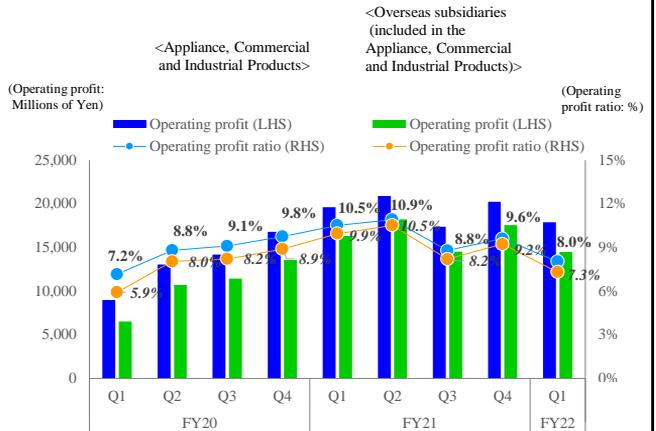


Continue efforts to achieve operating profit ratio of 15% despite headwinds posted by demand slowdown in Europe and raw material price hike

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>

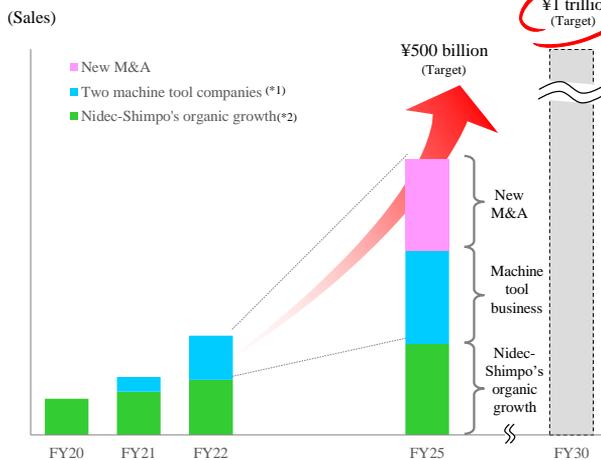


Other Product Group: Nidec-Shimpo (Machine Business)

This slide includes forward-looking statements. See Disclaimer on Page 2.



Cultivate a new pillar of growth with high profitability, targeting 1 trillion yen sales in FY30



*1 Two machine tool companies: Nidec Machine Tool Corporation + Nidec OKK Corporation

*2 Nidec-Shimpo's organic growth: Reducer business + Press machine business

<Growth strategy of machine tool business >

Enhance production and sales in China

	Nidec		Competitor A (Local)
	Current models	Strategic models	
Quality	3	2	1
Cost	1	3	3
Delivery	2	3	2
Brand	3	3	1

(Competitiveness on a scale of 1 to 3 with 3 being "Strongest")

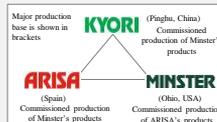
-Win market share using Nidec's cost competitiveness and brand power
-Pursue profitability through mass production effect



New facility at Pinghu, China (Scheduled to be completed in April 2023)

