



To Board of Directors
Takisawa Machine Tool Co., Ltd.



Supplementary Materials (Business explanation) for Letter of Intent

July 13th 2023

NIDEC Machinery and Automation Business Unit

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(Note) This is the supplementary materials for Letter of Intent dated July 13th 2023 prepared by NIDEC Machinery and Automation Business Unit. The contents are based on the publicly available information and our prospective. In this regard, please note Nidec is not responsible for the accuracy nor feasibility of any part of this material.

1. Nidec's business strategy

Nidec's Business Strategy and M&A

Strategy of machine tool business

- Nidec Group has decided to invest actively in machine tool business, which we believe to be "fundamental industry for manufacturing".
- Our goal is to be a leading comprehensive machine tool manufactures in the world.
- Nidec considers growth in both M&A, and organic as essential way to achieve our goal.
- Nidec has been finding and approaching potential target companies worldwide, with which there are potential business synergies for potential targets.

Key criteria

- Complementarity in product portfolio and markets between the target and our machine tool business
- Global diversification of sales, services, and production close to customers
- Scale-up to realize purchasing and production advantages

M&A transactions in machine tool business



| Company | Closing | Revenues (Public information) (Fiscal Year Ending) | Expected synergies |
|---|---------------|--|--|
| NIDEC MACHINE TOOL CORPORATION ("NMTJ" hereunder) | 2021 August | (2021/Mar) 23.1B JPY (2022/Mar) 26.6B JPY (2023/Mar) 36.6B JPY | <ul style="list-style-type: none"> •Strategy : Investment in machine tool business as fundamental industry for manufacturing •Sales/Technology/Production : Synergies with existing businesses such as gear box and press machines |
| NIDEC OKK CORPORATION ("NOKJ" hereunder) | 2022 February | (2021/Mar) 12.1B JPY (2022/Mar) 13.8B JPY (2023/Mar) 21.6B JPY | <ul style="list-style-type: none"> •Product : Combination of NOKJ machining centers with NMTJ 5- axis machining centers, Extension of line-up •Sales : Grow customer basis with Nidec's operation know-how and network •Technology : Development of new products by mutual collaboration •Production : Global optimization of the production, Investment to expand production capability |
| PAMA SpA | 2023 February | (2022/Dec) 135.6M EUR | <ul style="list-style-type: none"> •Sales : Cross-sale expanding sales in Asia, Europe and US with a wide product lineup; •Technology : Development of new products by mutual collaboration •Production : Global optimization of the production |

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2. Nidec's viewpoints of TAKISAWA

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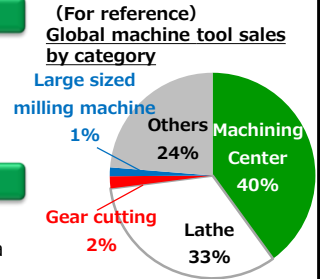
Complementarity in products and markets

Products

- Lathe : The product portfolio of the companies are significantly complementary, since Nidec does not manufacture lathes.
- Vertical machining centers : TAKISAWA's product line and revenue are limited, and does not conflict with Nidec's line up.

Markets

- Global market coverages of both companies are complementary, since Nidec is strong in Europe with PAMA and US with NMTJ subsidiary while TAKISAWA has a strong position with Taiwan and China.



Source : Nidec

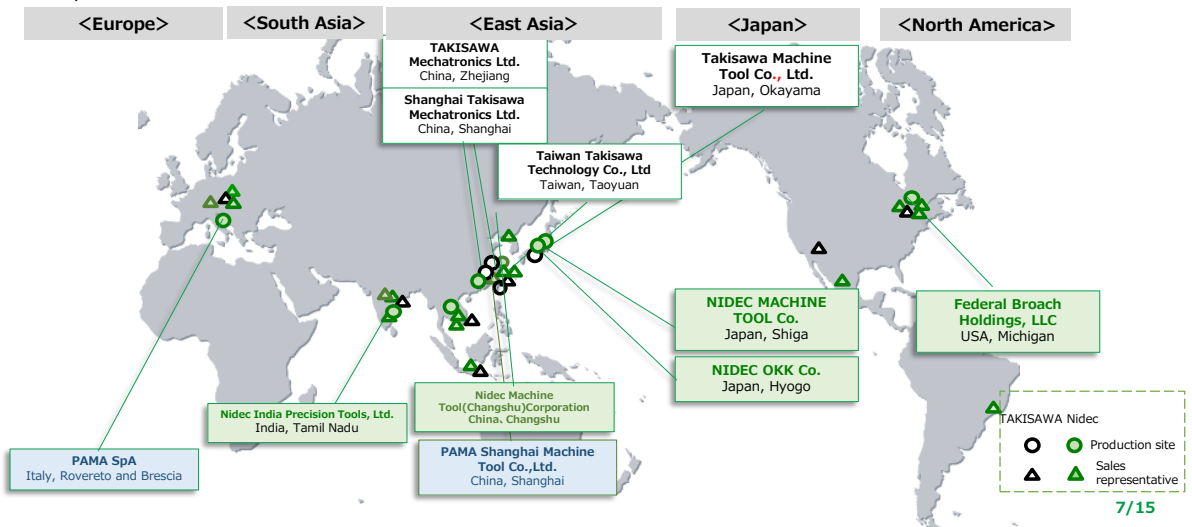
| Product/Market matrix | | Sales coverage (Major market) | | |
|-----------------------|--|-------------------------------|------------|------------------|
| | | China/Asia | Europe-US | Japan |
| Product | Lathe | TAKISAWA | (TAKISAWA) | TAKISAWA |
| | Machining Center (vertical) | (NOKJ) | (NOKJ) | NOKJ/ (TAKISAWA) |
| | Machining Center (horizontal) | (NOKJ) | (NOKJ) | NOKJ |
| | Special Purpose Machine (Milling, Gear cutting etc.) | (PAMA) | NMTJ PAMA | NTJ |

