

Nidec Corporation

Fiscal First-Half 2022 Financial Results



Six Months Ended September 30, 2022
<IFRS>



October 24, 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 Nidec's E-Axle Ni100Ex, the Generation 2 of EV traction motor system for which we started mass-production in September 2022. Gen. 2 E-Axle, lighter and quieter than Gen.1 E-Axle, utilizes the know-how such as magnetic circuit design and oil-cooling technology we cultivated through the development and mass-production of the Gen.1 E-Axle.

Consolidated Profit/Loss

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



Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2021	1H/FY2022	Change	FY2022 Forecast
Net sales	910,668	1,130,767	+24.2%	2,100,000
Operating profit	89,144	96,368	+8.1%	210,000
<i>Operating profit ratio</i>	9.8%	8.5%	-	10.0%
Profit before income taxes	87,103	118,375	+35.9%	206,000
Profit attributable to owners of the parent	66,612	86,649	+30.1%	165,000
EPS (Yen)	113.79	150.31	+32.1%	286.65
Dividends (Yen)	30.00	35.00	-	70.00
FX rate (Yen/US\$)				Assumed for Q3 onward:
Average:	109.80	133.97	+22.0%	Yen/US\$: 110
Term end:	111.92	144.81	+29.4%	Yen/Euro: 125

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 Q2 FY2022



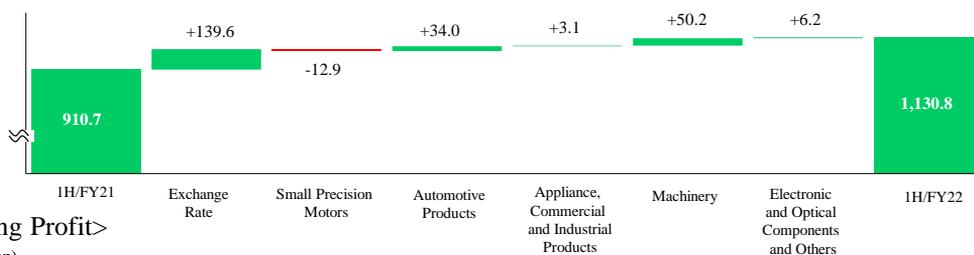
- First half net sales stood at a **record high** of ¥1,130.8 billion, 24.2% higher Y/Y.
- First half operating profit increased 8.1% Y/Y to ¥96.4 billion, marking a **record high**.
- First half profit before income taxes and profit attributable to owners of the parent increased 35.9 % Y/Y to ¥118.4 billion, 30.1% Y/Y to ¥86.6 billion, respectively. Both stood at **record highs**.
- Quarterly net sales, operating profit, profit before income taxes and profit attributable to owners of the parent recorded **all-time highs**.

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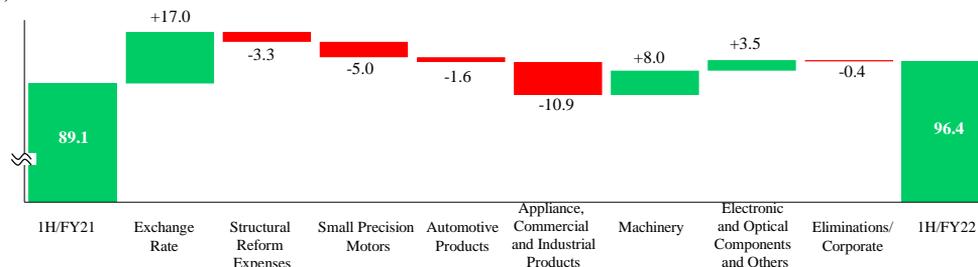
Year-on-Year Changes (Six Months Ended September 30, 2022)



<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)

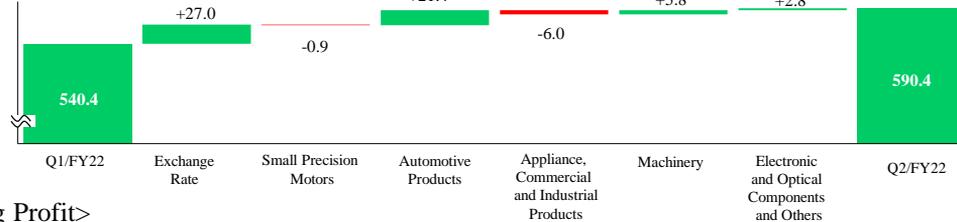


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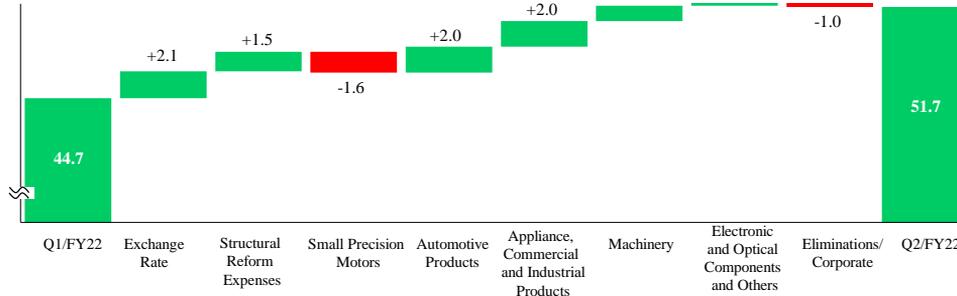
Quarter-on-Quarter Changes (Three Months Ended September 30, 2022)



<Net Sales> (Billions of Yen)



