



January 31, 2025

Makino Milling Machine Co., Ltd.
Mr. Shotaro Miyazaki, President, Director

Nidec Corporation
Mitsuya Kishida, President and Chief Executive Officer

Regarding the Letter of Inquiry Received From Makino

We have received a "Letter of Inquiry" dated January 28, 2025 (the "Letter of Inquiry") from your company. The answers to each of the questions contained in the Letter of Inquiry are as follows.

We will respond to each of your questions with sincerity so that your shareholders can make the right choice regarding the merits and terms of this transaction. However, we understand that in addition to this response, you may wish to obtain more detailed information, including non-public or confidential information about our company.

From this perspective, and subject to certain restrictions so as not to conflict with competition law regulations, we would like to meet with your management team to discuss ways to maximize corporate value and increase shareholder returns by mutually providing non-public and confidential information about your company and ours, and to further expand synergies generated through co-creation between the two companies. We strongly hope to meet with your management team to discuss ways to further expand the synergies generated by the co-creation of our companies from the perspective of maximizing corporate value and improving shareholder returns.

Please note that from the perspective of confidential information management between the two companies, the information to be provided to each other in the above-mentioned discussions will be kept private from the perspective of maximizing corporate value and improving shareholder returns. We would like to disclose the outline of the discussions to the extent and content necessary after consulting with your company from the perspective of ensuring transparency to your shareholders.

Note 1: Please note that the English translation of the parts of the questions by Makino Milling Machine Co., Ltd. are made for the reference purpose by Nidec Corporation, not by Makino Milling Machine Co., Ltd..

Note 2: "We" or "our company" shall mean herein Nidec Corporation.

Note 3: "You" or "your company" shall mean herein Makino Milling Machine Co., Ltd.

Note 1: For the purpose of this translation, the original Japanese words meaning “you” or “your company” used in the questions given by Makino Milling Machine Co., Ltd. (“Makino”) is translated into “Nidec”.

Note 2: For the purpose of this translation, the original Japanese words meaning “we” or “our company” used in the questions given by Makino is translated into “Makino”.

1. Outline of Nidec and the Proposal.

(1) Please provide the following information about Nidec

(a) Capital structure among Nidec group companies and business activities of each group company

Our answer:

Our group (as of March 31, 2024, consisting mainly of our company, 345 consolidated subsidiaries, and 4 affiliates accounted for by the equity method) is mainly engaged in the manufacture and sale of precision small motors, automotive products, home appliances, commercial and industrial products, equipment devices, electronic and optical components, and other products.

Product groups are classified based on similarities in product type, nature, manufacturing method, and sales method.

(1) Precision Small Motors-----	HDD motors, brushless motors, fan motors, vibration motors, brush motors, water cooling modules, motors for home appliances, etc.
(2) Automotive Products-----	Automotive motors, automotive components, traction systems for trucks, etc.
(3) Home Appliances, Commercial, and Industrial Applications-----	Motors for home appliances, commercial use, and industrial applications, as well as related products.
(4) Machinery-----	Industrial robots, card readers, inspection devices, press machines, gear reducers, machine tools, etc.
(5) Electronics and Optical Components----	Switches, sensors, lens units, camera shutters, etc.
(6) Other-----	Music boxes, services, etc.

The following table shows the position of our company and major consolidated subsidiaries in relation to the main products of our group.

Main Product Categories		Key Companies
Precision Small Motors	HDD Motors	Our company, Nidec (H.K.) Co., Ltd., Nidec Electronics (Thailand) Co., Ltd.
	Other Small Motors	Our company, Nidec (H.K.) Co., Ltd., Nidec Instruments Corporation, Nidec Motor (Dongguan) Corporation, Nidec Chaun-Choung Technology Corp., Nidec Vietnam Corporation, Nidec (Shanghai) International Trade Co., Ltd., Nidec Components Corporation, Nidec Advanced Motor Corporation, Nidec Precision Corporation
Automotive Products		Our company, Nidec (Shanghai) International Trade Co., Ltd., Nidec Automotive Motor (Zhejiang) Co., Ltd., Nidec GPM GmbH, Nidec Motor (Dalian) Limited, Nidec Automotive Motor Americas Corporation, Nidec Mobility Corporation, Nidec Powertrain System Corporation (Vietnam), Nidec Powertrain System Corporation, Nidec Motors & Actuators (Germany) GmbH, Nidec Motors & Actuators (Poland) Sp. z o.o.