<Growth Strategy of Nidec-Shimpo>

1. Press machine business
Strengthen production and sales through collaboration among our major brands



2. Reducer business
Gain market share of reducer for 6-axis robot

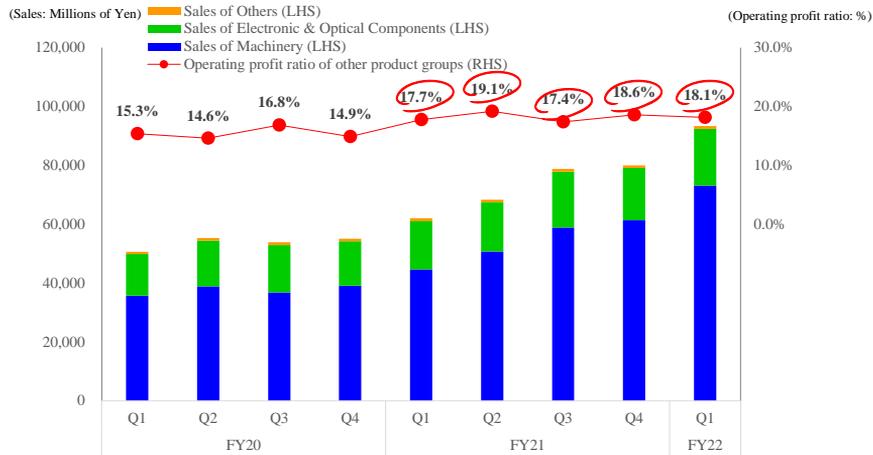


- Produce 100K units monthly in FY23
- Aim to gain No.1 global market share by FY25

Other Product Groups: Quarterly Results

*Please refer to Notes on Page 24.

Operating profit ratio of Other Product Groups remains stable at a high level of over 15% since FY21



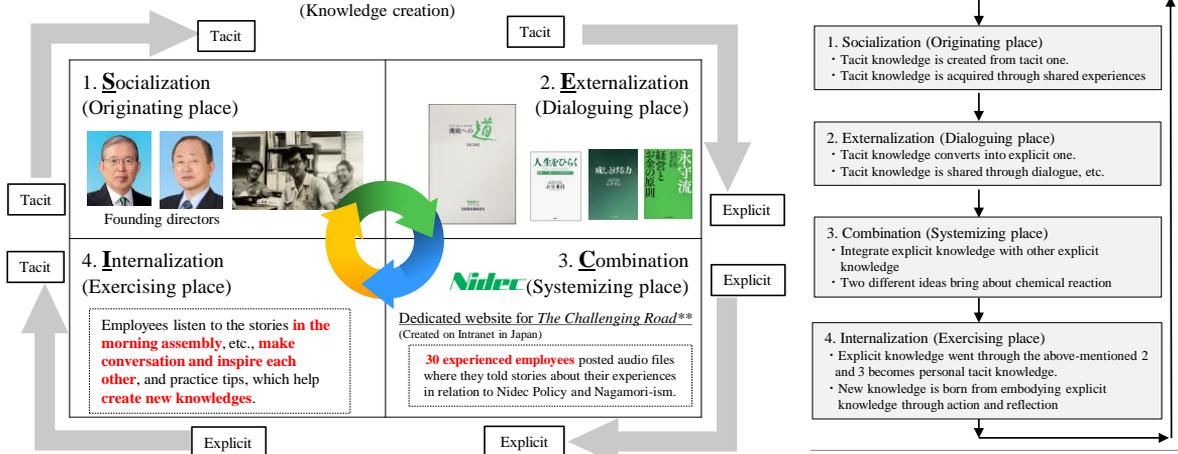
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Inheritance of Corporate Culture (Nidec's Organizational Knowledge Creation Process)

Continuous efforts for succession and penetration of the founder's ideal, management philosophy and passion to the next generation

<SECI model* applied to Nidec>
(Knowledge creation)

<Knowledge Creation Spiral>



*Ikujiro Nonaka and Hirotaka Takeuchi. *The Knowledge-creating Company* (1996)

**The booklet that describes Mr. Nagamori's business and action philosophies, as well as Nidec's business policies and the Nagamori-ism.