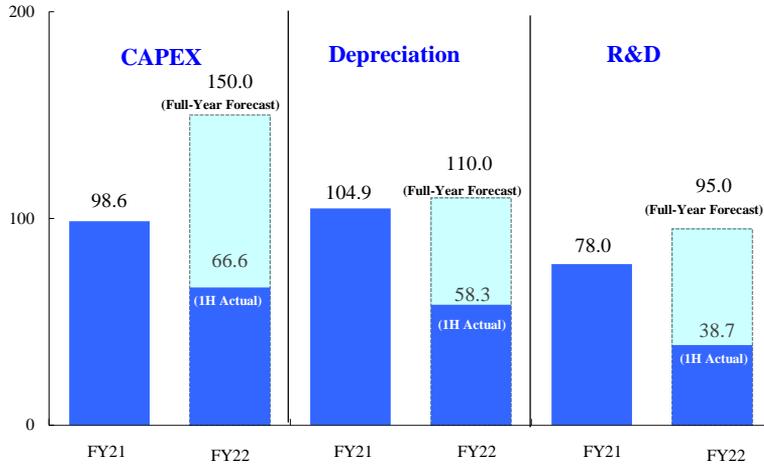
<Operating Profit> (Billions of Yen)



6

■ CAPEX, Depreciation, R&D

(Billions of Yen)



Continuing aggressive investments that support mid-term growth

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

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Mid-Term Strategic Goal

Vision2025

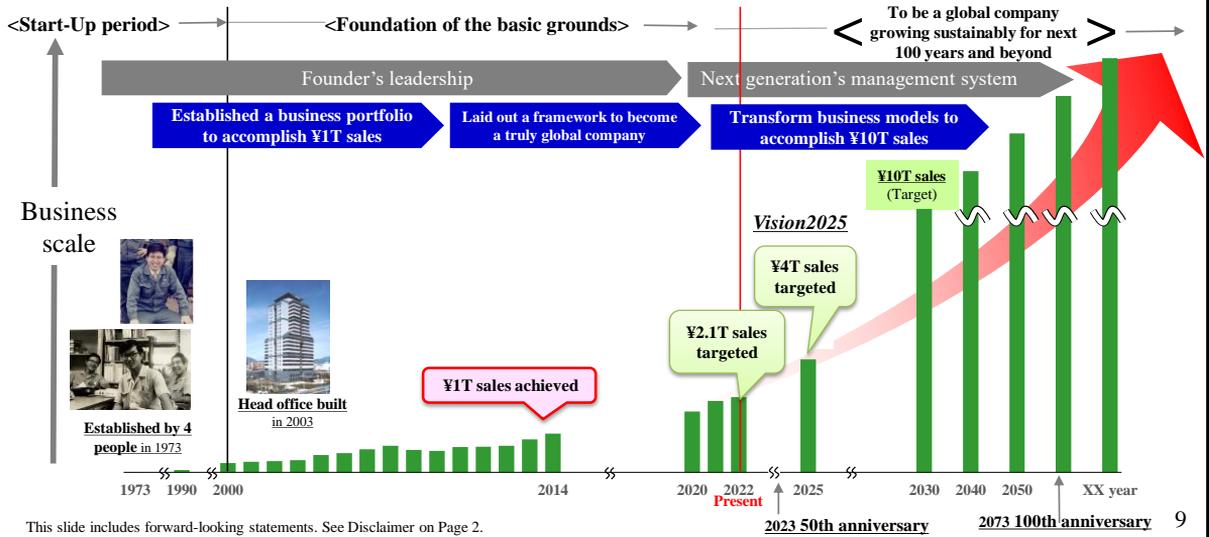
This section includes forward-looking statements. See Disclaimer on Page 2.

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Vision2025: Further Innovative Changes, Management to Realize the Visions



The next generation management system gets launched on the basic grounds formed by the founder's leadership



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

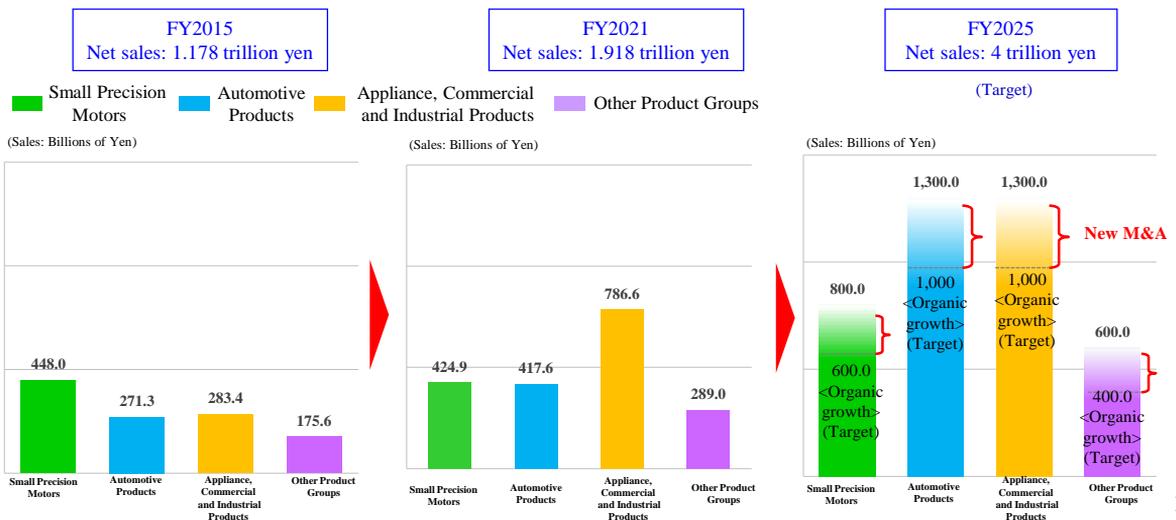
Vision2025 Framework for the New Mid-Term Strategic Goals:



