

[Translation]

Quarterly Report

(The Third Quarter of 49th Business Term)

From October 1, 2021 to December 31, 2021

NIDEC CORPORATION

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| [Fiscal Year] | The Third Quarter of 49th Business Term (from October 1, 2021 to December 31, 2021) |
| [Company Name] | Nihon Densan Kabushiki Kaisha |
| [Company Name in English] | NIDEC CORPORATION |
| [Title and Name of Representative] | Jun Seki, Representative Director, President and Chief Executive Officer |
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| [Phone No.] | 075-935-6200 |
| [Contact Person] | Hidetoshi Yokota, Senior Vice President and Chief Financial Officer |
| [Place Where Available for Public Inspection] | Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) |

This is an English translation of the Quarterly 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.

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.

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(Yen in millions, unless otherwise indicated)

| | For the nine months ended December 31, | | For the year ended March 31, 2021 |
|--|--|------------------------|--------------------------------------|
| | 2020 | 2021 | |
| Net sales | 1,184,991 [433,197] | 1,407,210 [496,542] | 1,618,064 |
| Profit before income taxes | 109,314 | 130,554 | 152,937 |
| Profit attributable to owners of the parent | 83,615 [34,837] | 100,443 [32,676] | 121,945 |
| Comprehensive income attributable to owners of the parent | 74,706 | 153,673 | 192,671 |
| Total equity attributable to owners of the parent | 982,375 | 1,198,620 | 1,096,020 |
| Total assets | 2,113,401 | 2,528,459 | 2,256,024 |
| Earnings per share attributable to owners of the parent - basic (yen) | 142.75 [59.48] | 171.67 [55.90] | 208.19 |
| Earnings per share attributable to owners of the parent - diluted (yen) | - | - | - |
| Ratio of total equity attributable to owners of the parent to total assets (%) | 46.5 | 47.4 | 48.6 |
| Net cash provided by operating activities | 146,169 | 68,477 | 219,156 |
| Net cash used in investing activities | (77,231) | (90,603) | (100,568) |
| Net cash provided by (used in) financing activities | (89,159) | (32,000) | (136,191) |
| Cash and cash equivalents at end of period | 188,370 | 187,900 | 219,524 |

(Notes) 1. The financial data above are based on the condensed quarterly consolidated financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

2. As the Company prepares its condensed quarterly consolidated financial statements, its non-consolidated financial data are not presented.

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

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". "Earnings per share attributable to owners of the parent - diluted" are not presented because there were no securities with dilutive effect.

5. NIDEC finalized a part or all of the provisional accounting treatment for the business combination in the nine months ended December 31, 2021. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2021 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination. Details regarding for the nine months ended December 31, 2021 are stated in "IV. Condensed Quarterly Consolidated Financial Statements and Other Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes to Condensed Quarterly Consolidated Financial Statements, 7. Business combinations".

6. The figures of "Net sales", "Profit attributable to owners of the parent" and "Earnings per share attributable to owners of the parent - basic (yen)" in square bracket are those for the three months ended December 31, 2020 and 2021, respectively.

2. Description of Business

There were no significant changes in NIDEC's businesses during the nine months ended December 31, 2021. Moreover, there were no changes in principal subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the nine months ended December 31, 2021. There were no material changes in the risk factors stated in the annual securities report for the previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan.

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

Forward-looking statements below were determined as of December 31, 2021.

NIDEC finalized the provisional accounting treatment for the business combination in the nine months ended December 31, 2021. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2021 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination.

From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations. Details are stated in "IV. Condensed Quarterly Consolidated Financial Statements and Other Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes to Condensed Quarterly Consolidated Financial Statements, 6. Discontinued Operations".

(1) Operating results

As of October 2021, the IMF forecasts global economic growth of 5.9% in 2021. In the environment surrounding NIDEC, risk factors such as a shortage of semiconductors, soaring raw material prices, and the spread of COVID-19 in emerging countries surfaced. In particular, the automotive division has yet to see a full-scale recovery in customer production volume from a declining trend, and the business environment remains challenging.

The following table sets forth consolidated operating results for the nine months ended December 31, 2021:

(Yen in millions)

| | For the nine months ended December 31, | | Increase or decrease | Ratio of change |
|--|--|-----------|----------------------|-----------------|
| | 2020 | 2021 | | |
| Net sales | 1,184,991 | 1,407,210 | 222,219 | 18.8% |
| Operating profit | 115,509 | 134,631 | 19,122 | 16.6% |
| Operating profit ratio | 9.7% | 9.6% | - | - |
| Profit before income taxes | 109,314 | 130,554 | 21,240 | 19.4% |
| Profit for the period from continuing operations | 84,499 | 100,395 | 15,896 | 18.8% |
| Loss for the period from discontinued operations | (132) | (232) | (100) | - |
| Profit attributable to owners of the parent | 83,615 | 100,443 | 16,828 | 20.1% |

Consolidated net sales from continuing operations increased 18.8% to ¥1,407,210 million for the nine months ended December 31, 2021 (“this nine-month period”), compared to the nine months ended December 31, 2020 (“the same period of the prior year”). We renewed the highest record for nine-month period due to higher sales of compressors for home appliances, motors for air conditioners, and motors and gears for transportation robots in the U.S. and Europe.

Operating profit increased 16.6% to ¥134,631 million for this nine-month period compared to the same period of the previous year, and we renewed the highest record for nine-month period. This was mainly due to increased sales of appliance, commercial and industrial products in addition to thorough manufacturing cost improvement and fixed cost rationalization through WPR4 Project despite the negative effects by difficulties in procuring semiconductors and other electronic components among customers and a rise in raw materials costs.

Profit before income taxes increased 19.4% to ¥130,554 million compared to the same period of the previous year, and we renewed the highest record for nine-month period. Profit for the period from continuing operations increased 18.8% to ¥100,395 million compared to the same period of the previous year.

Profit attributable to owners of the parent increased 20.1% to ¥100,443 million for this nine-month period compared to the same period of the previous year due to a significant increase of profit for the period from continuing operations.

The following table sets forth operating results by segment:

(Yen in millions)

| | For the nine months ended December 31, | | | | | |
|-----------------------|--|-----------|----------------------|-------------------------|----------|----------------------|
| | Net sales | | | Operating profit (loss) | | |
| | 2020 | 2021 | Increase or decrease | 2020 | 2021 | Increase or decrease |
| SPMS | 284,144 | 262,570 | (21,574) | 46,605 | 31,293 | (15,312) |
| AMEC | 129,246 | 162,271 | 33,025 | (1,187) | (6,505) | (5,318) |
| ACIM | 380,329 | 512,893 | 132,564 | 28,665 | 49,030 | 20,365 |
| Nidec Sankyo | 97,778 | 109,348 | 11,570 | 8,883 | 8,741 | (142) |
| Nidec Techno Motor | 52,636 | 66,703 | 14,067 | 7,547 | 8,865 | 1,318 |
| Nidec Mobility | 64,230 | 71,454 | 7,224 | 4,953 | 7,240 | 2,287 |
| Nidec Shimpo | 54,143 | 78,499 | 24,356 | 7,514 | 13,062 | 5,548 |
| Others | 172,128 | 193,169 | 21,041 | 21,554 | 33,110 | 11,556 |
| Elimination/corporate | (49,643) | (49,697) | (54) | (9,025) | (10,205) | (1,180) |
| Consolidated total | 1,184,991 | 1,407,210 | 222,219 | 115,509 | 134,631 | 19,122 |

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

Net sales of SPMS decreased ¥21,574 million to ¥262,570 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales of HDD motors, despite engaging in new demands one after another by launching a number of new products such as IT fan motors, high-efficiency motors for home appliances, thermal solution products for game consoles and other products. Operating profit decreased ¥15,312 million to ¥31,293 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales, despite making thorough manufacturing cost improvement and others by in-house production of parts.

Net sales of AMEC increased ¥33,025 million to ¥162,271 million for this nine-month period compared to the same period of the prior year. This increase was due to a slight recovery trend. Operating profit (loss) was ¥6,505 million operating loss for this nine-month period due to continuous recording development costs and others for the traction motor system (E-Axle), whose inquiries and orders have been rapidly increasing despite an increase in sales.

Net sales of ACIM increased ¥132,564 million to ¥512,893 million for this nine-month period compared to the same period of the prior year. This increase was due to higher sales of compressors and motors for home appliances, and motors and gears for transportation robots in Europe and the United States. Operating profit increased ¥20,365 million to ¥49,030 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales.

Net sales of Nidec Sankyo increased ¥11,570 million to ¥109,348 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales of automotive products, other small precision motors and semiconductor robots. Operating profit decreased ¥142 million to ¥8,741 million for this nine-month period compared to the same period of the prior year. This decrease was due to rising raw material prices despite an increase in sales.

Net sales of Nidec Techno Motor increased ¥14,067 million to ¥66,703 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales of motors for air conditioners in China. Operating profit increased ¥1,318 million to ¥8,865 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales.

Net sales of Nidec Mobility increased ¥7,224 million to ¥71,454 million for this nine-month period compared to the same period of the prior year. This increase was due to the recovery trend from a decrease in global demand for the same period of the prior year. Operating profit increased ¥2,287 million to ¥7,240 million for this nine-month period. This increase was due to an increase in sales.