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Build a fair, transparent and highly effective governance system

Internal directors	Outside directors	Ratio of outside directors	Ratio of female directors	Features
5 directors 	6 directors (2 males and 4 females) 	55% (6 directors)	36% (4 directors)	<ul style="list-style-type: none"> - Ratio of outside directors maintained over 50%. - The number of female directors (outside directors) increased by two from the last year to ensure diversity in the Board (4 female directors in total)

<Directors' skill matrix>		Professional skills and experience required for Members of the Board of Directors (Maximum of three)							
		Business strategy	Technology and R&D	Internationality, global experience	Human resources development	Environment and society	Legal affairs, compliance	Finance, accounting	Governance, risk management
Mr. Nagamori	Representative Director, Chairman and CEO	●	●						●
Mr. Kobe	Representative Director, Vice Chairman and CPO	●	●						●
Mr. Seki	Representative Director, President and COO	●	●						
Mr. Murakami	Fulltime director*			●			●	●	
Mr. Ochiai	Fulltime director*			●		●			●
Mr. Sato	Outside director	●						●	●
Ms. Komatsu	Outside director		●		●	●			
Ms. Sakai	Outside director				●		●	●	
Mr. Nakane	Outside director*			●		●			●
Ms. Yamada	Outside director*			●	●		●		
Ms. Akamatsu	Outside director*				●	●			●

*Directors who are Audit and Supervisory Committee Members



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Notes:

During the three months ended June 30, 2022, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Mitsubishi Heavy Industries Machine Tool Co., Ltd. ("Nidec Machine Tool"); all the Mitsubishi Heavy Industries Group-owned shares of three overseas subsidiaries specialized in machine tool business; and the machine tool business run by overseas subsidiaries in the previous fiscal year. NIDEC's consolidated financial statements for the year ended March 31, 2022 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries.

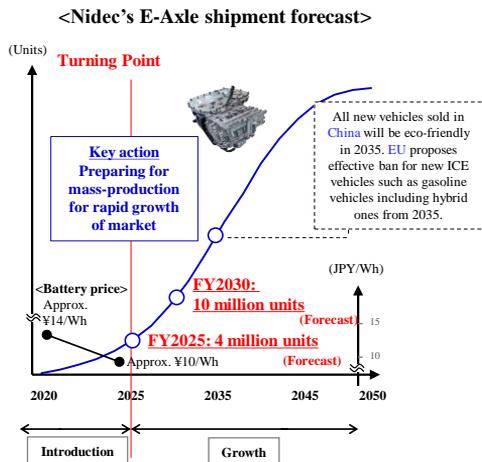
"All for dreams" logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

Performance Trends & Product Group Overview

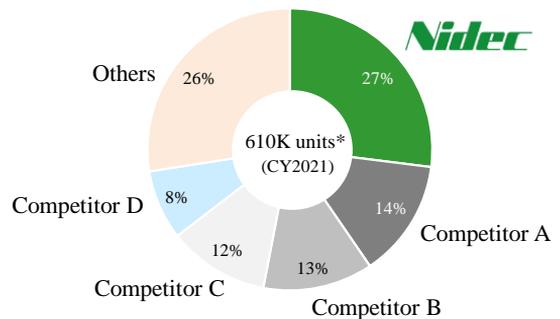
Automotive: Nidec's E-Axle Shipment Forecast and Competitive Position



Nidec ranked No.1 third party supplier of E-Axle in the Chinese BEV market



<Market share of third party E-Axle supplier in China >



(Nidec's estimates based on various sources.)

*2.91M BEVs were sold in China in CY21, of which we assume 1.45M BEVs were installed with E-Axles. We estimate 840K E-Axles were manufactured in-house by OEMs and 610K E-Axles were supplied by third-party suppliers.

New 5 Big Waves in a Post-Pandemic World

Nidec's business solutions that solve the common problems of humankind

5G & Thermal solutions
(Keywords: Tactile sense, image stabilization and heat ventilation module)

Decarbonization
(Keywords: Drive/Turn/Brake, safety/comfort and thermal management)