Business Portfolio Management

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

Achieve high growth with aggressive investment in key growth areas



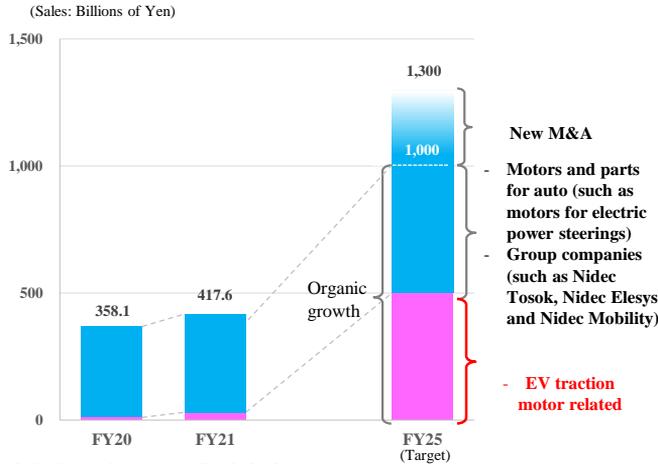
Automotive: Strategy for High Growth

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>



<Businesses related to EV traction motors>

- Mass production of E-Axles by the joint venture with Stellantis started 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. **Nidec is receiving new orders.**

<Motors and parts for auto>

- The market environment in FY22 is **recovering 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.**

* CASE: Connected, Autonomous, Shared, Electric

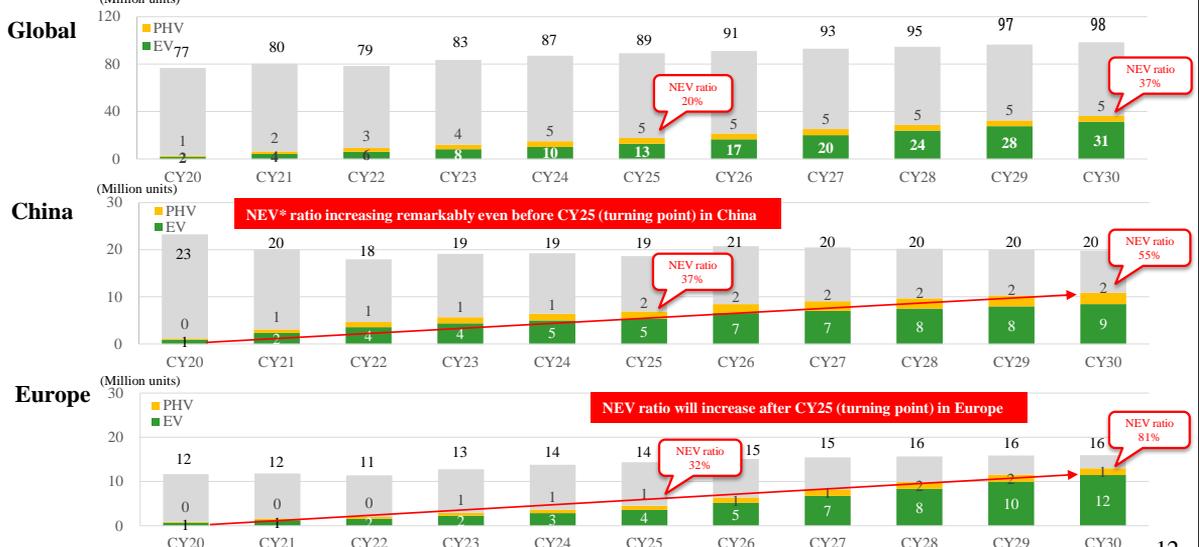
Automotive: China and Europe Show Remarkable Progress in Electrification



Forecast of Auto Sales (Nidec's estimates)

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

*We define New Energy Vehicle, abbreviated NEV as EV and PHV in this slide

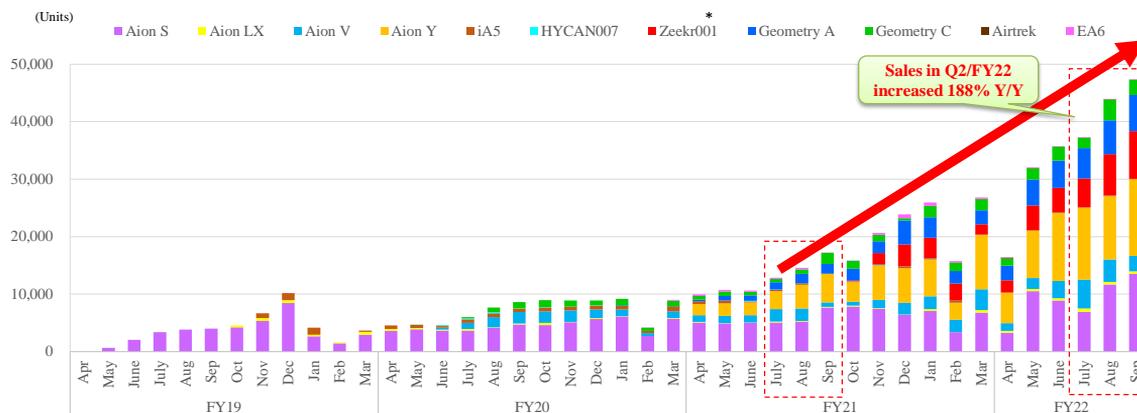


Automotive: Sales of Vehicles with Nidec's E-Axle

The cumulative number of vehicles using our E-Axle (traction motor system) reached 547K units

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

(Source: Marklines)



* Zeekr001 uses E-Axles manufactured by the auto maker partially.