Net sales of Nidec Shimpo increased ¥24,356 million to ¥78,499 million for this nine-month period compared to the same period of the prior year. This increase was due to a significant increase in sales of press machines and speed reducers by continuous launching new products that meet customers' needs in the Chinese market, and others. Operating profit increased ¥5,548 million to ¥13,062 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales and a sale of fixed assets.

With respect to the Others segment, net sales increased ¥21,041 million to ¥193,169 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales of product for mounting machines, sensor, switches, trimmer potentiometers and semiconductor inspection system in strong demands for 5G. Operating profit increased ¥11,556 million to ¥33,110 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales.

Operating results by product category are as follows:

(Yen in millions)

| | For the nine months ended December 31, | | | | | |
|---|--|-----------|----------------------|------------------|----------|----------------------|
| | Net sales | | | Operating profit | | |
| | 2020 | 2021 | Increase or decrease | 2020 | 2021 | Increase or decrease |
| Small precision motors | 339,952 | 321,225 | (18,727) | 51,220 | 37,126 | (14,094) |
| Automotive products | 256,008 | 301,118 | 45,110 | 12,074 | 10,829 | (1,245) |
| Appliance, commercial and industrial products | 429,299 | 575,778 | 146,479 | 36,220 | 57,916 | 21,696 |
| Machinery | 111,516 | 154,254 | 42,738 | 19,667 | 31,223 | 11,556 |
| Electronic and optical components | 45,681 | 51,988 | 6,307 | 4,986 | 7,349 | 2,363 |
| Other products | 2,535 | 2,847 | 312 | 238 | 324 | 86 |
| Elimination/corporate | - | - | - | (8,896) | (10,136) | (1,240) |
| Consolidated total | 1,184,991 | 1,407,210 | 222,219 | 115,509 | 134,631 | 19,122 |

Net sales of small precision motors decreased 5.5% to ¥321,225 million for this nine-month period compared to the same period of the previous year. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥18,500 million for this nine-month period compared to the same period of the previous year. Net sales of spindle motors for HDDs decreased 34.0% to ¥76,859 million for this nine-month period compared to the same period of the previous year due to a decrease in the number of units sold. On the other hand, net sales of other small precision motors increased 9.3% to ¥244,366 million for this nine-month period compared to the same period of the previous year by engaging in new demands one after another by launching a number of new products such as IT fan motors, high-efficiency motors for home appliances, and thermal solution products for game consoles and other products. Operating profit of this category decreased 27.5% to ¥37,126 million for this nine-month period compared to the same period of the previous year despite thorough cost improvements, such as in-house production of parts. This was mainly due to the decrease in sales. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥5,300 million for this nine-month period compared to the same period of the previous year.

Net sales of automotive products increased 17.6% to ¥301,118 million for this nine-month period compared to the same period of the previous year due to a slight recovery trend. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥12,000 million for this nine-month period compared to the same period of the previous year. Although NIDEC made manufacturing cost improvement through WPR4 project with our total efforts, operating profit of this category decreased 10.3% to ¥10,829 million for this nine-month period compared to the same period of the previous year. This was due to the negative effects by difficulties in procuring semiconductors and other electronic components among customers and the continuing development costs and others for the traction motor system (E-Axle), whose inquiries and orders have been rapidly increasing. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥700 million for this nine-month period compared to the same period of the previous year.

Net sales of appliance, commercial and industrial products increased 34.1% to ¥575,778 million for this nine-month period compared to the same period of the previous year, primarily due to higher sales of compressors for home appliances, motors for air conditioners, and motors and gears for transportation robots in the U.S. and Europe. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥27,300 million for this nine-month period compared to the same period of the previous year. Operating profit of this category significantly increased 59.9% to ¥57,916 million for this nine-month period compared to the same period of the previous year due to the effect of increased sales from engaging in the demands for energy-saving, high-efficiency and high-value-added new products in all business fields and continuous manufacturing cost improvement and fixed cost rationalization for global rise in raw material prices. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥2,600 million for this nine-month period compared to the same period of the previous year.

Net sales of machinery increased 38.3% to ¥154,254 million for this nine-month period compared to the same period of the previous year due to significantly higher sales of semiconductor inspection systems in strong demand for 5G, press machines and speed reducers by continuous launching new products that meet customers' needs in the Chinese market. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥4,500 million for this nine-month period compared to the same period of the previous year. Operating profit of this category significantly increased 58.8% to ¥31,223 million for this nine-month period compared to the same period of the previous year, mainly due to the higher sales. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥500 million for this nine-month period compared to the same period of the previous year.

Net sales of electronic and optical components increased 13.8% to ¥51,988 million for this nine-month period compared to the same period of the previous year and the fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥3,000 million for this nine-month period compared to the same period of the previous year. Operating profit of this category increased 47.4% to ¥7,349 million for this nine-month period compared to the same period of the previous year, mainly due to the higher sales by continuous launching new products. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥500 million for this nine-month period compared to the same period of the previous year.

Net sales of other products increased 12.3% to ¥2,847 million and operating profit of this category increased 36.1% to ¥324 million for this nine-month period compared to the same period of the previous year.

(2) Financial position

Total assets increased ¥272,435 million to ¥2,528,459 million as of December 31, 2021 compared to March 31, 2021. This was mainly due to increases of ¥116,530 million in inventories, ¥84,794 million in trade and other receivables, and ¥47,113 million in property, plant and equipment.

Total liabilities increased ¥168,662 million to ¥1,310,751 million as of December 31, 2021 compared to March 31, 2021. This was mainly due to increases of ¥98,400 million in trade and other payables, and ¥27,825 million in interest-bearing debt. Specifically, short term borrowings increased ¥80,448 million to ¥111,425 million, long term debt due within one year increased ¥81,837 million to ¥157,433 million and long term debt decreased ¥134,460 million to ¥290,440 million as of December 31, 2021 compared to March 31, 2021.

Total equity attributable to owners of the parent increased ¥102,600 million to ¥1,198,620 million as of December 31, 2021 compared to March 31, 2021. This was mainly due to an increase in retained earnings of ¥65,766 million, and ¥52,773 million in other components of equity. Ratio of total equity attributable to owners of the parent to total assets decreased to 47.4% as of December 31, 2021 from 48.6% as of March 31, 2021.

(3) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities for the nine months ended December 31, 2021 amounted to ¥68,477 million mainly due to ¥100,163 million in profit for the period and ¥67,062 million increase in accounts payable and other factors, despite ¥98,418 million increase in inventories and ¥54,049 million increase in accounts receivable. Net cash provided by operating activities decreased by ¥77,692 million year on year.

(Cash flows from investing activities)

Net cash used in investing activities for the nine months ended December 31, 2021 amounted to ¥90,603 million mainly due to additions to property, plant and equipment of ¥75,488 million and other factors. Net cash used in investing activities increased by ¥13,372 million year on year.

(Cash flows from financing activities)

Net cash used in financing activities for the nine months ended December 31, 2021 amounted to ¥32,000 million mainly due to increase in short term borrowings of ¥80,147 million and other factors, despite ¥38,940 million in redemption of corporate bonds and ¥35,132 million in payment of dividends to owners of the parent. Net cash used in financing activities decreased by ¥57,159 million year on year.

As a result of the aforementioned factors and the impact of foreign exchange rates, the balance of cash and cash equivalents as of December 31, 2021 decreased by ¥31,624 million to ¥187,900 million from March 31, 2021.

The main currencies we had as of December 31, 2021 were U.S. dollars, Chinese yuan, Japanese yen, Euros, and Korean won. All the above amounts include discontinued operations.

(4) Management targets

We have set a new medium-term strategic target for fiscal year 2025 (Vision2025) and aim to be a growing company that is strongly adapted to changes in the environment.

The outline is as follows.

FY2021 to FY2022

- 1) Target for consolidated net sales : ¥2 trillion
- 2) Productivity improvement : To increase sales and profit per employee by 30%
- 3) ROIC (Return On Invested Capital) : over 10%
- 4) To be a top-rated ESG company

FY2023 to FY2025

- 1) Target for consolidated net sales : ¥4 trillion
- 2) Productivity improvement : To double sales and profit per employee
- 3) ROIC (Return On Invested Capital) : over 15%
- 4) To be a top-rated ESG company

(5) Research and development

NIDEC's research and development expenses for the nine months ended December 31, 2021 were ¥57,236 million. There were no significant changes in research and development activities for the period.

(6) Production, Orders Received and Sales

Production, orders received and sales in the "ACIM / Nidec Shimpo / Other " segment mainly for the nine months ended December 31, 2021 increased compared to the nine months ended December 31, 2020.

Production, orders received and sales in the "Nidec Shimpo" segment for the nine months ended December 31, 2021 increased compared to the nine months ended December 31, 2020 with the acquisition of Mitsubishi Heavy Industries Machine Tool Co., Ltd., (currently, "Nidec Machine Tool") and others.

(7) Major property, plant and equipment

In the nine months ended December 31, 2021, among the new construction plans of major property, plant and equipment as of March 31, 2021, the scheduled launch date and total planned investment in construction of the manufacturing factory of Nidec Elesys Europe LLC which is to manufacture automotive products have been updated to December 2021 and ¥7,697 million.