Complementary in products

Complementary in market

Global diversification of production

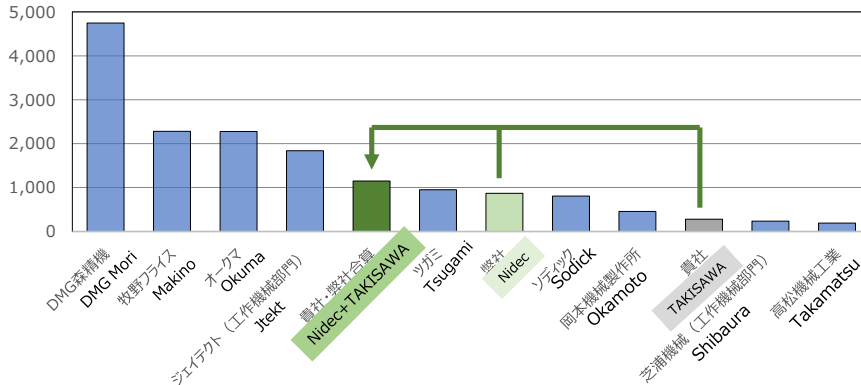
- With Nidec's global network, TAKISAWA will enjoy economies of scale and optimize production close to respective markets.



Scale-up of business

- Combined with Nidec’s business scale, the total revenues will be over 100 billion yen which enable TAKISAWA to pursue cost reductions in procurement and production, and improved maintenance service quality.

Revenues of the listed machine tool companies in Japan (100M JPN)



Source : Disclosure reports for FY2022
 Jtekt and Shibaura : only machine tool segment
 Nidec : combines figures of NMTJ/NOKJ/PAMA

Other Reasons

Common target customers

- TAKISAWA’s lathes and NOKJ’s machining centers have a common target customer base, which will enable the two companies to have quicker synergies like cross-selling, package offering, and more efficient sales/maintenance service than normal cases.

Geographic proximity of the production site

- With major production site in the proximity in China and Japan, Nidec is able to closely collaborate with TAKISAWA.

| | (TAKISAWA) | (Nidec subsidiaries) |
|---------|--------------------|--|
| Japan : | Okayama(Kurashiki) | Kyoto(Nagaoka-kyo)・Shiga(Ritto)・Hyogo(Itami) |
| China : | Shanghai | Pinghu |

PMI experiences for NOKJ acquisition

- TAKISAWA has similar background to NOKJ in terms of business scale, business model, history and shareholder composition. Nidec can utilize the PMI experience of the NOKJ facilitate cooperation with TAKISAWA

3. "Value Up24" Plan

Our Overall Findings

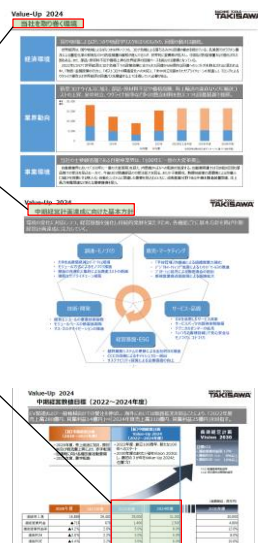
Business environment and basic strategies

- TAKISAWA's understandings in their business plan Value-Up 2024 are almost consistent with what Nidec sees in the current business environment.
- Also, the basic strategies in the said business plan seem reasonable and appropriate to improve the operation.

Accomplishment of financial targets

- On the other hand, TAKISAWA needs to improve the revenues by 11% and operating incomes by 4 points in the following two fiscal years, while they do not foresee the demand growth in the said period. Nidec considers it indispensable for TAKISAWA to have more materialized measures and resources from outside.
- In the following pages, expected synergies are described for each pending issues found in the Value-Up 2024.

<From Value-Up2024>



Expected synergies : Organization

Advantages by going private

- Task : Listing in the capital market has both aspects of the advantages and disadvantages. The latter includes the burdens of expenses and administrative workforce.
- Synergies with Nidec : By going private, TAKISAWA can reduce the administrative cost and workforce while enjoying advantages as a subsidiary of listed company.

Collaboration with Taiwanese subsidiary

- Task : Takisawa Technology Co., Ltd in Taiwan plays an important role in TAKISAWA group from financial and operative point of views.
- Synergies : Nidec expects to propose a new business strategy with its M&A expertise and business resources.

Expected synergies : Financing

Improvement of financing capabilities

- Task : Every measure described in the Value-Up2024 requires TAKISAWA to raise proper fund. However, machine tool companies tend to be conservative for capital expenditures due to the business volatilities. In receiving new credit from outside, TAKISAWA can be flexibly meet investment opportunities.
- Synergies : Though Nidec's group finance facility, TAKISAWA will smoothly raise fund for working capital and capital expenditures to install new production sites and/or sales offices at very competitive cost.