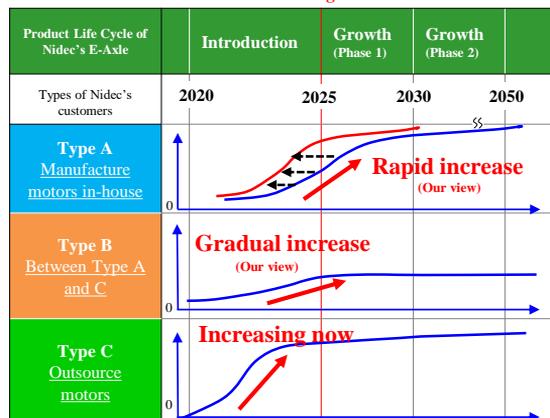
Automotive: European OEMs Changing Procurement Stance

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

Type A OEMs who manufacture powertrains in-house show signs shifting to outsourcing earlier than expected

<Forecast of each type's trend regarding motor outsourcing >

Turning Point



European OEMs might shift to outsourcing earlier than expected

We are receiving inquiries from a European major OEM who manufactures E-Axles in-house

Background

1. Fierce price competition for EVs with Chinese OEMs (Chinese OEMs are exporting their EVs increasingly)
2. In-house E-Axles manufactured by European OEMs are relatively costly

(Partially updated from the page 14 of Q2 FY21 presentation slides released on October 26, 2021)

Automotive: Mass Production at Nidec PSA emotors Started in September



Mass production at the joint venture has just started for a massive future growth



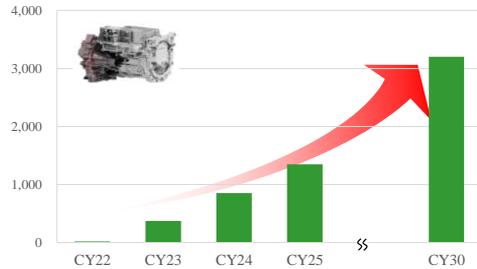
<Outline of Nidec PSA emotors>

Company Name	Nidec PSA emotors
Ownership	Nidec Leroy-Somer Holding 50% Stellantis (Former PSA) 50%
Establishment	May 2018
Headquarters and development base	Carrières sous Poissy, Paris region, France
Production base	Trémery, Grand Est region, France
Main business	R&D, production, and sale of EV traction motors and electronic controllers



(Thousand units)

<Forecast of production units>



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

Automotive: Planned Conversion to Gen. 2 E-Axle and Next Generation Platform Development

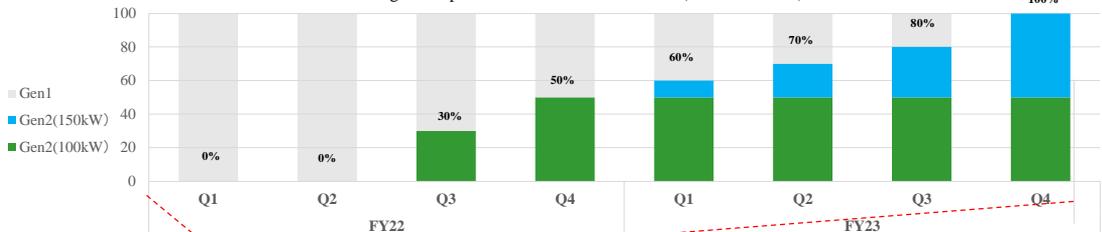


This slide includes forward-looking statements. See Disclaimer on Page 2.

Introduce new products continuously faster than competitors, and maintain strong competitive advantage

(Replacement rate with Gen.2: %)

<Nidec's target of replacement rate of Gen.2 E-Axle (100kW/150kW) >



Mass-production 1st generation E-Axle
Theme: Prioritize speedy entry to the market and expand the share



Mass-production 2nd generation E-Axle
Theme: Improve product performance and accelerate cost reduction



<Key factors>

- Heavy rare earth free products
- Low cost IGBT
- Low-noise and low-vibration technology for gear design
- Production technology improvement including mold production and winding
- Use of motor bench equipped in-house

Mass-production 3rd generation E-Axle

Theme: Gain overwhelming competitiveness to win through the high-growth period



Adopted by NEDO's* Green Innovation Fund Project

Mass-production 4th generation E-Axle

Theme: Magnet-free

*NEDO: New Energy and Industrial Technology Development Organization, a national research and development agency in Japan

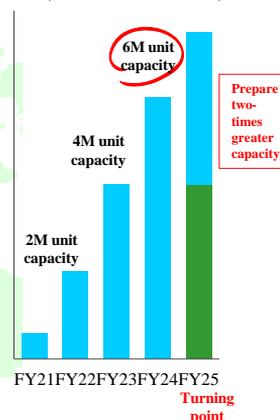
Automotive: Plan for Increasing E-Axle Production Capacity

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

<Nidec's annual production capacity of E-Axle in FY25 (units)>



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



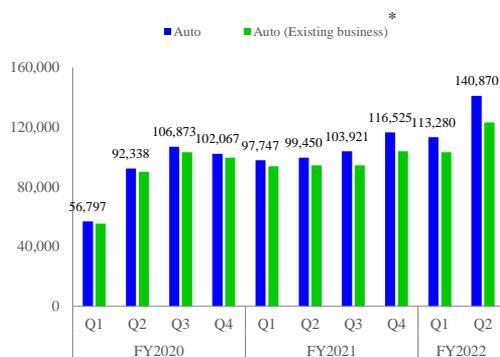
This slide includes forward-looking statements. See Disclaimer on Page 2.