3. Material Agreements, etc.

(Capital Alliance Agreement to Purchase Stake in OKK Corporation via Third-party Share Allocation)

The Company announced that its Board of Directors has approved, among others, a resolution to purchase the shares of OKK Corporation (“OKK”) through a third-party allocation of common shares in a meeting of the Board of Directors held on November 18, 2021 (Japan time) (the “Share Purchase”), and that the Company has executed a capital alliance agreement with OKK regarding this Share Purchase, etc. on the same date.

1. Purpose of the Share Purchase

The Share Purchase achieves a mutual complement of products in the area of machine tool, an existing area of businesses where Nidec operates. Synergies are expected especially in such areas as element technology development, manufacturing, and sales of the machine tool business by Nidec Machine Tool Corporation, which joined the Nidec Group in August, 2021. After the Share Purchase, OKK will hold a prominent position as well in Nidec’s machine tool business.

A well-established machinery manufacturer founded more than 100 years ago, OKK is a growing company that engages in businesses required in each era, ranging from its initial business of manufacturing centrifugal pumps and water meters to textiles. Recent years have seen the company mainly focused in the field of machine tools, a basis of all industries, and successfully obtain trust from a wide range of its customers thanks to the company’s high and versatile basic machining capability required for a mother machine. However, after being concentrated on prior and existing sales activities in Japan and postponing entry into rapidly changing overseas markets, OKK, partially due to its slow pace of work efficiency improvement, has been unable to keep up with the pace of the rising foreign demand in the entire machine tool industry, and faced with the problem of a shrinking business scale. While observing some effects of its structural reform, the company was affected by the nationwide shutdown of economic activities and people-to-people communication due to COVID-19 pandemic, remaining in struggle during the fiscal year ended March 31, 2021.

By joining Nidec via the Share Purchase, OKK will make a fresh start as a comprehensive machine tool builder, to enhance its product assortment and sales capability, while quickly reinforcing its production capacity as well. Combining OKK’s competitive and highly versatile machining centers with Nidec Machine Tool’s large machines, such as double-column machining centers with five-face machining function and horizontal boring and milling combined machines, will enable us to accommodate manufacturing requirements for various sizes -from small parts to large components- and enable both OKK and Nidec Machine Tool (the “Two Companies”) to significantly increase their overall capability of suggesting machining solutions. In addition, by utilizing Nidec’s business knowhow and networks, OKK will be able to launch businesses globally while expanding its customer base in Japan, and the company’s field of business will expand significantly. On a technological front, too, while OKK mainly manufactures small to medium-size versatile machining centers, Nidec Machine Tool, Japan’s leading gear machine manufacturer, also produces large machines (double-column machining centers with five-face machining function, horizontal boring and milling combined machines), advanced laser micromachines, and metal additive manufacturing (3D printing) related products and various special purpose machines. Therefore, combining the Two Companies’ technologies will enable us to develop new products that neither of them has in its lineup at present. In the area of production, the Two Companies will be able to improve their efficiency and expand their production capacity through utilization of their production bases, while being able to invest in their collaborative production bases in Japan and/or overseas.

After the Share Purchase, Nidec intends to further expand Nidec Machine Tool’s business, and believes that it can grow globally at a faster pace by making necessary investments where they are needed on a timely basis. We hope to mutually exploit our group’s and OKK’s respective technological capability, brand power, and customer bases to contribute to the development of the machine tool market on a global scale.

2.Outline of OKK in relation to the Third-party Allocation of Shares

Company Name: OKK Corporation
Headquarter: 8-10-1, Kita-Itami, Itami, Hyogo, Japan
Foundation: October 1915
Capital: JPY6,283,076,312
Director: Yoshihide Morimoto, Representative Director and President
(with positions remaining unchanged after the Share Purchase)
Production Bases: Japan (Hyogo prefecture) and Thailand
Principal Businesses: Design, manufacture, sales of machine tools, and installation of, technical instructions on, and after-sales services related to products, etc.
Number of Employees: 758 (consolidated), and 500 (non-consolidated) (as of March 31, 2021)

3.Outline of the Share Purchase

Date of payment: February 1, 2022
Number of Shares for the Purchase: 15,853,444 common shares
Price of the Shares: JPY345.60 per share
Amount of payment: JPY5,478,950,247

4.Number of Shares to Acquire, Acquisition Price, and Status of Share Ownership before and after the Share Purchase

Number of Shares Owned before the Share Purchase: 0 share (ownership percentage: 0%)
(number of voting rights: 0)
Number of Shares to be Acquired: 15,853,444 shares (value of acquisition: JPY5,478,950,247)
(number of voting rights: 158,534)
Number of Shares to be Owned after the Share Purchase: 15,853,444 shares (ownership percentage: 66.655%)
(number of voting rights: 158,534)

III. 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 | 1,920,000,000 |
| Total | 1,920,000,000 |

2) Issued shares

| Class | Number of shares issued as of the end of third quarter (Shares) (December 31, 2021) | Number of shares issued as of the filing date (Shares) (February 10, 2022) | Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered | Description |
|----------------|---|--|---|---|
| Ordinary share | 596,284,468 | 596,284,468 | 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 | 596,284,468 | 596,284,468 | - | - |

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

1) Details of share option plans

Not applicable.

2) 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) |
|---|--|---|--|---|---|--|
| From October 1, 2021 to December 31, 2021 | - | 596,284,468 | - | 87,784 | - | 92,005 |

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of September 30, 2021 is stated in this item because the Company cannot identify the number of voting rights as of December 31, 2021 due to the lack of information on the details entered in the shareholders registry as of December 31, 2021.

1) Issued shares

(As of December 31, 2021)

| 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 10,471,500 | - | - |
| Shares with full voting rights (others) | Ordinary share 585,244,500 | 5,852,445 | - |
| Shares less than one unit | Ordinary share 568,468 | - | - |
| Number of issued shares | 596,284,468 | - | - |
| Total number of voting rights | - | 5,852,445 | - |

- (Notes) 1. The “Shares with full voting rights (others)” row includes 71,000 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and the “Number of voting rights” column includes 710 voting rights for those shares. The “Shares with full voting rights (others)” row includes 400 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 4 voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 400 shares (4 voting rights) registered in its name.
2. Ordinary shares in the “Shares less than one unit” row include 28 shares of the Company’s treasury stock.
3. Ordinary shares in the “Shares with full voting rights (others)” row include 317,600 shares (3,176 voting rights) of the BIP Trust and 158,400 shares (1,584 voting rights) of the ESOP Trust.

2) Treasury stock, etc.

(As of December 31, 2021)

| 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 | 10,471,500 | - | 10,471,500 | 1.75 |
| Total | - | 10,471,500 | - | 10,471,500 | 1.75 |

- (Notes) 1. The number of shares held under own name (except for shares less than one unit) is 11,277,000, as of December 31, 2021.
2. The Company’s shares owned by the BIP Trust and the ESOP Trust are not included in the above treasury stock.

2. Members of the Board of Directors

Changes in the Members of the Board of Directors of Nidec Corporation from the filing date of the Annual Securities Report for the previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2021 are as follows:

Changes in positions and responsibilities

| New position | Former position | Name | Effective date |
|---|---|--------------------|-----------------|
| Member of the Board of Directors (Audit and Supervisory Committee Member) Member of the Audit and Supervisory Board, Nidec Techno Motor Corporation / Member of the Audit and Supervisory Board, Nidec-Shimpo Corporation / Member of the Audit and Supervisory Board, Nidec-Read Corporation / Member of the Audit and Supervisory Board, Nidec Global Service Corporation / Member of the Audit and Supervisory Board, Nidec Machinery Corporation / Member of the Audit and Supervisory Board, Nidec Machine Tool Corporation | Member of the Board of Directors (Audit and Supervisory Committee Member) Member of the Audit and Supervisory Board, Nidec Techno Motor Corporation / Member of the Audit and Supervisory Board, Nidec-Shimpo Corporation / Member of the Audit and Supervisory Board, Nidec-Read Corporation / Member of the Audit and Supervisory Board, Nidec Global Service Corporation / Member of the Audit and Supervisory Board, Nidec Machinery Corporation | Kazuya Murakami | August 2, 2021 |
| Representative Director and Chairman Member of the Board of Directors and Chairman, Nidec Sankyo Corporation / Member of the Board of Directors and Chairman, Nidec Techno Motor Corporation / Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation / Member of the Board of Directors and Chairman, Nidec Mobility Corporation / Member of the Board of Directors and Chairman, Nidec Copal Corporation | Representative Director and Chairman Member of the Board of Directors and Chairman, Nidec Sankyo Corporation / Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation / Member of the Board of Directors and Chairman, Nidec Mobility Corporation / Member of the Board of Directors and Chairman, Nidec Copal Corporation | Shigenobu Nagamori | October 1, 2021 |