Home Appliances, Commercial, and Industrial Applications	Nidec Holdings (USA) Corporation, Nidec ASI S.p.A., Nidec Control Techniques Limited, Leroy-Somer Holding, Nidec Global Appliance Brazil Corporation, Nidec Techno Motor Corporation, Nidec Techno Motor (Zhejiang) Co., Ltd.
Machinery	Nidec Instruments Corporation, Nidec Advanced Motor Technology Corporation, Nidec Minster Corporation, Nidec Machine Tools Corporation, Nidec Precision Corporation
Electronics and Optical Components	Nidec Instruments Corporation, Nidec Components Corporation, Nidec Precision Corporation
Other	Nidec Instruments Corporation, Nidec Global Service Corporation

The status of consolidated subsidiaries is as follows:

Name	Location	Capital or Investment	Main Business Activities	Ownership (%)	Relationship			
					Officers Dispatched	Financial Support	Primary Transactions	Other
Nidec (H.K.) Co., Ltd.	Hong Kong, China	HKD 2,352 thousand	Small Precision Motors	100	Yes		Sales of products of the Company	Note 1
Nidec (SHANGHAI) Co., Ltd.	Shanghai, China	CNY 1,655 thousand	Small Precision Motors, Automotive Products	100.0 (100.0)	Yes		Payment of commissions	
Nidec Motor Corporation	Missouri, U.S.A.	USD 1,402,316 thousand	Appliance, Commercial and Industrial Products	100.0 (100.0)	Yes		Receipt of royalties	
Nidec Global Appliance Brazil Ltda.	Santa Catarina, Brazil	BRL 1,275,243 thousand	Commercial and Industrial Products	100	Yes	Loan	Receipt of royalties	Note 1
Nidec Instruments Corporation	Shimosuwa-machi, Suwa-gun, Nagano	JPY 35,270 million	Small Precision Motors, Automotive Products, Machinery and Electronic Parts	100	Yes		Receipt of royalties	Note 1
Nidec Techno Motor Corporation	Obama, Fukui	JPY 2,500 million	Commercial and Industrial Products	100	Yes	Loan	Receipt of royalties	
Nidec Mobility Corporation	Komaki, Aichi	JPY 5,000 million	Automotive Products	100	Yes	Loan	Receipt of royalties	
Nidec Drive Technology Corporation	Muko, Kyoto	JPY 3,796 million	Machinery	100	Yes	Loan	Receipt of royalties	
Nidec Advance Technology Corporation	Muko, Kyoto	JPY 938 million	Machinery	100	Yes	Loan	Receipt of royalties	
Nidec Electronics (Thailand) Co., Ltd.	Pathumthani Province, Thailand	USD 231,657 thousand	Small Precision Motors	99.9	Yes		Supply of products to the Company, Receipt of royalties	Note 1
Nidec Chaun-Choung Technology Corp	New Taipei, Taiwan	TWD 863 million	Small Precision Motors	86.3	Yes	Loan		
Nidec Motor (Dongguan) Corporation	Dongguan, Guangdong, China	USD 23,000 thousand	Small Precision Motors	100.0 (37.5)	Yes		Supply of products to the Company, Receipt of royalties	
Nidec Vietnam Corporation	Ho Chi Minh, Vietnam	USD 11,000 thousand	Small Precision Motors	100	Yes		Supply of products to the Company, Receipt of royalties	Note 1
Nidec Automobile Motor (Zhejiang) Corporation	Pinghu, Zhejiang, China	USD 135,966 thousand	Automotive products	100.0 (9.9)	Yes		Supply of products to the Company, Receipt of royalties	Note 1
Nidec Motors & Actuators (Germany) GmbH	Baden-Württemberg, Germany	EUR 25 thousand	Automotive products	100	Yes		Supply of products to the Company, Receipt of royalties	Note 1
NIDEC GPM GmbH	Thüringen, Germany	EUR 294,273 thousand	Automotive products	100.0 (100.0)	Yes	Loan	Receipt of royalties	Note 1
Nidec Motor (Dalian) Ltd.	Dalian, Liaoning, China	USD 76,500 thousand	Automotive products	100	Yes		Supply of products to the Company, Receipt of royalties	Note 1
Nidec Automotive Motor Americas LLC	Michigan, U.S.A.	USD 0.01 thousand	Automotive products	100.0 (100.0)	Yes		Receipt of royalties	
Nidec Motors & Actuators (Poland), Sp.z.o.o	Niepolomice, Poland	PLN 45,769 thousand	Automotive products	100.0 (100.0)	Yes		Receipt of royalties	
Nidec ASI S.p.A.	Lombardia, Italy	EUR 17,429 thousand	Industrial products	100.0 (100.0)			Receipt of royalties	
Nidec Control Techniques Limited	Powys, England	USD 6,185 thousand	Appliance, Commercial and Industrial Products	100.0 (100.0)			Receipt of royalties	