Automotive: Quarterly Results

While higher raw material prices and lockdowns in China pressurize profitability, auto results are recovering after the profitability bottomed out in Q4 FY21

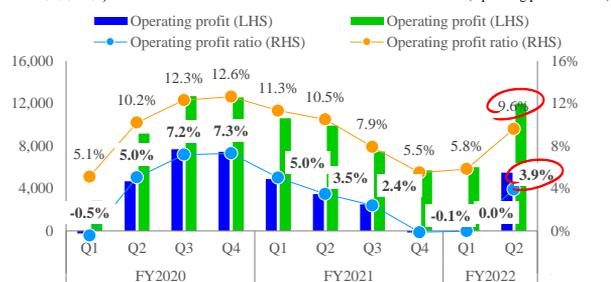
<Quarterly net sales>

(Sales: Millions of Yen)



<Quarterly operating profit and operating profit ratio>

(Operating profit: Millions of Yen) <Auto> (Operating profit ratio: %) <Auto (Existing business)*>



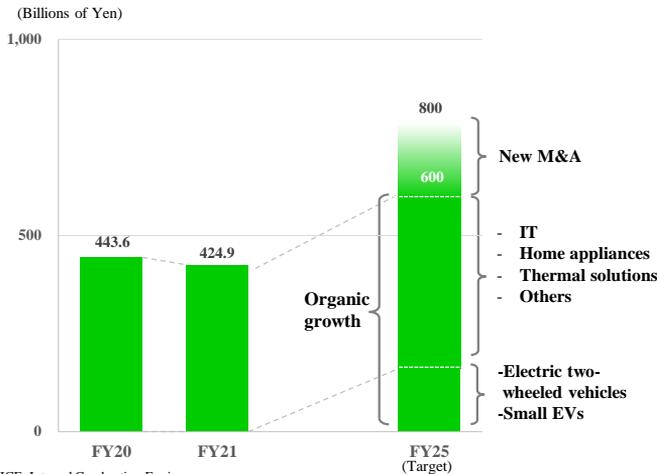
*Existing business: Excluding impact of traction motor related business from Auto business

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

<Major products>

In-wheel motor for electric bike

EV traction motor Inverter

<Mass-production factory>

Nidec (Zhejiang) Corporation

Nidec India Private Limited

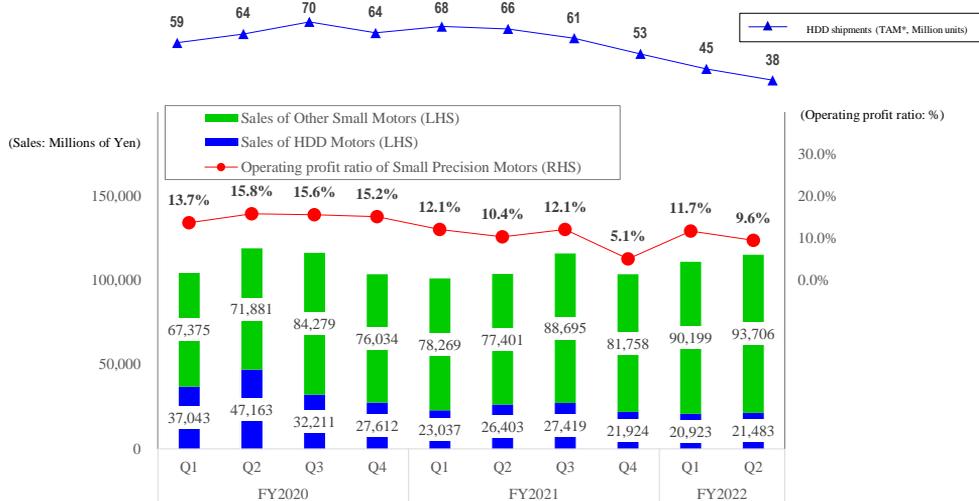
Transformed from HDD motor production line

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



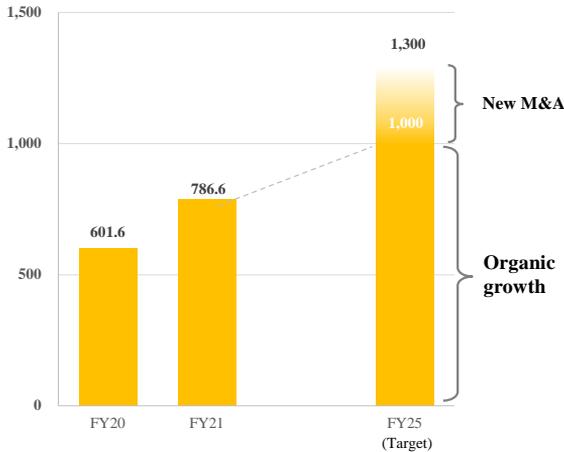
Appliance, Commercial and Industrial: Strategy for High Growth

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

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

<Vision 2025 in Appliance, Commercial and Industrial>

(Sales: Billions of Yen)



*Three-New Strategy: initiatives to proactively explore new products, markets and customers.

<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 and Industrial: Joint Venture Agreement with FREYR Battery

Aiming to be a global leading provider in the growing BESS* market as efforts toward decarbonized society accelerate

<Joint Venture Outline>

*Bess: Battery Energy Storage Solutions

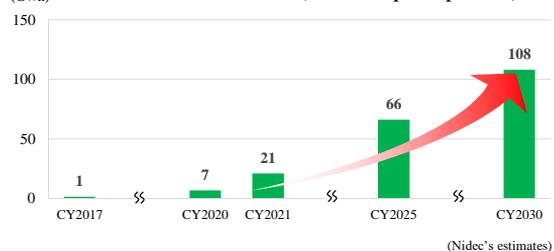
Company Name	To be determined
Headquarters	Oslo, Norway
Foundation	Between October and December 2022 (Plan)
Business	Development, manufacturing, and sales of battery products
CEO	Dominique Llonch (Plan)
Shareholder	Nidec 66.7%, Freyr 33.3%

- Nidec is one of the leading technology solution providers in the global BESS market with 1.3 GW of BESS installed at 121 energy storage projects in 21 countries globally including Europe, South America, and Africa
- In March 2022, Nidec got an order of 129.8 MW BESS in Scotland, UK. Nidec expects strong growth for its BESS business and plans to increase its presence in EMEA and expand into North America and China.