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Yen in millions)

| | Note | As of March 31, 2021 | As of December 31, 2021 |
|---|------|-------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 219,524 | 187,900 |
| Trade and other receivables | | 441,083 | 525,877 |
| Other financial assets | 14 | 10,556 | 6,669 |
| Income tax receivables | | 9,454 | 9,860 |
| Inventories | | 296,641 | 413,171 |
| Other current assets | | 46,869 | 83,897 |
| Total current assets | | 1,024,127 | 1,227,374 |
| Non-current assets | | | |
| Property, plant and equipment | | 662,659 | 709,772 |
| Goodwill | 8 | 319,926 | 326,763 |
| Intangible assets | 8 | 195,601 | 204,042 |
| Investments accounted for using the equity method | | 2,422 | 1,536 |
| Other investments | 14 | 19,360 | 19,868 |
| Other financial assets | 14 | 6,056 | 6,094 |
| Deferred tax assets | | 15,022 | 16,376 |
| Other non-current assets | | 10,851 | 16,634 |
| Total non-current assets | | 1,231,897 | 1,301,085 |
| Total assets | | 2,256,024 | 2,528,459 |

(Yen in millions)

| | Note | As of March 31, 2021 | As of December 31, 2021 |
|---|------|-------------------------|----------------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Short term borrowings | 14 | 30,977 | 111,425 |
| Long term debt due within one year | 14 | 75,596 | 157,433 |
| Trade and other payables | | 400,307 | 498,707 |
| Other financial liabilities | 14 | 2,463 | 4,741 |
| Income tax payables | | 17,910 | 18,362 |
| Provisions | | 33,546 | 28,888 |
| Other current liabilities | | 68,869 | 107,885 |
| Total current liabilities | | 629,668 | 927,441 |
| Non-current liabilities | | | |
| Long term debt | 14 | 424,900 | 290,440 |
| Other financial liabilities | 14 | 1,666 | 282 |
| Retirement benefit liabilities | | 31,703 | 34,259 |
| Provisions | | 756 | 994 |
| Deferred tax liabilities | | 48,214 | 52,736 |
| Other non-current liabilities | | 5,182 | 4,599 |
| Total non-current liabilities | | 512,421 | 383,310 |
| Total liabilities | | 1,142,089 | 1,310,751 |
| Equity | | | |
| Common stock | | 87,784 | 87,784 |
| Additional paid-in capital | | 105,179 | 103,404 |
| Retained earnings | | 1,016,559 | 1,082,325 |
| Other components of equity | | (49,633) | 3,140 |
| Treasury stock | | (63,869) | (78,033) |
| Total equity attributable to owners of the parent | | 1,096,020 | 1,198,620 |
| Non-controlling interests | | 17,915 | 19,088 |
| Total equity | | 1,113,935 | 1,217,708 |
| Total liabilities and equity | | 2,256,024 | 2,528,459 |

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2020 and 2021
Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

| | Note | For the nine months ended December 31, | |
|--|------|--|-------------|
| | | 2020 | 2021 |
| Continuing operations | | | |
| Net Sales | 5 | 1,184,991 | 1,407,210 |
| Cost of sales | | (917,813) | (1,102,623) |
| Gross profit | | 267,178 | 304,587 |
| Selling, general and administrative expenses | | (102,027) | (112,720) |
| Research and development expenses | | (49,642) | (57,236) |
| Operating profit | 5 | 115,509 | 134,631 |
| Financial income | | 3,133 | 3,464 |
| Financial expenses | | (4,771) | (3,732) |
| Derivative gain (loss) | | (1,181) | 136 |
| Foreign exchange differences | | (2,777) | (2,860) |
| Share of net profit (loss) from associate accounting using the equity method | | (599) | (1,085) |
| Profit before income taxes | | 109,314 | 130,554 |
| Income tax expenses | | (24,815) | (30,159) |
| Profit for the period from continuing operations | | 84,499 | 100,395 |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | 6 | (132) | (232) |
| Profit for the period | | 84,367 | 100,163 |
| Profit for the period attributable to: | | | |
| Owners of the parent | | 83,615 | 100,443 |
| Non-controlling interests | | 752 | (280) |
| Profit for the period | | 84,367 | 100,163 |
| Earnings (loss) per share attributable to owners of the parent-basic (yen) | | | |
| Continuing operations | 13 | 142.98 | 172.06 |
| Discontinued operations | | (0.23) | (0.40) |
| Total | | 142.75 | 171.67 |

Condensed Quarterly Consolidated Statements of Comprehensive Income*(Yen in millions)*

| | Note | For the nine months ended December 31, 2020 | 2021 |
|--|------|--|---------|
| Profit for the period | | 84,367 | 100,163 |
| Other comprehensive income, net of taxation | | | |
| Items that will not be reclassified to net profit or loss: | | | |
| Remeasurement of defined benefit plans | | (111) | 188 |
| Fair value movements on FVTOCI equity financial assets | | 1,995 | 307 |
| Items that may be reclassified to net profit or loss: | | | |
| Foreign currency translation adjustments | | (16,374) | 54,591 |
| Effective portion of net changes in fair value of cash flow hedges | | 6,221 | (1,113) |
| Fair value movements on FVTOCI debt financial assets | | 6 | 3 |
| Total other comprehensive income for the period, net of taxation | | (8,263) | 53,976 |
| Comprehensive income for the period | | 76,104 | 154,139 |
| Comprehensive income for the period attributable to: | | | |
| Owners of the parent | | 74,706 | 153,673 |
| Non-controlling interests | | 1,398 | 466 |
| Comprehensive income for the period | | 76,104 | 154,139 |

For the three months ended December 31, 2020 and 2021

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

| | Note | For the three months ended December 31, 2020 | 2021 |
|---|------|---|-----------|
| Continuing operations | | | |
| Net Sales | 5 | 433,197 | 496,542 |
| Cost of sales | | (332,728) | (390,916) |
| Gross profit | | 100,469 | 105,626 |
| Selling, general and administrative expenses | | (35,734) | (41,821) |
| Research and development expenses | | (18,400) | (19,497) |
| Operating profit | 5 | 46,335 | 44,308 |
| Financial income | | 903 | 946 |
| Financial expenses | | (1,569) | (1,238) |
| Derivative gain (loss) | | (561) | (3) |
| Foreign exchange differences | | (1,474) | (1,456) |
| Share of net profit (loss) from associate accounting using the equity method | | (319) | (285) |
| Profit before income taxes | | 43,315 | 42,272 |
| Income tax expenses | | (8,249) | (9,560) |
| Profit for the period from continuing operations | | 35,066 | 32,712 |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | 6 | (33) | (84) |
| Profit for the period | | 35,033 | 32,628 |
| Profit for the period attributable to: | | | |
| Owners of the parent | | 34,837 | 32,676 |
| Non-controlling interests | | 196 | (48) |
| Profit for the period | | 35,033 | 32,628 |
| Earnings (loss) per share attributable to owners of the parent-basic (yen) | | | |
| Continuing operations | 13 | 59.53 | 56.05 |
| Discontinued operations | | (0.06) | (0.14) |
| Total | | 59.48 | 55.90 |

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

| | Note | For the three months ended December 31, | |
|--|------|---|--------|
| | | 2020 | 2021 |
| Profit for the period | | 35,033 | 32,628 |
| Other comprehensive income, net of taxation | | | |
| Items that will not be reclassified to net profit or loss: | | | |
| Remeasurement of defined benefit plans | | (90) | 53 |
| Fair value movements on FVTOCI equity financial assets | | 1,517 | 90 |
| Items that may be reclassified to net profit or loss: | | | |
| Foreign currency translation adjustments | | (3,011) | 42,662 |
| Effective portion of net changes in fair value of cash flow hedges | | 2,125 | (66) |
| Fair value movements on FVTOCI debt financial assets | | (19) | 1 |
| Total other comprehensive income for the period, net of taxation | | 522 | 42,740 |
| Comprehensive income for the period | | 35,555 | 75,368 |
| Comprehensive income for the period attributable to: | | | |
| Owners of the parent | | 34,897 | 74,818 |
| Non-controlling interests | | 658 | 550 |
| Comprehensive income for the period | | 35,555 | 75,368 |

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2020

(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, 2020 | | 87,784 | 114,754 | 924,293 | (115,791) | (63,750) | 947,290 | 20,343 | 967,633 |
| Comprehensive income | | | | | | | | | |
| Profit for the period | | | | 83,615 | | | 83,615 | 752 | 84,367 |
| Other comprehensive income | | | | | (8,909) | | (8,909) | 646 | (8,263) |
| Total comprehensive income | | | | | | | 74,706 | 1,398 | 76,104 |
| Transactions with owners directly recognized in equity: | | | | | | | | | |
| Purchase of treasury stock | | | | | | (116) | (116) | - | (116) |
| Dividends paid to the owners of the parent | 12 | | | (35,145) | | | (35,145) | - | (35,145) |
| Dividends paid to non-controlling interests | | | | | | | - | (645) | (645) |
| Share-based payment transactions | | | 144 | | | | 144 | - | 144 |
| Transfer to retained earnings | | | | 1,895 | (1,895) | | - | - | - |
| Changes in equity by purchase of shares of consolidated subsidiaries | | | (5,453) | | | | (5,453) | (1,144) | (6,597) |
| Other | | | | 941 | | 8 | 949 | 93 | 1,042 |
| Balance at December 31, 2020 | | 87,784 | 109,445 | 975,599 | (126,595) | (63,858) | 982,375 | 20,045 | 1,002,420 |