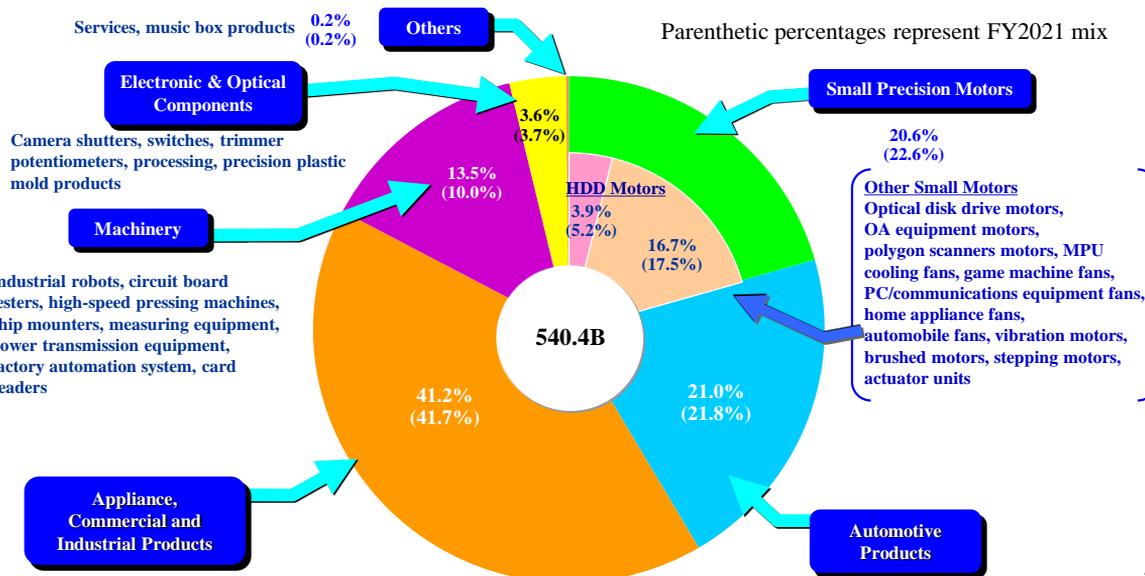
Manpower saving
(Keywords: Industrial robots, servicing robots and logistics)

Digital data explosion
(Keywords: High speed / large data, GAFA* and "Stay Home")

Power saving
(Keywords: Sterilization, hygiene and "Stay Home")

* GAFA: Google, Apple, Facebook and Amazon

Sales by Product Group (Apr-Jun FY2022)

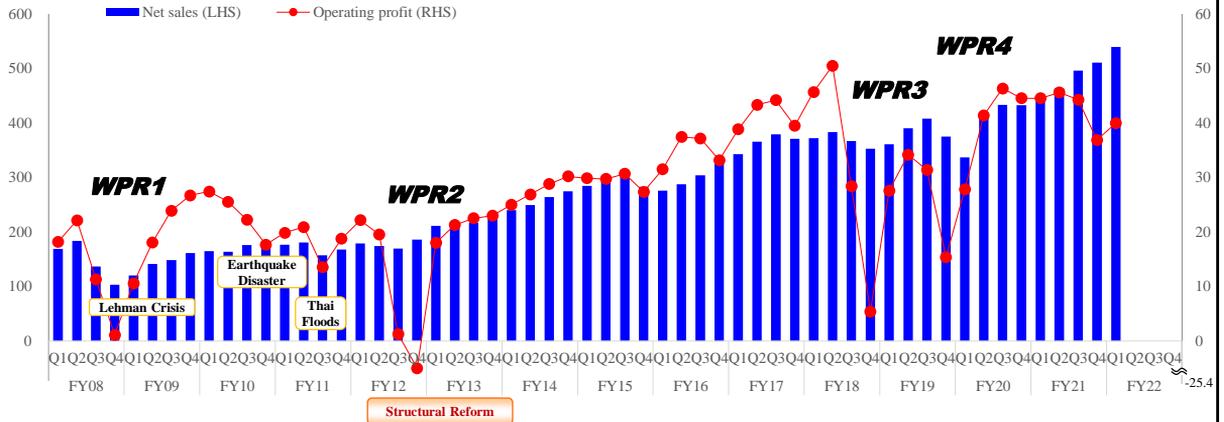


Consolidated Quarterly Net Sales and Operating Profit

Profitability has recovered due to successful **WPR4** cost restructuring

(Net sales in Billions of Yen)