<FREYR Business Outline> (www.freyrbattery.com)

Company Name	FREYR BATTERY SA
Headquarters	Luxembourg
Founded	2018
Listed Market	New York Stock Exchange (listed in 2021 under the ticker symbol FREY)
CEO	Tom Einar Jensen
Production Location	Mo i Rana, Norway (under construction, start of operation planned in 2024)
Business	Manufacture and sale of semi-solid lithium-ion battery cells

<Global market size of BESS (for electric power provider)>



(Nidec's estimates)

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

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Appliance, Commercial and Industrial: Examples of Solution Business

(reposted from presentation materials of Q4FY21)

Nidec's Innovative Battery Energy Storage Solutions are used in prominent projects worldwide

<Storage of electricity from renewable energy>



For wind-power generation For photovoltaic power generation For hydraulic power generation



Electricity storage technology is important in using renewable energy!

<EV charging station>



Power safe 1.0 22kW AC Charger

<Circular economy related products>

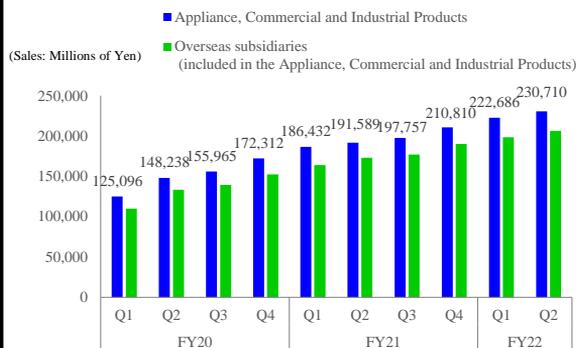


Project of reusing EV batteries with Renault group in France

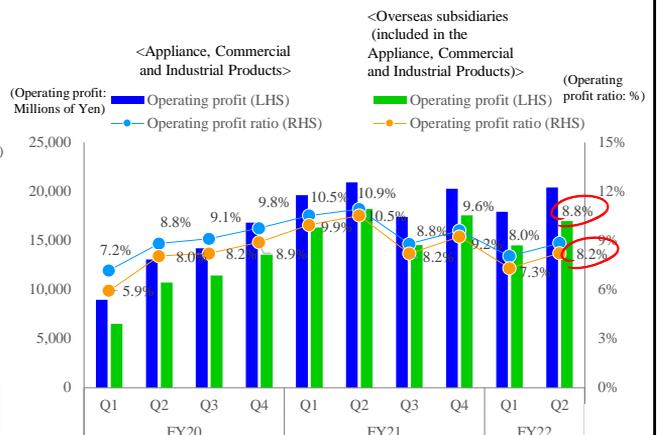
Appliance, Commercial & Industrial: Quarterly Results

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>

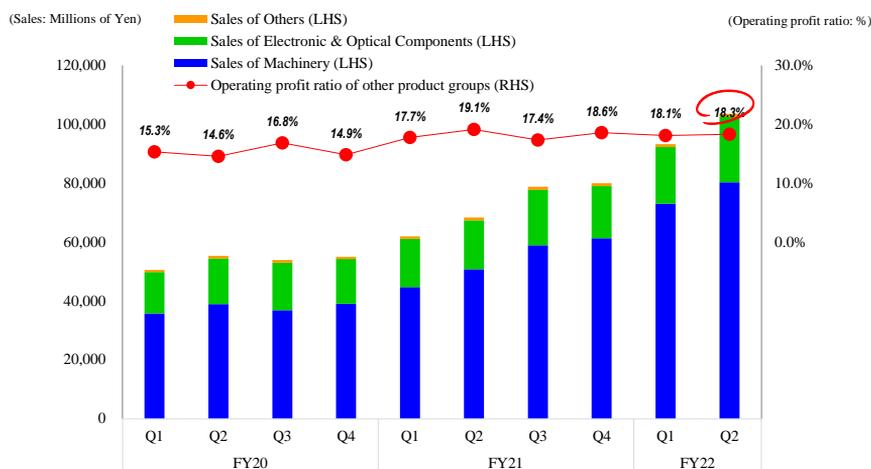


<Quarterly operating profit and operating profit ratio>



Other Product Groups: Quarterly Results

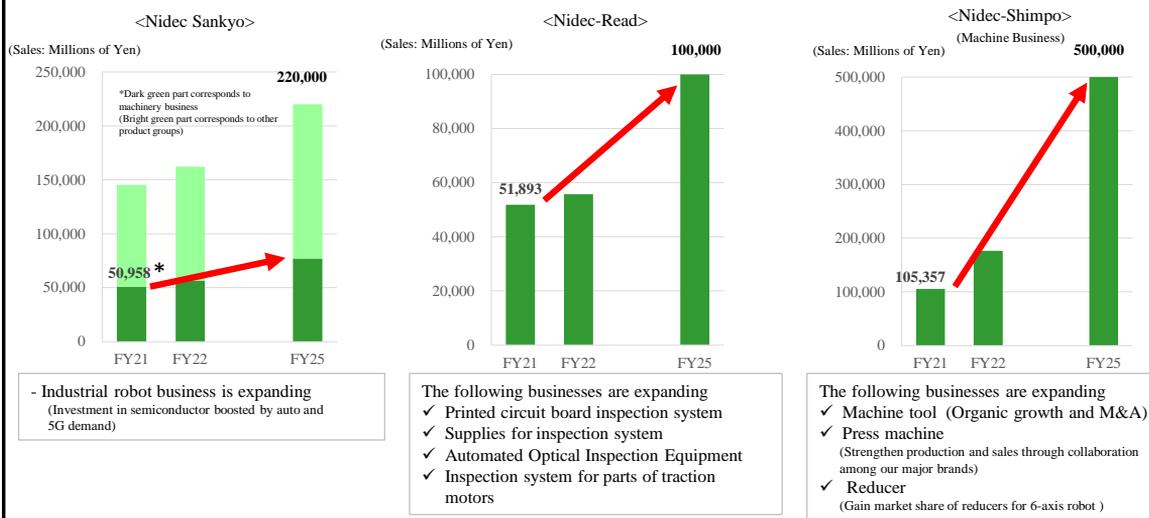
Operating profit ratio of Other Product Groups remains stable at a high level of over 15% since FY21