For the nine months ended December 31, 2021

(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, 2021 | | 87,784 | 105,179 | 1,016,559 | (49,633) | (63,869) | 1,096,020 | 17,915 | 1,113,935 |
| Comprehensive income | | | | | | | | | |
| Profit for the period | | | | 100,443 | | | 100,443 | (280) | 100,163 |
| Other comprehensive income | | | | | 53,230 | | 53,230 | 746 | 53,976 |
| Total comprehensive income | | | | | | | 153,673 | 466 | 154,139 |
| Transactions with owners directly recognized in equity: | | | | | | | | | |
| Purchase of treasury stock | | | | | | (14,258) | (14,258) | - | (14,258) |
| Dividends paid to the owners of the parent | 12 | | | (35,132) | | | (35,132) | - | (35,132) |
| Dividends paid to non-controlling interests | | | | | | | - | (112) | (112) |
| Share-based payment transactions | | | 537 | | | | 537 | - | 537 |
| Transfer to retained earnings | | | | 456 | (456) | | - | - | - |
| Changes in equity by purchase of shares of consolidated subsidiaries | | | (2,330) | | | | (2,330) | 726 | (1,604) |
| Other | | | 18 | (1) | (1) | 94 | 110 | 93 | 203 |
| Balance at December 31, 2021 | | 87,784 | 103,404 | 1,082,325 | 3,140 | (78,033) | 1,198,620 | 19,088 | 1,217,708 |

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

| | Note | For the nine months ended December 31, | |
|---|------|--|----------|
| | | 2020 | 2021 |
| Cash flows from operating activities: | | | |
| Profit for the period from continuing operations | | 84,499 | 100,395 |
| Loss for the period from discontinued operations | 6 | (132) | (232) |
| Profit for the period | | 84,367 | 100,163 |
| Adjustments to reconcile profit for the period to net cash provided by operating activities | | | |
| Depreciation and amortization | | 72,171 | 76,722 |
| Loss (gain) from sales, disposal or impairment of property, plant and equipment | | 1,975 | (2,855) |
| Loss from sales of discontinued operations | | 132 | 232 |
| Financial expenses (income) | | 1,627 | 394 |
| Share of net loss (profit) from associate accounting using the equity method | | 599 | 1,085 |
| Deferred income taxes | | 2,025 | 2,338 |
| Current income taxes | | 22,790 | 27,820 |
| Foreign currency adjustments | | (8,655) | (6,990) |
| Increase (decrease) in retirement benefit liability | | 1,195 | 664 |
| Decrease (increase) in accounts receivable | | (24,950) | (54,049) |
| Decrease (increase) in inventories | | 785 | (98,418) |
| Increase (decrease) in accounts payable | | 30,026 | 67,062 |
| Other, net | | (15,069) | (16,898) |
| Interests and dividends received | | 2,670 | 2,576 |
| Interests paid | | (3,973) | (3,408) |
| Income taxes paid | | (21,546) | (27,961) |
| Net cash provided by operating activities | | 146,169 | 68,477 |

(Yen in millions)

| | Note | For the nine months ended December 31, | |
|--|------|--|----------|
| | | 2020 | 2021 |
| Cash flows from investing activities: | | | |
| Additions to property, plant and equipment | | (66,049) | (75,488) |
| Proceeds from sales of property, plant and equipment | | 2,345 | 7,115 |
| Additions to intangible assets | | (10,020) | (12,269) |
| Proceeds from sales of discontinued operations | | 2,637 | - |
| Acquisitions of business, net of cash acquired | | (5,451) | (9,015) |
| Other, net | | (693) | (946) |
| Net cash used in investing activities | | (77,231) | (90,603) |
| Cash flows from financing activities: | | | |
| Increase (decrease) in short term borrowings | | (30,198) | 80,147 |
| Repayments of long term debt | | (18,975) | (21,463) |
| Proceeds from issuance of bonds | | 50,000 | - |
| Redemption of bonds | | (50,000) | (38,940) |
| Payments for acquisition of interests in subsidiaries from non-controlling interests | | (5,311) | (4,012) |
| Purchase of treasury stock | | (116) | (14,258) |
| Dividends paid to the owners of the parent | 12 | (35,145) | (35,132) |
| Other, net | | 586 | 1,658 |
| Net cash (used in) provided by financing activities | | (89,159) | (32,000) |
| Effect of exchange rate changes on cash and cash equivalents | | 1,605 | 22,502 |
| Net increase (decrease) in cash and cash equivalents | | (18,616) | (31,624) |
| Cash and cash equivalents at beginning of period | | 206,986 | 219,524 |
| Cash and cash equivalents at end of period | | 188,370 | 187,900 |

Notes to Condensed Quarterly 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/>).

Condensed quarterly consolidated financial statements as of December 31, 2021 and for the nine months then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC.

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

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

The condensed quarterly consolidated financial statements of NIDEC have been prepared in accordance with IAS 34 “Interim Financial Reporting” pursuant to the provision of Article 93 of the Regulations for Quarterly Consolidated Financial Statements, as the Company meets the criteria of a “Designated IFRS Specified Company” defined in Article 1-2 of the Regulations.

The condensed quarterly consolidated financial statements do not include all the information that must be disclosed in the annual consolidated financial statements, and therefore should be used in conjunction with the consolidated financial statements for the year ended March 31, 2021.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on a historical cost basis, except for some assets and liabilities, including derivative and other financial instruments measured at fair value.

(3) Presentation currency and level of rounding

The condensed quarterly 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.

3. Significant accounting policies

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the NIDEC’s annual consolidated financial statements for the year ended March 31, 2021.

Income taxes for the nine months ended December 31, 2021 are computed using the estimated annual effective tax rate.

4. Significant accounting estimates, judgments and assumptions

The preparation of the condensed quarterly consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, 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.

Significant accounting estimates and judgments that accompany estimates for the condensed quarterly consolidated financial statements as of December 31, 2021 are same as those estimates and judgments for the consolidated financial statements for the year ended March 31, 2021.

Regarding the global epidemic of the new coronavirus (COVID-19), at the time of disclosure of this report, based on the business results for the nine months ended December 31, 2021, we have judged that it will not have a significant impact on NIDEC's business results, and we assume that it will not affect accounting estimates. However, any new negative impact of the COVID-19, such as the spread of the new variants of the COVID-19, could have a negative impact on NIDEC's business, operating results and financial position.

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. Business units and domestic group companies that are currently profit management units of NIDEC are identified as its reportable segments. Nidec Shimpo segment includes Mitsubishi Heavy Industries Machine Tool Co., Ltd. (Nidec Machine Tool Corporation) which was newly consolidated in the three months ended September 30, 2021.

NIDEC's operating segments are as follows:

| Name | Main products |
|-----------------------|--|
| 1. SPMS | Hard disk drives spindle motors and other small precision motors |
| 2. AMEC | Automotive products |
| 3. ACIM | Appliance, commercial and industrial products |
| 4. Nidec Sankyo | Machinery, automotive products, electronic components and other small precision motors |
| 5. Nidec Techno Motor | Appliance, commercial and industrial products |
| 6. Nidec Mobility | Automotive products |
| 7. Nidec Shimpo | Machinery |
| 8. Others | Automotive products, machinery, electronic components, other small precision motors and others |

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 nine months ended December 31, | |
|------------------------|--|-----------|
| | 2020 | 2021 |
| SPMS | 282,380 | 260,344 |
| AMEC | 128,279 | 161,203 |
| ACIM | 380,021 | 512,377 |
| Nidec Sankyo | 95,386 | 106,619 |
| Nidec Techno Motor | 47,835 | 61,331 |
| Nidec Mobility | 63,612 | 70,233 |
| Nidec Shimpo | 48,746 | 69,706 |
| Others | 138,732 | 165,397 |
| Consolidated net sales | 1,184,991 | 1,407,210 |

(Note) The above amounts no longer include discontinued operations.

(Yen in millions)

| | For the three months ended December 31, | |
|------------------------|---|---------|
| | 2020 | 2021 |
| SPMS | 96,381 | 93,913 |
| AMEC | 54,562 | 54,986 |
| ACIM | 137,916 | 176,674 |
| Nidec Sankyo | 33,542 | 38,258 |
| Nidec Techno Motor | 17,312 | 20,514 |
| Nidec Mobility | 26,507 | 24,491 |
| Nidec Shimpo | 16,440 | 28,625 |
| Others | 50,537 | 59,081 |
| Consolidated net sales | 433,197 | 496,542 |

(Note) The above amounts no longer include discontinued operations.

Net sales to other operating segments:

(Yen in millions)

| | For the nine months ended December 31, | |
|--------------------------|--|----------|
| | 2020 | 2021 |
| SPMS | 1,764 | 2,226 |
| AMEC | 967 | 1,068 |
| ACIM | 308 | 516 |
| Nidec Sankyo | 2,392 | 2,729 |
| Nidec Techno Motor | 4,801 | 5,372 |
| Nidec Mobility | 618 | 1,221 |
| Nidec Shimpo | 5,397 | 8,793 |
| Others | 33,396 | 27,772 |
| Total | 49,643 | 49,697 |
| Intersegment elimination | (49,643) | (49,697) |
| Consolidated net sales | - | - |

(Note) The above amounts no longer include discontinued operations.