Name	Location	Capital or Investment	Main Business Activities	Ownership (%)	Officers Dispatched	Financial Support	Primary Transactions	Other
Nidec Leroy-Somer Holding	Angoulême county, France	USD 39,060 thousand	Appliance, Commercial and Industrial Products	99.9 (99.9)	Yes		Receipt of royalties	
Nidec Techno Motor (Zhejiang) Co., Ltd.	Pinghu, Zhejiang, China	CNY 553,944 thousand	Appliance, Commercial and Industrial Products	100.0 (91.7)				
Nidec Minster Corporation	Ohio, U.S.A.	USD 687 thousand	Machinery	100.0 (100.0)				
Nidec Machine Tool Corporation	Ritto, Shiga	JPY 3,000 million	Machinery	100	Yes	Loan	Receipt of royalties	
Nidec Powertrain Systems (Zhejiang) Corporation	Pinghu, Zhejiang, China	CNY 432,657 thousand	Automotive products	100.0 (100.0)				
Nidec Components Corporation	Shinjuku-ku, Tokyo	JPY 2,362 million	Small Precision Motors, Electronic and Optical parts	100	Yes		Receipt of royalties	
Nidec Powertrain Systems Corporation	Zama, Kanagawa	JPY 5,087 million	Automotive products	100	Yes		Receipt of royalties	
Nidec Advanced Motor Corporation	Kiryu, Gunma	JPY 2,548 million	Small Precision Motors	100	Yes		Receipt of royalties	
Nidec Precision Corporation	Itabashi-ku, Tokyo	JPY 11,080 million	Small Precision Motors, Machinery, Electronic and Optical parts	100	Yes		Receipt of royalties	Note 1
Nidec Global Service Corporation	Minami-ku, Kyoto	JPY 109 million	Service	100.0 (70.2)	Yes	Loan		
Nidec Philippines Corporation	Province of Laguna, Philippines	USD 39,207 thousand	Small Precision Motors	99.9	Yes		Supply of products to the Company, Receipt of royalties	
Nidec Powertrain Systems (Vietnam) Co., Ltd.	Ho Chi Minh, Vietnam	JPY 4,105 million	Automotive products	100.0 (61.5)				
Guangzhou Nidec Auto Drive System Co., Ltd.	Guangzhou, Guangdong, China	CNY 600,000 thousand	Automotive products	51	Yes		Receipt of royalties	Note 1
Nidec OKK Corporation	Itami, Hyogo	JPY 9,023 million	Machinery	100.0 (100.0)	Yes		Receipt of royalties	Note 1
Nidec Seimitsu Motor (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	USD 7,000 thousand	Small Precision Motors	100.0 (100.0)	Yes		Supply of products to the Company	Note 1
Nidec Americas Holding Corporation	Missouri, U.S.A.	USD 1,629,996 thousand	Appliance, Commercial and Industrial products	100	Yes			Note 1

Notes

1. Companies that fall under the definition of a specified subsidiary or "Tokutei Kogaisha". Under the Financial Instruments and Exchange Act of Japan, a subsidiary corresponds to a "Tokutei Kogaisha" when the total amount of its net sales to or the total amount of its purchases from the parent company during the period corresponding to the most recent fiscal year of the parent company are 10% or more of the total amount of the parent company's purchases or the total amount of the parent company's net sales during the same period. Among the other companies, the company that falls under the specified subsidiary is as follows:
Nidec Europe B.V.
2. A number in the round brackets in the "% of voting rights interests" column shows the % of indirect voting interests, which is a part of the total voting interest.

(b) Details of investment policy and investment (M&A) activities over the past 10 years

Our Answer: Our M&A activities over the past 10 years are as follows. Please refer to our website for press releases on each of our acquisitions.

Year	Month	Acquired Company (Country)	Reference Press Release	Link
2015	February	Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt, (Germany)	Refer to the press release from December 12, 2014	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2014/1212-02/141212-02.pdf?rev=e167102c154e45f1a3e853f429d15c24&sc_lang=ja-JP
2015	May	Motortecnica s.r.l. (Italy)	Refer to the press release from May 19, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2015/0519-01/150519-01.pdf?rev=6e71bc723bbe458783091e564860c1a7&sc_lang=ja-JP
2015	July	China Tex Mechanical & Electrical Engineering SR Motor & Drive Business (China)	Refer to the press release from December 12, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2014/1212-03/2015-03.pdf?rev=5c05ed912664441f83eb34e842f050ee&sc_lang=ja-JP
2015	August	Arisa, S.A. (Spain)	Refer to the press release from August 25, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2015/0825-01/150825-01.pdf?rev=8c8d88ae72784099a3a6119e865f46b7&sc_lang=ja-JP
2015	August	KB Electronics, Inc.	Refer to the press release from September 2, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2015/0902-01/150902-01.pdf?rev=6f3fa735a8db4bb4b23ce2f252738913&sc_lang=ja-JP
2015	September	E.M.G. Elettromeccanica S.r.l. (Italy)	Refer to the press release from September 2, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2015/0902-02/150902-02.pdf?rev=9d02174713df4566ab3a6e83fd8ecc&sc_lang=ja-JP
2015	September	PT. NAGATA OPTO INDONESIA (Indonesia)	Refer to the press release from July 22, 2015	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2015/0722-04/150722-04.pdf?rev=0e569ca0753a4e5bb4f9ae094bf667d9&sc_lang=ja-JP
2016	May	E.C.E. S.r.l. (Italy)	Refer to the press release from May 23, 2016	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2016/0523-01/160523-01.pdf?rev=29f517e1135c4f04aef49bf7f89d6e1f&sc_lang=ja-JP
2016	May	ANA IMEP S.A. (Romania)	Refer to the press release from April 22, 2016	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2016/0422-01/160422-01.pdf?rev=2c24d074ea864fa18f002845bc68388c&sc_lang=ja-JP
2016	December	Canton Elevator, Inc.	Refer to the press release from December 6, 2016	www.nidec.com/-/media/www-nidec-com/corporate/news/2016/1206-01/161206-01.pdf?rev=9c09a3365e3f448ba7c1cc679b029934&sc_lang=ja-JP
2017	January	Emerson Electric Motor and generator business (France)	Refer to the press release from August 2, 2016	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2016/0802-02/160802-02.pdf?rev=7d2a73ad822349c0a9a117e34852d976&sc_lang=ja-JP
2017	January	Emerson Electric Drives Business (U.K.)	Refer to the press release from August 2, 2016	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2016/0802-02/160802-02.pdf?rev=7d2a73ad822349c0a9a117e34852d976&sc_lang=ja-JP
2017	March	Vamco International, Inc.	Refer to the press release from March 28, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/0328-01/170328-01.pdf?rev=9e1b995a17304f1290e42339bf0fb8f8&sc_lang=ja-JP
2017	July	LGB Elettropompe S.p.A., Italy	Refer to the press release from July 4, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/0704-01/170704-01.pdf?rev=3e49cbf4f997419993893a783e32f5f8&sc_lang=ja-JP