Other Product Group: Main Group Companies Composing Machinery Product Category

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

Contribute to *Vision2025* target with high profitability

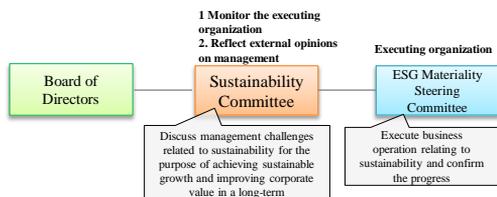


■ ESG Management: Foundation of Sustainability Committee*



Sustainability committee was established in the Board of Directors to monitor the execution of ESG management

Nidec established Sustainability Committee, which makes a decision on sustainability, within the Board of Directors. Nidec will find challenges to be the ideal company, a company growing for the next 100 years and beyond, and promote its sustainable management in a longer-term and broader perspective through the committee's activities.



- Sustainability Committee is composed of five directors including three outside members, monitors ESG Materiality Steering Committee and reflects opinions from various stakeholders on management.
- The members have professional skills and experience in various areas such as human resources development, legal affairs and compliance, finance and accounting, internationality and global experience, environment and society, governance and risk management. Nidec expects discussions between the members in the committee from wide range of perspectives.

<ESG Materiality Steering Committee>



*Board of Directors decided to establish the committee as a voluntary advisory body to the Board on Aug. 6, 2022.

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Nidec IR Contacts

Japan Tel: +81-75-935-6140 E-mail: ir@nidec.com
 EMEA Tel: +31-06-8393-1827 E-mail: iwai.yuji@nidec.com
 U.S. Tel: +1-212-703-7988 E-mail: nagase.kiyoshi@nidec.com

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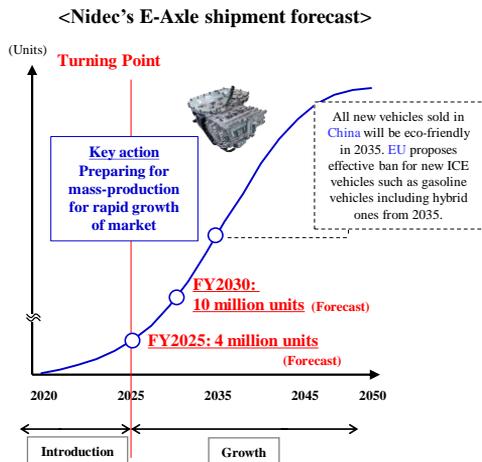
28

Performance Trends & Product Group Overview

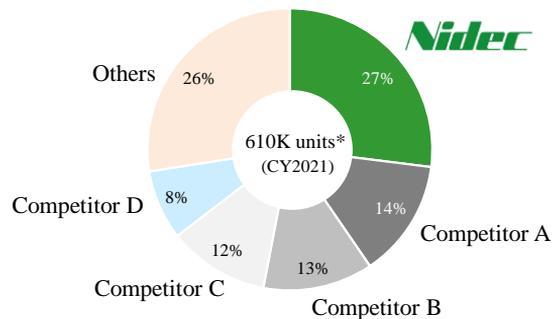
Automotive: Nidec's E-Axle Shipment Forecast and Competitive Position



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)

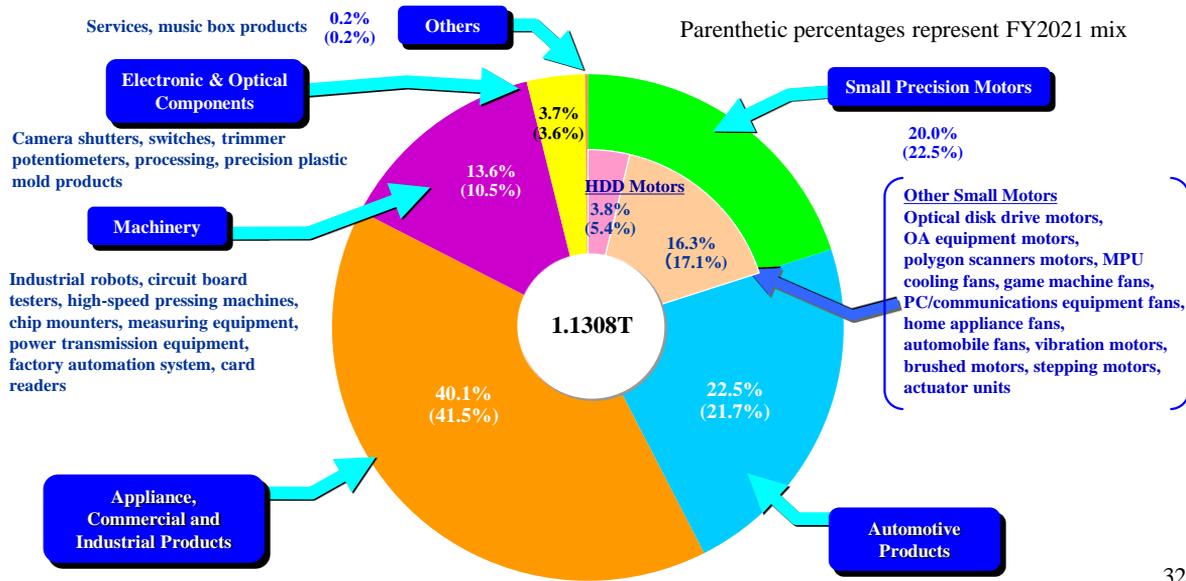
Manpower saving
(Keywords: Industrial robots, servicing robots and logistics)