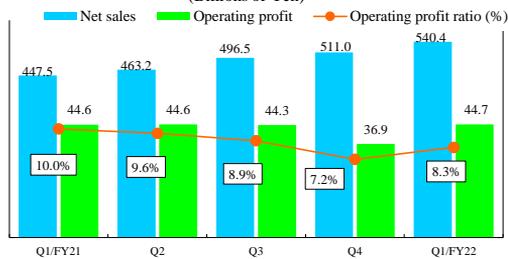
(Operating profit in Billions of Yen)



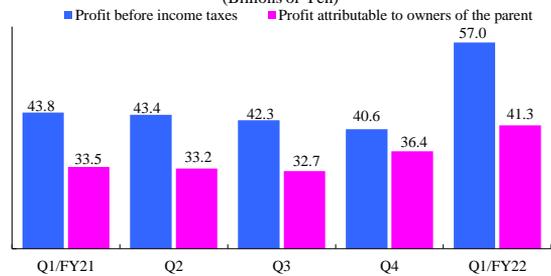
Financial Highlights

*Please refer to Notes on Page 24.

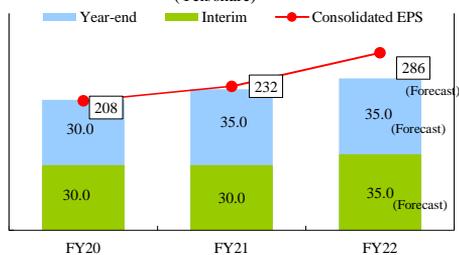
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



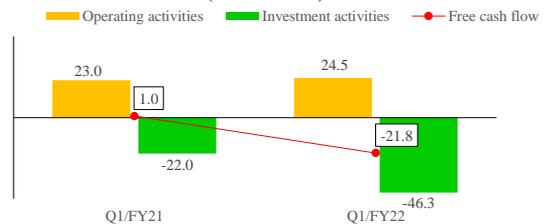
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



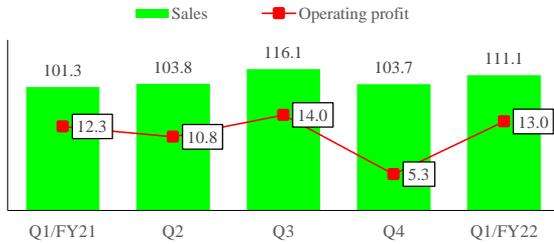
<Consolidated Cash Flow> (Billions of Yen)



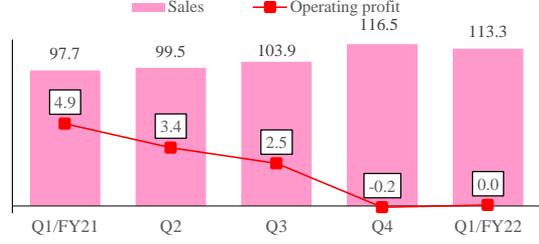
Product Group Overview

*Please refer to Notes on Page 24.

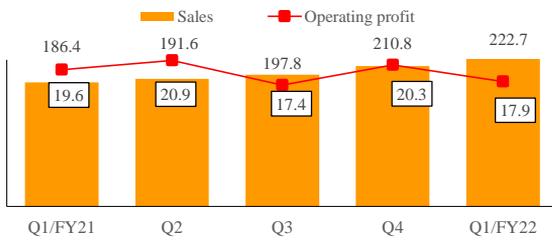
<Small Precision Motors>
(Billions of Yen)



<Automotive Products>
(Billions of Yen)



<Appliance, Commercial and Industrial Products>
(Billions of Yen)



<Machinery>
(Billions of Yen)