2017	July	Secop Group (Germany)	Refer to the press release from April 25, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/0425-01/170425-01.pdf?rev=c540585c97db40dda022a21b66b3745f&sc_lang=ja-JP
2017	October	Tokyo Maruzen Industry Co.	Refer to the press release from August 9, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/0809-02/170809-02.pdf?rev=d8e46cedc445407eb676bb122dcb1831&sc_lang=ja-JP
2017	October	SV Probe Pte Ltd (Singapore)	Refer to the press release from August 21, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/0821-02/170821-02.pdf?rev=e4219eafc60a4aa1a26912c42449c94b&sc_lang=ja-JP
2017	November	Drive Expert GmbH (Germany)	Refer to the press release from December 1, 2017	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2017/1201-01/171201-01.pdf?rev=0b080fc7bad24451b475397f1fd37ca6&sc_lang=ja-JP
2018	April	Genmark Corporation (U.S.A.)	Refer to the press release from April 24, 2018	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2018/0424-04/180424-04.pdf?rev=e4fdc75ff3ab42eaa58d45e30a34a077&sc_lang=ja-JP
2018	July	Cima S.p.A. (Italy)	Refer to the press release from July 3, 2018	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2018/0703-01/180703-01.pdf?rev=0b31c457557b48aca7d5ecb6b5074d86&sc_lang=ja-JP
2018	August	MS Glessner GmbH (Germany)	Refer to the press release from September 3, 2018	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2018/0903-01/180903-01.pdf?rev=c5c423b0dc6c4c5f8bd5d8a03528765a&sc_lang=ja-JP
2018	November	CCI Corporation (Taiwan)	Refer to the press release from October 1, 2018	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2018/1001-01/181001-01.pdf?rev=f3854f6b28504aef82e38915e5a69e7a&sc_lang=ja-JP
2019	February	SYS (Germany)	Refer to the press release from February 5, 2019	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2019/0205-01/190205-01.pdf?rev=4727c937cc8341b793a27a05380aa6ee&sc_lang=ja-JP
2019	March	Desch GmbH (Germany)	Refer to the press release from February 1, 2019	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2019/0201-01/190201-01.pdf?rev=52b0abaae934fa589139631d45b84ee&sc_lang=ja-JP
2019	July	Whirlpool Corporation, U.S.A. Compressor business (Brazil)	Refer to the press release from April 24, 2018	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2018/0424-03/180424-03.pdf?rev=dcaad698fe844085bdadcef228b290e5&sc_lang=ja-JP
2019	October	Omron Automotive Electronics Co.	Refer to the press release from April 16, 2019	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2019/0416-01/190416-01.pdf?rev=b1da1caa60b54ab69476088976d1b30d&sc_lang=ja-JP
2019	November	Robotech Corporation (U.S.A.)	Refer to the press release from December 4, 2019	https://www.nidec.com/-/media/www-nidec-com/ir/news/2019/1204-01/191204-01.pdf?rev=10683882d95541519372ca725a5aa396&sc_lang=ja-JP
Year 2021	August	Mitsubishi Heavy Industries Machine Tools	Refer to the press release from February 5, 2021	https://www.nidec.com/-/media/www-nidec-com/ir/news/2021/0205-01/210205-01.pdf?rev=89e8e2d68f954beea7a48469749a1658&sc_lang=ja-JP
Year 2022	February	OKK	Refer to the press release from November 18, 2021	https://www.nidec.com/-/media/www-nidec-com/ir/news/2021/1118-01/211118-01.pdf?rev=121a267e6196430d983aee554b1b4748&sc_lang=ja-JP
Year 2023	February	PAMA (Italy)	Refer to the press release from November 30, 2022	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2022/1130-01/221130-01.pdf?rev=e2c255dff727431d930d0a64e4beab33&sc_lang=ja-JP
Year 2023	March	Midori Precisions	Refer to the press release from March 15, 2023	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2023/0315-01/230315-