Digital data expansion
(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-Sep FY2022)

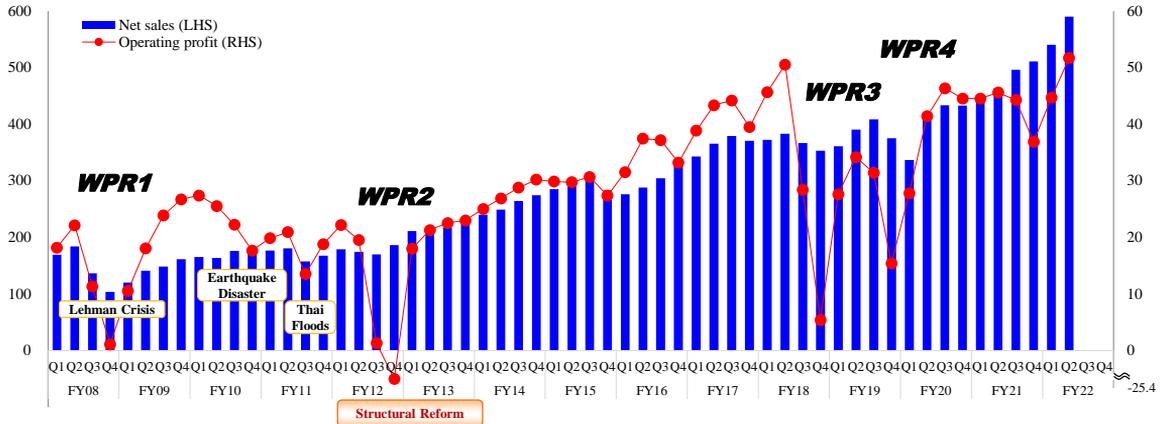


Consolidated Quarterly Net Sales and Operating Profit

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

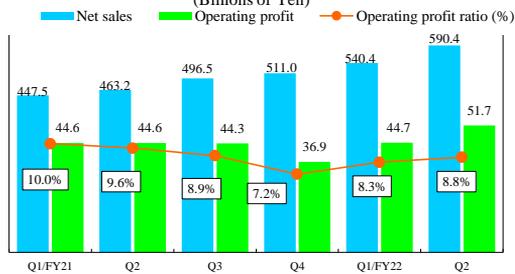
(Net sales in Billions of Yen)

(Operating profit in Billions of Yen)

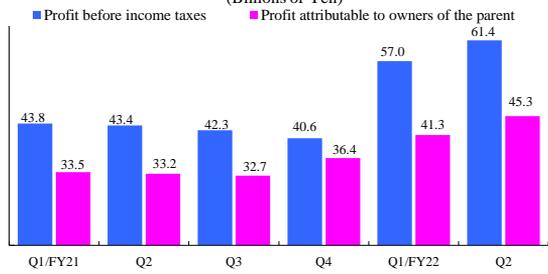


Financial Highlights

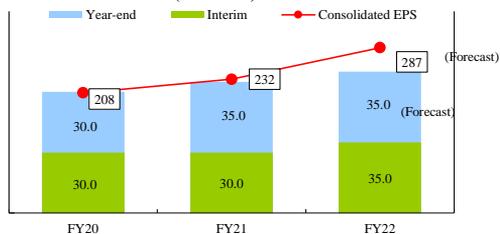
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



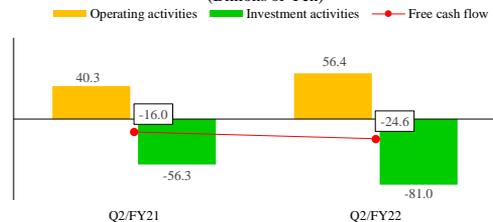
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



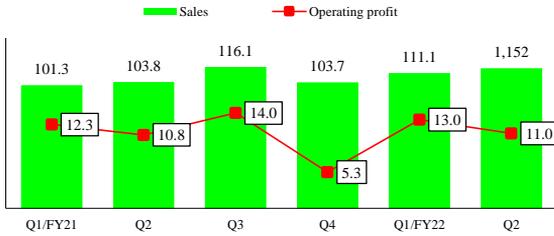
<Consolidated Cash Flow> (Billions of Yen)



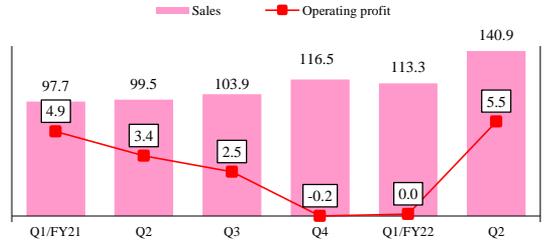
Product Group Overview



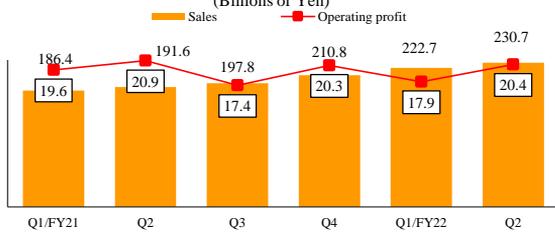
<Small Precision Motors>
(Billions of Yen)



<Automotive Products>
(Billions of Yen)



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



<Machinery>
(Billions of Yen)