(Yen in millions)

| | For the three months ended December 31, | |
|--------------------------|---|----------|
| | 2020 | 2021 |
| SPMS | 686 | 749 |
| AMEC | 331 | 382 |
| ACIM | 163 | 219 |
| Nidec Sankyo | 999 | 948 |
| Nidec Techno Motor | 2,147 | 1,497 |
| Nidec Mobility | 476 | 432 |
| Nidec Shimpo | 2,068 | 3,026 |
| Others | 13,025 | 9,718 |
| Total | 19,895 | 16,971 |
| Intersegment elimination | (19,895) | (16,971) |
| Consolidated net sales | - | - |

(Note) The above amounts no longer include discontinued operations.

Segment profit/loss:

(Yen in millions)

| | For the nine months ended December 31, | |
|--|--|----------|
| | 2020 | 2021 |
| SPMS | 46,605 | 31,293 |
| AMEC | (1,187) | (6,505) |
| ACIM | 28,665 | 49,030 |
| Nidec Sankyo | 8,883 | 8,741 |
| Nidec Techno Motor | 7,547 | 8,865 |
| Nidec Mobility | 4,953 | 7,240 |
| Nidec Shimpo | 7,514 | 13,062 |
| Others | 21,554 | 33,110 |
| Total | 124,534 | 144,836 |
| Elimination and Corporate (Note) | (9,025) | (10,205) |
| Operating profit | 115,509 | 134,631 |
| Financial income (expenses) | (1,638) | (268) |
| Derivative gain (loss) | (1,181) | 136 |
| Foreign exchange differences | (2,777) | (2,860) |
| Share of net profit (loss) from associate accounting using the equity method | (599) | (1,085) |
| Profit before income taxes | 109,314 | 130,554 |

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥10,177 million and ¥9,126 million for the nine months ended December 31, 2021 and 2020, respectively. The corporate expenses include basic research expenses and head office expenses.

2. The above amounts no longer include discontinued operations.

(Yen in millions)

| | For the three months ended December 31, | |
|--|---|---------|
| | 2020 | 2021 |
| SPMS | 15,231 | 12,059 |
| AMEC | 828 | (3,274) |
| ACIM | 11,403 | 14,538 |
| Nidec Sankyo | 4,299 | 2,994 |
| Nidec Techno Motor | 2,794 | 2,843 |
| Nidec Mobility | 3,059 | 2,443 |
| Nidec Shimpo | 2,975 | 3,940 |
| Others | 8,469 | 12,051 |
| Total | 49,058 | 47,594 |
| Elimination and Corporate (Note) | (2,723) | (3,286) |
| Operating profit | 46,335 | 44,308 |
| Financial income (expenses) | (666) | (292) |
| Derivative gain (loss) | (561) | (3) |
| Foreign exchange differences | (1,474) | (1,456) |
| Share of net profit (loss) from associate accounting using the equity method | (319) | (285) |
| Profit before income taxes | 43,315 | 42,272 |

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥3,248 million and ¥2,704 million for the three months ended December 31, 2021 and 2020, respectively. The corporate expenses include basic research expenses and head office expenses.

2. The above amounts no longer include discontinued operations.

(Supplemental Information)

Net sales by type of product are as follows:

Net sales by type of product

(Yen in millions)

| | For the nine months ended December 31, | |
|---|--|-----------|
| | 2020 | 2021 |
| Small precision motors: | | |
| Hard disk drives spindle motors | 116,417 | 76,859 |
| Other small precision motors | 223,535 | 244,366 |
| Subtotal | 339,952 | 321,225 |
| Automotive products | 256,008 | 301,118 |
| Appliance, commercial and industrial products | 429,299 | 575,778 |
| Machinery | 111,516 | 154,254 |
| Electronic and optical components | 45,681 | 51,988 |
| Other products | 2,535 | 2,847 |
| Consolidated net sales | 1,184,991 | 1,407,210 |

(Yen in millions)

| | For the three months ended December 31, | |
|---|---|---------|
| | 2020 | 2021 |
| Small precision motors: | | |
| Hard disk drives spindle motors | 32,211 | 27,419 |
| Other small precision motors | 84,279 | 88,695 |
| Subtotal | 116,490 | 116,114 |
| Automotive products | 106,873 | 103,921 |
| Appliance, commercial and industrial products | 155,965 | 197,757 |
| Machinery | 36,866 | 58,889 |
| Electronic and optical components | 16,074 | 18,842 |
| Other products | 929 | 1,019 |
| Consolidated net sales | 433,197 | 496,542 |

(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. The above amounts no longer include discontinued operations.

6. Discontinued Operations

NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of the compressor business (“Embraco”) of Whirlpool Corporation by European Commission. In accordance with this order, on April 12, 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on consolidated statements of income. NIDEC sold 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”) on September 9, 2019. Some costs to sell will occur in the future. NIDEC has negotiated the purchase price adjustment and the other factors of the consideration for the sales with Orlando Management AG and ESSVP IV, but NIDEC did not reach an agreement. As the result, NIDEC submitted the request for an arbitration to the German Arbitration Institute(DIS) on January 12, 2021 and the request has been registered at DIS on the same day. It usually takes 18 to 24 months to finalize the arbitration.

(1) Main reason for the Transaction

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, NIDEC’s appliance motor business in Global Appliance Division has expanded further into the refrigeration market. However, on April 12, 2019, NIDEC acquired a conditional approval of the European Commission in connection with NIDEC’s acquisition of Embraco from Whirlpool Corporation and NIDEC decided to sell Secop. In addition, NIDEC acquired an approval of the European Commission that ESSVP IV is the appropriate purchaser of Secop and acquired the European Commission’s approval of the acquisition of Embraco on June 26, 2019. The Transaction was made following NIDEC’s commitment to the European Commission to sell Secop to a suitable purchaser as a condition for the European Commission’s approval.

(2) Name of the transferee company and date of the Transaction

| | |
|--------------------------------|-------------------|
| Name of the transferee company | ESSVP IV |
| Date of the Transaction | September 9, 2019 |

(3) Name of the company to be transferred, major business and name of operating segment

| | |
|---------------------------|--------------------------------------|
| Name of the company | Secop |
| Major business | Compressor business for refrigerator |
| Name of operating segment | ACIM |

(4) Transition of ownership ratio for the company

| | |
|-------------------------------------|------|
| Ownership ratio before the transfer | 100% |
| Transferred ownership ratio | 100% |
| Ownership ratio after the transfer | - |

(5) Profit (loss) for the period from discontinued operations

(Yen in millions)

| | For the nine months ended December 31, | |
|---|--|-------|
| | 2020 | 2021 |
| Other loss | (132) | (232) |
| Loss before income taxes from discontinued operations | (132) | (232) |
| Loss for the period from discontinued operations | (132) | (232) |

(Notes) 1. On April 12, 2019, Secop was excluded from consolidation due to loss of control.

2. Various conditions for sales of Secop are based on the forecasts as of December 31, 2021, therefore the final loss amount on the sales may change in the future due to the purchase price adjustment and other factors.

(6) Cash flows from the discontinued operations

(Yen in millions)

| | For the nine months ended December 31, | |
|---|--|------|
| | 2020 | 2021 |
| Net cash provided by (used in) operating activities | - | - |
| Net cash (used in) provided by investing activities | 2,637 | (81) |
| Net cash used in financing activities | - | - |
| Total | 2,637 | (81) |

(Notes) 1. On April 12, 2019, Secop was excluded from consolidation due to loss of control.

2. Net cash (used in) provided by investing activities includes net cash related to sales of Secop.

7. Business combinations

On August 2, 2021, NIDEC has acquired 100% of equity shares of Mitsubishi Heavy Industries Machine Tool Co., Ltd. (“Nidec Machine Tool”) from the shareholders of Mitsubishi Heavy Industries, Ltd.; 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 for ¥16,981 million (¥15,919 million was paid for cash, but ¥1,062 million is outstanding payment). Nidec Machine Tool designs, manufactures and sells machine tools, cutting tools and related products and provides after-sales services for the products. Through the Transaction, NIDEC will be able to achieve a mutual complement with our existing businesses and utilize Nidec Machine Tool’s technology for our future insourcing plan. Furthermore, NIDEC mutually leverages the NIDEC Group’s and Nidec Machine Tool’s respective technological capabilities, brand strength, and customer bases, to contribute to the further development of the global machine tool market.

Fair values of assets acquired and liabilities assumed of the acquired businesses as of the acquisition date are as follows:

(Yen in millions)

| | Nidec Machine Tool |
|--|--------------------|
| Current assets | |
| Cash and cash equivalents | 6,904 |
| Trade and other receivables | 3,511 |
| Inventories | 7,287 |
| Other current assets | 1,382 |
| Non-current assets | |
| Property, plant and equipment | 4,181 |
| Other non-current assets | 2,384 |
| Acquired assets at fair value | 25,649 |
| Current liabilities | |
| Short term borrowings | 645 |
| Trade and other payables | 5,250 |
| Other current liabilities | 3,071 |
| Non-current liabilities | |
| Other non-current liabilities | 1,736 |
| Assumed liabilities at fair value | 10,702 |
| Acquired assets and assumed liabilities at fair value (net amount) | 14,947 |
| Non-controlling interests | 0 |
| Goodwill (Negative Goodwill) | △2,658 |

(Note) The acquisition cost of ¥16,981 million included Real Estate Agreement of ¥4,629 million that NIDEC has made as other transaction along with Stock Transfer Agreement. Property, plant and equipment of ¥4,629 million that NIDEC has acquired from Mitsubishi Heavy Industries is not included in the table.