				01.pdf?rev=06f856a8a0574878b601151607d37517&sc_lang=ja-JP
Year 2023	July	Homa Corporation (U.S.A.)	Refer to the press release from July 4, 2023	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2023/0704-01/230704-01.pdf?rev=f9ae403018e34f19ab1dd5ef422460d0&sc_lang=ja-JP
Year 2023	August	Automatic Feed and two related companies (U.S.A.)	Refer to the press release from August 2, 2023	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2023/0802-01/230802-01.pdf?rev=83a812a5d061430b84a0999bc266f84d&sc_lang=ja-JP
Year 2023	November	TAKISAWA	Refer to the press release from July 13, 2023	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2023/0713-01/230713-01.pdf?rev=8a29661706974025b71b8c1aa94315e2&sc_lang=ja-JP
Year 2024	October	Linear Transfer Automation Inc. and two affiliates (Canada)	Refer to the press release from October 1, 2024	https://www.nidec.com/-/media/www-nidec-com/corporate/news/2024/1001-01/241001-01.pdf?rev=6476281e551046478fbeb756e7c3501c&sc_lang=ja-JP

(c) Whether or not Nidec falls under the category of a foreign investor and the information on which Nidec relies.

Our answer:

We have determined that our company does not qualify as a foreign investor under the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "FEFTA"). The basis for this determination is that, as evidenced by our current Certificate of All Matters and other disclosed information, our company does not fall under any of the following categories specified in Article 26, Paragraph 1 of the FEFTA: (i) individuals who are non-residents (Item 1); (ii) foreign corporations or organizations (Item 2); (iii) specified partnerships, etc. (Item 4); or (iv) Japanese corporations or other entities in which non-resident individuals constitute the majority of officers or officers with representative authority (Item 5). Additionally, as indicated in our most recent Annual Report, the total shareholding ratio of foreign corporations and similar entities remains at 26.56%, demonstrating a low level of foreign ownership. Furthermore, as of the latest shareholder registry (as of the end of September 2024), the total shareholding ratio of domestic shareholders—including domestic individuals, domestic corporations, and domestic financial institutions—well exceeds 50%. The descriptions in the same Annual Report, Semi-Annual Reports, large shareholding reports, and other disclosure documents are consistent with the fact that our company does not fall under the definition of a resident foreign investor as stipulated in Article 26, Paragraph 1, Item 3 of the FEFTA, which applies to companies in which non-resident individuals or foreign corporations directly or indirectly hold 50% or more of the voting rights.

- (2) Please provide specific details regarding the number of shares of Makino held by Nidec and its group companies (including shares effectively held through equity swaps and other derivatives; hereinafter referred to as "Held Shares"), as well as the following information: If any of the Held Shares are effectively held through equity swaps or other derivatives, please specify the number of such shares, details of the relevant derivatives, the counterparties and other involved parties in such derivative contracts, the number of shares among the Held Shares that have been pledged as collateral, details of the entities holding such security interests, and the trading activity involving Held Shares conducted by Nidec and its group companies in the last 60 days.

Our answer:

In January 2025, we acquired one unit (100 shares) of your company's stock, which is the minimum required for requesting a shareholder register.

- (3) Please provide specific details regarding the method of financing for the TOB and subsequent squeeze-out, the existence and content of any conditions for the execution of funding, the likelihood of such conditions being met, the existence and content of any collateral or covenants after the funding is provided, and the details of related transactions.

Our Answer:

The funds for this transaction will be covered using our available internal cash reserves.

2. Synergies Envisioned in This Proposal

Our Answer (General Remark):

To achieve sustainable corporate growth, we believe it is essential to continuously develop new products, adopt new technologies, and expand into new markets and customer bases, while also maintaining strong relationships with existing customers. When the development of necessary new technologies and products, as well as the expansion into new markets, would require significant time and cost using only our own internal resources—including technical know-how—we have pursued these goals through mergers and acquisitions.

In order to build a robust machinery manufacturing group that remains ahead of the rising competition from machinery manufacturers in Asia and other regions, we consider the realization of synergies between the resources of your company and ours to be highly effective.

A key characteristic of our M&A strategy is our commitment to allowing the management of the acquired company to continue leading its operations to the greatest extent possible—including not only the Japanese headquarters but also key overseas subsidiaries. Our approach respects the acquired company's strong technological capabilities and customer base (such as your company's expertise in the mold industry). We prioritize open communication with the executives and employees of the acquired company to collaboratively realize synergies.

In the words of our founder Shigenobu Nagamori:

"A business leader is someone who speaks of dreams and turns them into reality."

We, the executives of Nidec, share such spirit. We would like to talk with you and realize our dream of creating a world-class machine manufacturer that can achieve sustainable growth by realizing synergies between our two companies.

(1) Complementarity of Products and Technologies

- (a) In the Letter of Intent, Nidec states that "Nidec will complement Makino's processing technologies by expanding the proposals to customers by utilizing Nidec's expertise in the fields of gear machining and large parts machining" as synergies related to "complementary products and technologies".

However, Makino believes that it is not clear how "Nidec's expertise in the field of gear machining and large parts machining" specifically complements



Makino's machining technology. Nidec also states that "Nidec's core products, such as gear cutting machines, double-column 5-face milling machines, and horizontal boring machines ... have a business style of providing solutions based on processing technology ... and are highly compatible with Makino's business development based on processing technology". However, Makino believes that it is not clear what kind of end products Nidec is referring to and how the processing technology related to Nidec's main products can complement Makino's processing technology.

Makino believes that synergies cannot be generated in case where both companies simply have "business development based on processing technology", and the affinity between the two companies' business development will only come into play when both companies have products that can utilize their processing technologies. Nidec's products, such as gear cutting machines and large parts machines, are designed for special processing and heavy cutting at low speed for heavy industries, while Makino's machines are designed for high speed, high precision, and high quality, and Makino's machining technology is specialized for Makino's unique machine structure. Therefore, although Nidec's product and Makino's product share some similarities in terms of "machines with processing technology," there are many differences in terms of the processing technology required, and Makino is not certain at this time to what extent there is an affinity between the two companies.

In addition, automation and the ability to expand into the peripheral equipment business have been important factors in the direction of value-added software development within the machine tool industry. However, it is unclear whether these factors are included in Nidec's machining technology and solution-providing capabilities based on that technology, and whether they align with the technological standards of Makino's products or the way Makino's customers use them.

Based on the above perspectives, please explain in detail the synergies resulting from the mutual utilization of Nidec's and Makino's processing technologies that will result from this Transaction.

Our Answer:

We believe that synergy is the creation of new added value by combining different products and services without being satisfied with existing areas. We believe that combining your high-speed, high-precision, and high-grade products with our high-rigidity and heavy-duty cutting products, and your advanced machining technology with our turning, gear machining, and large parts machining technology will open up the possibility of creating new business as a one-stop solution.

- (b) In the Letter of Intent, as synergies related to “complementary products and technologies”, Nidec mentioned that by combining Nidec's “turning, gear machining, and large parts” processing technologies with Makino's “products and processing technologies, “the parties will be able to create advanced composite processing technologies, products, and know-how and provide them to the market”. However, Makino believes that the customer bases of Nidec's and Makino's are different, as many of Makino's customers purchase machine tools that require high speed, high precision, and high quality using Makino's proprietary technologies, while many of Nidec's customers purchase machine tools that can meet many demands with more general-purpose technologies. Therefore, even if Makino could “create advanced composite technologies, products, and know-how” by combining Makino's “products and processing technologies” with Nidec's “turning, gear machining, and large parts processing technologies,” it is expected to require considerable technological development and time.

Based on the above circumstances, please reconsider whether this Transaction will generate the synergies described above, and if so, please explain the reasons in detail.

Our Answer:

As mentioned above, we believe that synergy is the creation of new added value by combining different products and services without being satisfied with existing areas. We believe that sharing the needs of the customers between you and us will increase business opportunities for both of us, and that sharing existing resources will enable both of us to provide value to the customers more widely and more quickly than would take time for an individual company to do so on its own.

- (c) Makino’s machine tools achieve quality by precisely matching the elemental technologies of machine design, control, software, etc. The synergy that Nidec claims regarding “complementary nature of products and technologies” seems to assume that these elemental technologies have modularity and assume that these elemental technologies can be easily exchanged among the groups. However, Makino has been providing Makino’s customers with high added value through the development of products that often require precise matching between each elemental technology, and Makino is concerned that if Makino emphasizes modularity, Makino’s added value will not be realized and Makino will not be able to meet the required level of Makino’s customers. In light of Makino’s concerns, please reconsider whether Makino’s machine tools will generate synergy within Nidec group, and if so, please explain the reasons in detail.

Our Answer:

We recognize that modularization (see note) is one of the necessary means to speedily respond to more diversified customer needs. However, we do not “assume that these elemental technologies can be easily exchanged between the groups” at the expense of quality. We believe that there are cases in which we may need to reconcile the application of the technology to the actual product. Our first priority is to solve our customers' problems, and we believe that by creating an environment in which both companies can access a variety of elemental technologies, we will be able to meet the needs of more customers.

(Note) Modularization: A method of designing and combining machine tool components as independent units to flexibly and quickly meet individual customer requirements.

- (d) Makino has continued to respond steadily and carefully to the unique requirements of each of Makino’s customers and have improved the quality of Makino’s products by continuing to innovate Makino’s own products. On the other hand, with respect to Nidec’s goal of this Transaction, during the meeting (the “Interview”) held on Friday, January 17, 2025 between Makino’s special committee and 6 members including the executive vice president, first senior vice president of Nidec and executive officers of Nidec Machine Tool Corporation (“Nidec Machine Tool”) and Nidec OKK Corporation (“Nidec OKK”), which are Nidec’s subsidiaries, Makino has heard that Nidec stated the it is “to ensure profitability through expansion of scale”. Please explain in detail whether Makino’s philosophy above can be maintained within Nidec’s group, which pursues the scale of its machine tool business, and if yes, in what ways Nidec expects synergies to be generated.

Our Answer:

We fully understand your philosophy of improving quality through steady and careful response to customer-specific requests and continuous innovation of your

products, and this philosophy will continue unimpaired within our group. We recognize the importance of course of providing products and technologies that only you can offer, based on your highly specialized technology.