Negative Goodwill is mainly the reflection for net equity at fair value in excess of cash consideration. The income is included in Selling, general and administrative expenses in Condensed Quarterly Consolidated Statements of Income and is classified as Nidec Shimpo segment.

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

Net sales and profit attributable to owners of the parent for the nine months ended December 31, 2021 include the net sales and profit of the business acquired from Nidec Machine Tool for the period subsequent to August 2, 2021, ¥12,977 million and ¥1,055 million respectively.

The amount of acquisition-related costs of these business combinations are ¥253 million, which are recognized in “Selling, general and administrative expenses”.

Supplemental information of the combined entity for the current reporting period, as though this business combination occurred as of April 1, 2021, is as follows (non-audited):

| | Nine months ended December 31, 2021 |
|--|--|
| Net sales from continuing operations (Yen in millions) | 1,415,513 |
| Profit for the year attributable to owners of the parent (Yen in millions) | 98,529 |
| Earnings per share attributable to owners of the parent | |
| Basic (Yen) | 168.39 |
| Diluted (Yen) | - |

Purchase price allocation to the assets and the liabilities

During the three months ended June 30, 2021, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of the Metal Stamping Support Group, LLC and its group companies in the previous fiscal year. NIDEC's consolidated financial statements for the year ended March 31, 2021 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination.

Effect on the consolidated statement of financial position as of March 31, 2021 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Current assets | |
| Trade and other receivables | 5 |
| Inventories | 10 |
| Non-current assets | |
| Intangible assets | 36 |
| Acquired assets at fair value | 51 |
| Non-current liabilities | |
| Deferred tax liabilities | (9) |
| Assumed liabilities at fair value | (9) |
| Acquired assets and assumed liabilities at fair value (net amount) | 60 |
| Goodwill | (94) |

For further information on the changes in goodwill, refer to "8. Goodwill and intangible assets". Details of the intangible assets in above table are as follows:

(Yen in millions)

| | Weighted average amortization period | Retrospective amendment |
|-----------|---|-------------------------|
| Trademark | No amortization | 36 |

Effect on the consolidated statement of income for the year ended March 31, 2021 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Operating profit | (41) |
| Profit before income taxes | (41) |
| Profit for the year attributable to owners of the parent | (32) |

During the three months ended December 31, 2021, NIDEC partly completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Nidec Machine Tool; all the Mitsubishi Heavy Industries Group-owned shares of three overseas subsidiaries specialized in machine tool business; and the machinetool business run by overseas subsidiaries in the nine months ended December 31, 2021. The condensed quarterly consolidated financial statements for the nine months ended December 31, 2021 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination.

Effect on the consolidated statement of financial position as of August 2, 2021 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the nine months ended December 31, 2021 is as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Current assets | |
| Inventories | 173 |
| Acquired assets at fair value | 173 |
| Non-current liabilities | |
| Retirement benefit liabilities | (168) |
| Deferred tax liabilities | 104 |
| Assumed liabilities at fair value | (64) |
| Acquired assets and assumed liabilities at fair value (net amount) | 237 |
| Goodwill (Negative Goodwill) | (237) |

Effect on the consolidated statement of income for the nine months ended December 31, 2021 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the nine months ended December 31, 2021 is as follows:

(Yen in millions)

| | Retrospective amendment |
|--|-------------------------|
| Operating profit | 127 |
| Profit before income taxes | 127 |
| Profit for the period attributable to owners of the parent | 157 |

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the nine months ended December 31, 2021, the assets and liabilities which are currently under evaluation have been recorded on NIDEC's consolidated statements of financial position based on provisional management estimation as of December 31, 2021.

8. Goodwill and intangible assets

Changes in the carrying amounts of goodwill are as follows:

(Yen in millions)

| | For the nine months ended December 31, | |
|--|--|---------|
| | 2020 | 2021 |
| Balance at beginning of period | | |
| Goodwill | 310,487 | 319,926 |
| Acquisitions through business combinations | 2,903 | - |
| Sales or disposals | - | - |
| Translation adjustments and others | (6,218) | 6,837 |
| Balance at end of period | | |
| Goodwill | 307,172 | 326,763 |

Intangible assets subject to amortization are as follows:

(Yen in millions)

| | As of March 31, 2021 | | |
|-------------------------------|------------------------|--------------------------|------------------|
| | Gross carrying amounts | Accumulated amortization | Carrying amounts |
| Customer relationships | 118,042 | (35,153) | 82,889 |
| Proprietary technology | 18,463 | (7,412) | 11,051 |
| Software | 34,506 | (21,732) | 12,774 |
| Capitalized development costs | 31,976 | (5,340) | 26,636 |
| Others | 11,593 | (4,683) | 6,910 |
| Total | 214,580 | (74,320) | 140,260 |

(Note) The carrying amounts of software include the right-of-use assets of ¥490 million.

(Yen in millions)

| | As of December 31, 2021 | | |
|-------------------------------|-------------------------|--------------------------|------------------|
| | Gross carrying amounts | Accumulated amortization | Carrying amounts |
| Customer relationships | 121,771 | (40,840) | 80,931 |
| Proprietary technology | 18,868 | (8,350) | 10,518 |
| Software | 38,045 | (22,411) | 15,634 |
| Capitalized development costs | 40,925 | (8,348) | 32,577 |
| Others | 8,091 | (4,753) | 3,338 |
| Total | 227,700 | (84,702) | 142,998 |

(Note) The carrying amounts of software include the right-of-use assets of ¥353 million.

Total amortization of intangible assets for the year ended March 31, 2021 and for the nine months ended December 31, 2021 amounted to ¥13,504 million and ¥11,037 million, respectively. Total indefinite lived intangible assets amounted to ¥55,341 million and ¥61,044 million as of March 31, 2021 and December 31, 2021, respectively.

9. Bonds

For the nine months ended December 31, 2020

Summary of the terms of issued bonds is as follows:

| Company name | Description | Issued date | Total amount of issuance (Yen in millions) | Interest rate(%) | Maturity date |
|-------------------|--|---------------|---|------------------|---------------|
| Nidec Corporation | The Twelfth Series of Domestic Unsecured Bonds | June 10, 2020 | 50,000 | 0.030 | June 9, 2023 |

Summary of the terms of redeemed bonds is as follows:

| Company name | Description | Issued date | Total amount of issuance (Yen in millions) | Interest rate(%) | Maturity date |
|-------------------|--|--------------|---|------------------|---------------|
| Nidec Corporation | The Sixth Series of Domestic Unsecured Bonds | May 26, 2017 | 50,000 | 0.001 | May 26, 2020 |

For the nine months ended December 31, 2021

Summary of the terms of redeemed bonds is as follows:

| Company name | Description | Issued date | Total amount of issuance | Interest rate(%) | Maturity date |
|-------------------|--|--------------------|--------------------------|------------------|--------------------|
| Nidec Corporation | Euro-Denominated Senior Unsecured Bonds Due 2021 | September 27, 2018 | 300 million euro | 0.487 | September 27, 2021 |

10. Employee benefits

The amounts of net periodic benefit cost in pension and severance plans for the nine months ended December 31, 2020 and 2021 are as follows:

(Yen in millions)

| | For the nine months ended December 31, | |
|--|--|-------|
| | 2020 | 2021 |
| Net periodic pension cost for defined benefit plans: | | |
| Current service cost | 2,386 | 2,598 |
| Interest cost (net) | 402 | 336 |
| Net periodic pension cost for defined benefit plans | 2,788 | 2,934 |
| Payments to defined contribution pension plans | 2,387 | 2,810 |

11. Related party transactions

Transactions with related parties for the nine months ended December 31, 2020 and 2021 are as follows:

Sales of goods and services

(Yen in millions)

| | For the nine months ended December 31, | |
|--|--|------|
| | 2020 | 2021 |
| Related parties | | |
| S.N. Kosan, LLC.*1 | - | - |
| Nagamori Foundation*2 | 9 | 9 |
| Nagamori Gakuen Educational Foundation*3 | 47 | 1 |
| Nagamori Culture Foundation*4 | 21 | 20 |

(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 Nagamori Gakuen Educational Foundation.

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

Sales of goods and services to related parties are entered into on terms consistent with third-party transactions and considering market prices. The payment of joint research costs to Nagamori Gakuen Educational Foundation is determined based on the joint research agreement concluded upon mutual consultation.

Purchase of goods and services

(Yen in millions)

| | For the nine months ended December 31, | |
|--|--|------|
| | 2020 | 2021 |
| Related parties | | |
| S.N. Kosan, LLC. | 8 | 8 |
| Nagamori Gakuen Educational Foundation | 65 | 35 |
| Nagamori Culture Foundation | - | - |

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, 2021 | December 31, 2021 |
|--|----------------|-------------------|
| Receivables from related parties | | |
| S.N. Kosan, LLC. | 1 | 1 |
| Nagamori Foundation | 0 | 0 |
| Nagamori Gakuen Educational Foundation | 4 | 6 |
| Nagamori Culture Foundation | 0 | 0 |
| Payables to related parties | | |
| S.N. Kosan, LLC. | - | - |
| Nagamori Gakuen Educational Foundation | - | - |
| Nagamori Culture Foundation | - | 0 |

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2021 and December 31, 2021. In addition, there were no expenses recognized during the years ended March 31, 2021 and the nine months ended December 31, 2021 in respect of receivables from related parties.