(2) Complementarity of production

- (a) In the Letter of Intent, as the synergies related to “production complementarity”, Nidec has given the point that “complementarity of production bases worldwide will be established, including the bases in China and India where both companies have production bases, as well as Nidec’s base in Singapore, which enables rapid business development by utilizing existing bases, and joint implementation not limited to production but also services, purchasing, recruitment and training of technical personnel, etc.” However, two of Makino’s three bases in Asia (China, India and Singapore) overlap with Nidec’s bases. Based on this factual situation, please explain in detail to what extent Nidec thinks there are advantages by establishing “complementarity of production bases worldwide” and to what extent these advantages outweigh the disadvantages of reduced management efficiency due to the overlap of production bases. Please also explain the management policies of the two companies' bases in the overlapping regions.

Our Answer:

We recognize that having production sites in the same country does not necessarily mean duplication. As for a vast country like China, the U.S., or India, there is a need to have multiple locations. We do not have the idea of integrating your already existing manufacturing sites in Japan, China, and Asia into our group's factories. We would like to have constructive discussions with you on where the parties can share each other’s resources to produce the best products for the market in the best locations. For example, if the discussions between the two companies lead to the conclusion that you should have a manufacturing base in Europe or the Americas in the future, we believe that we would be able to assist you by utilizing the Nidec Group's local bases (utilization of owned sites, support for finding non-owned sites, support for recruitment, support for finding suppliers, etc.).

- (b) In this Letter of Intent, Nidec states that “in addition to the machine tool business, Nidec also has overseas offices throughout the world and can provide support not only in production but also in the areas of finance, accounting, general affairs, human resources, etc.” How will Nidec’s overseas offices outside of the machine tool business contribute to Makino’s production? Please explain in detail how Nidec’s overseas bases other than the machine tool business will contribute to Makino’s production.

Our Answer:

For example, assuming that a new manufacturing base is to be established, the time from the investment decision to the start of production can be shortened if one of these has already been established in terms of “securing personnel, procurement, building good relationships with the local government, etc.”.

- (c) While Nidec has stated in the Letter of Intent that “the utilization of existing bases will enable rapid business development”, as Nidec is aware, the localization of production depends on whether or not a supply chain suited to the final product can be established in that region. In addition, the equipment procured will vary greatly depending on the aim, use, processing content and quality level of the final product, which is a machine tool, and the supply chain will become more complex as the lineup of machines available at a single base increases. For this reason, Makino believes that the machine tool business is a business that is difficult to streamline simply by utilizing existing bases and sharing factories, but please explain in detail how Nidec expects to “enable rapid business development” by “the utilization of existing bases“.

Our Answer:

As stated in our answer to (b) above, when setting up a new manufacturing base, the time from the investment decision to the start of production can be shortened if one of the parties has already entered the market ,in terms of “securing personnel, procurement, building good relationships with the local government, etc.” perspective.

In addition, business opportunities will be expanded through the coordinated use of the sales and service networks and procurement networks of the two companies.

- (d) Makino has established a production system specialized in specific product groups, such as machining centers, because Makino places the greatest importance on understanding the needs of each customer in depth and maintaining the expected quality. Therefore, Makino believes that expanding the scope of manufacturing and bases may lead to a decline in organizational strength and quality, as each person will need to handle many product groups, which will result in a decrease in each person's skills and understanding of the products, and a decrease in reliability. Please explain Nidec’s view on this point in detail.

Our Answer:

While we have established a production system that specializes in certain product groups in many areas of our machinery business as well, there may be advantages to manufacturing parts for our machining centers, horizontal boring machines, and 5-face milling machines near your production facilities. After you join our group, we will discuss this matter with the people in charge at you.

We would like to discuss with you individually and specifically about the diversification and addition of geographic markets to be targeted, such as expanding growth by manufacturing and selling your products in the large markets of Europe and the Americas in the future (local production for local consumption), etc.

- (e) In the Letter of Intent, as a synergy related to “complementarity of production”, Nidec has given the point that “it will be possible to realize joint

purchasing that utilizes our European subsidiary Pama's purchasing routes... for the procurement of European-made NC devices and other parts and units, etc., as well as... utilizing production bases around the world”. Although one example of a jointly purchased product mentioned in this context is a European-made NC device, it is not easy to implement a manufacturer's NC device for the first time in Makino’s products, and even if joint purchasing is achieved, synergy cannot be generated if it cannot be implemented. The affinity between NC devices, NC motors and machine tools is extremely important, and they are important devices that determine the processing performance of machine tools. Therefore, the control technology Makino currently uses to control the NC is a technology that the NC manufacturer and Makino has developed over many years as partners, and it is a technology that determines the processing performance of the machine tool, including speed (jerk, acceleration), positioning accuracy, and vibration suppression. If Nidec were to replace such NC devices with European-made NC devices, the affinity between the NC devices and NC motors and the machine tools would decrease, resulting in a drop in the overall performance of the machine tools. To bring the performance up to the same level as it is now, it would be necessary to spend many years on development. In addition, at this point in time, Makino does not have sufficient information about what key components Nidec is considering for joint purchasing and what product standards are required for these components, and it is not clear whether the required standards for key components are the same for both Nidec and Makino, so Makino believes it is difficult to judge whether joint purchasing is possible at this point in time. In addition, as stated in (1)(b) above, given that the products manufactured by Nidec and Makino are qualitatively different, it is thought that the parts that can be shared are extremely limited. Based on the above assumptions, please explain the specific reasons why the “Pama Company's purchasing route” should be used in particular.