12. Dividends

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

For the nine months ended December 31, 2020

| Resolution date | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date |
|--|-----------------|--|------------------------------|--------------------|------------------|
| May 25, 2020 Board of directors | Ordinary shares | 17,577 | 60 | March 31, 2020 | June 1, 2020 |
| October 26, 2020 Board of directors | Ordinary shares | 17,577 | 30 | September 30, 2020 | December 1, 2020 |

- (Notes) 1. Total dividends resolved at the board of directors on May 25, 2020 included dividends of ¥5 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.
2. Total dividends resolved at the board of directors on October 26, 2020 included dividends of ¥5 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.
3. NIDEC implemented a two-for-one stock split of our common stock effective April 1, 2020. Dividends per share resolved on May 25, 2020 have not been retroactively adjusted and are shown on a pre-stock split basis. Dividends per share resolved on October 26, 2020 was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous fiscal year ended March 31, 2020.

For the nine months ended December 31, 2021

| Resolution date | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date |
|--|-----------------|--|------------------------------|--------------------|------------------|
| May 27, 2021 Board of directors | Ordinary shares | 17,577 | 30 | March 31, 2021 | June 1, 2021 |
| October 26, 2021 Board of directors | Ordinary shares | 17,574 | 30 | September 30, 2021 | December 1, 2021 |

- (Notes) 1. Total dividends resolved at the board of directors on May 27, 2021 included dividends of ¥5 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.
2. Total dividends resolved at the board of directors on October 26, 2021 included dividends of ¥14 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

13. 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 nine months ended December 31, | |
|--|--|-------------|
| | 2020 | 2021 |
| Profit attributable to owners of the parent (Yen in millions) | 83,615 | 100,443 |
| Profit from continuing operations attributable to owners of the parent (Yen in millions) | 83,747 | 100,675 |
| Loss from discontinued operations attributable to owners of the parent (Yen in millions) | (132) | (232) |
| Weighted average shares (Shares) | 585,733,349 | 585,111,113 |
| Earnings (loss) per share attributable to owners of the parent-basic (Yen) | 142.75 | 171.67 |
| Continuing operations (Yen) | 142.98 | 172.06 |
| Discontinued operations (Yen) | (0.23) | (0.40) |

| | For the three months ended December 31, | |
|--|---|-------------|
| | 2020 | 2021 |
| Profit attributable to owners of the parent (Yen in millions) | 34,837 | 32,676 |
| Profit from continuing operations attributable to owners of the parent (Yen in millions) | 34,870 | 32,760 |
| Loss from discontinued operations attributable to owners of the parent (Yen in millions) | (33) | (84) |
| Weighted average shares (Shares) | 585,732,863 | 584,532,020 |
| Earnings (loss) per share attributable to owners of the parent-basic (Yen) | 59.48 | 55.90 |
| Continuing operations (Yen) | 59.53 | 56.05 |
| Discontinued operations (Yen) | (0.06) | (0.14) |

(Note) In the calculation of “Earnings per share attributable to owners of the parent - basic”, 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”.

14. 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)

| | As of March 31, 2021 | | As of December 31, 2021 | |
|---|----------------------|------------|-------------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Short term investments | 78 | 78 | 179 | 179 |
| Long term investments | 26 | 28 | 25 | 25 |
| Short term loans receivable | 23 | 23 | 13 | 13 |
| Long term loans receivable | 107 | 107 | 152 | 150 |
| Short term borrowings | (30,977) | (30,977) | (111,425) | (111,425) |
| Long term debt (including long term debt due within one year and excluding the lease liabilities and corporate bonds) | (30,087) | (30,133) | (15,314) | (15,332) |
| Corporate bonds (including corporate bonds due within one year) | (438,249) | (438,501) | (399,821) | (399,545) |

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 lease liabilities 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, 2021

(Yen in millions)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|--------|
| Assets | | | | |
| Marketable securities and other investment securities | | | | |
| FVTPL equity financial assets | 2,974 | - | - | 2,974 |
| FVTOCI equity financial assets | 17,833 | - | 1,445 | 19,278 |
| FVTOCI debt financial assets | - | 82 | - | 82 |
| Derivatives | 2,296 | 4,524 | - | 6,820 |
| Total financial assets | 23,103 | 4,606 | 1,445 | 29,154 |
| Liabilities | | | | |
| Derivatives | 139 | 717 | - | 856 |
| Total financial liabilities | 139 | 717 | - | 856 |

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2021.

As of December 31, 2021

(Yen in millions)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|--------|
| Assets | | | | |
| Marketable securities and other investment securities | | | | |
| FVTPL equity financial assets | 2,354 | - | - | 2,354 |
| FVTOCI equity financial assets | 17,864 | - | 1,931 | 19,795 |
| FVTOCI debt financial assets | - | 72 | - | 72 |
| Derivatives | 665 | 2,875 | - | 3,540 |
| Total financial assets | 20,883 | 2,947 | 1,931 | 25,761 |
| Liabilities | | | | |
| Derivatives | - | 292 | - | 292 |
| Total financial liabilities | - | 292 | - | 292 |

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the nine months ended December 31, 2021.

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 nine months ended December 31, | |
|---|--|-------|
| | 2020 | 2021 |
| Balance at beginning of period | 1,536 | 1,445 |
| Gains or losses: | | |
| Recognized in other comprehensive income (Note) | (95) | 303 |
| Purchases | 56 | — |
| Sales | (4) | (8) |
| Acquisition by business combination | — | 191 |
| Balance at end of period | 1,493 | 1,931 |

(Note) Those are included in “fair value movements on FVTOCI equity financial assets” and “foreign currency translation adjustments” in the condensed quarterly consolidated statements of other comprehensive income.

15. Contingent liabilities

NIDEC has guaranteed ¥9,482 million for bank borrowing by equity method affiliates at December 31, 2021. No material claims have been made against guarantees and NIDEC does not anticipate any material claims.

NIDEC was aware of total contingent liabilities of ¥13,282 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds at December 31, 2021. 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.

NIDEC held discussions with a certain automobile manufacturer regarding product warranties in the automotive business, and discussed the necessity of bearing costs at December 31, 2021. As there is a possibility that NIDEC's position may be significantly unfavorable, detailed disclosure is not made in accordance with Article 92 of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets.”

16. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

| | As of March 31, 2021 | As of December 31, 2021 |
|--|----------------------|-------------------------|
| Property, plant and equipment and other assets | 26,940 | 26,043 |

17. Events after the reporting period

(1) Own share repurchase

On January 26, 2022, the Company's Board of Directors resolved to repurchase its own shares according to the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1, Item 1 of the Company Law of Japan. This resolution is a part of efforts to ensure agile capital management highly responsive to the changing business environment. The details of the share repurchase are as follows. The total number of own shares repurchased is 900,000 shares and yen amount is approximately 8.8 billion yen by January 31, 2022, pursuant to this program.

| | |
|---|---|
| 1) Class of shares | Common stock |
| 2) Total number of shares to be repurchased | Up to 4,000,000 shares (0.68% of total number of shares issued excluding treasury stock) |
| 3) Total repurchase amount | Up to 50 billion yen |
| 4) Period of repurchase | From January 27, 2022 to January 24, 2023 |

(2) Completion of the Purchase of Stake in OKK Corporation via Third-Party Share Allocation

On February 1, 2022, NIDEC has completed the purchase of the shares of OKK Corporation (“OKK”) through a third-party allocation of common shares (the “Share Purchase”) by paying their total issue value of approximately 5.5 billion yen. Since the initial accounting for the business combination has not been completed at the time of the approval of the condensed quarterly financial statement, further details have not yet been disclosed.

| | |
|--------------------------------------|--|
| 1) Purpose of the Transaction | OKK design, manufacture, sales of machine tools, and provision of related installation, technical instructions, after-sales services. The Share Purchase achieves a mutual complement of products in the area of machine tool, an existing area of businesses where NIDEC operates. Synergies are expected especially in such areas as element technology development, manufacturing, and sales of the machine tool business by Nidec Machine Tool Corporation, which joined the NIDEC Group in August 2021. We hope to mutually exploit our group’s and OKK’s respective technological capability, brand power, and customer bases to contribute to the development of the machine tool market on a global scale. |
| 2) Funds for transaction | Own funds |
| 3) Period of payment | February 1, 2022 |
| 4) Number of Shares for the Purchase | 15,853,444 common shares |
| 5) Price of the Shares | 345.60 yen per share |
| 6) Amount of payment | Approximately 5.5 billion yen |

18. Authorization of condensed quarterly consolidated financial statements

NIDEC’s condensed quarterly consolidated financial statements were authorized for issue on February 10, 2022 by Jun Seki, Representative Director, President and Chief Executive Officer and Hidetoshi Yokota, Senior Vice President and Chief Financial Officer.

2. Other

On October 26, 2021, the Company’s Board of Directors resolved to pay cash dividends to shareholders as of September 30, 2021 as follows:

- (1) Total amount of dividends:¥17,574 million
- (2) Amount per share:¥30.00
- (3) Effective date of claim of payment and start date of payment:December 1, 2021

Part II Information on Guarantors, etc. for the Company

Not applicable.