Our Answer:

We can also utilize the purchasing capabilities of our local production company, PAMA, which celebrates its 100th anniversary next year, to procure additional equipment and functionality needed for our European customer base. It is not our intention to change the specifications of your existing products.

- (f) Makino is concerned that changing important control devices for machine tools, such as NC machines made in Europe, will not only cause a loss of reliability and convenience for Makino’s customers, such as die/mold users, aircraft users, and medical-related users, which Makino has built up over the years, but will also require a new manufacturing process certification, which will likely lead to a loss of repeat order opportunities. In addition, with regard to core components required to produce high-speed, high-precision, and high-grade machine tools, Makino has exchanged delivery specifications filled with Makino’s know-how with suppliers with whom Makino has long-term

business relationships to ensure the reliability of our products, and therefore, Makino does not believe this is suitable for promoting joint purchasing aimed at volume discounts. Therefore, it is not suitable for the promotion of joint purchasing aiming at volume discounting. In light of the above circumstances, please reconsider whether joint purchasing by Nidec and Makino will generate synergies in Makino's machine tool business, and if so, please explain the reasons in detail.

Our Answer:

There is no intention to change NC equipment to European made. That was shown merely as an example of how to lower the barriers to entering new regions and markets.

- (g) In case where Makino uses Nidec's products with regard to high-voltage panels, etc. to be installed in Makino's products, Although Makino understands that many of them are made in China, in the US space and defense industries, which Makino specializes in, there are cases where the use of machinery that uses Chinese-made printed circuit boards and electrical components is prohibited for reasons of US national security. Therefore, Makino is concerned that joint purchasing of these parts may be difficult. In light of the said situation, please reconsider whether joint purchasing by Nidec and Makino will generate synergy in Makino's machine tool business, and if so, please explain the reasons in detail.

Our Answer:

Your understanding that many of our products are made in China is not correct. It is not our intention to ask you to purchase everything jointly either. We would like to exchange information with each other on parts, raw materials, etc. that can be purchased jointly. Of course, our group strictly manages and complies with the regulations required for security in each country and region.

- (h) During the Interview, regarding Nidec's suppliers after the Transaction, Nidec stated that "Makino has many suppliers nearby and that they may be concerned. Let us discuss this point. Nidec shall discuss each one of them and take the best one. (Note: Other companies within Makino group) may quit, and transit to Makino. Depending on what is happening in reality, sales of both OKK and Machine Tool, as well as their strong suppliers, have increased dramatically. The reason why is because we do more of it. ... Profit is also getting better." Makino understood Nidec's explanation to mean that after the Transaction, Makino will focus on the areas where we have strengths compared to other companies in Nidec group, and as a result, the volume of transactions with suppliers in those areas will increase, while the volume of transactions with suppliers in areas other than those areas will decrease. Please let us know whether Makino's understanding is correct.

Our Answer:

The part of our explanation that you pointed out is that by sharing the best suppliers from both companies, we can support your purchasing activities to make them more advantageous for your company. We believe this will lead to higher customer satisfaction. In addition, we had a meeting with the members of the special committee on January 17, but since the length of the meeting was specified in advance as a maximum of one hour, we believe that we were not able to provide a sufficient explanation, and furthermore, we believe that we were not able to confirm how your company understood the situation. We will explain our position sincerely so that you can understand our company's way of thinking to your Questionnaire, but we also need to take confidential information into consideration, and we would appreciate the opportunity to meet with your management directly and more frequently to exchange ideas and gain mutual understanding.

(Note: In your questionnaire, (2)(h) is followed by (J), but I understand that (i) is a missing number.

- (j) During the Interview, regarding the companies Nidec acquired, Nidec stated that "In some cases, the human resources department and all of the organization will generally remain as they are. In most cases, purchasing department and other departments will also remain, and in most cases, sales department will also remain. It costs money, but Nidec takes it as such." This explanation does not seem to be consistent with the statement in the Letter of Intent that "it will be possible to concentrate Nidec management resources on the expansion of overseas business."

Our Answer:

It seems that you have referred to only a part of our conversation, but the point we wanted to make is that we believe that, from a medium- to long-term perspective, it is our principle to let the management of acquired companies make their own day-to-day business decisions, and that independent management of each company will lead to the development of leading new products and daily efforts to improve management. We strongly hope that we will have the opportunity to meet with your management team, including the special committee, more frequently, not only to reiterate our views, but also to discuss business strategies for both companies.

- (3) Complementarity of sales network and services
- (a) In the Letter of Intent, Nidec has mentioned the synergy regarding "complementarity of sales network and services" in terms of "the ability to expand Nidec's sales and service network more efficiently than Nidec can do alone by integrating and effectively utilizing the sales and service networks of both companies, including joint purchasing, joint sales, and complementary support systems, etc." and "the ability to expand market coverage by effectively utilizing both the sales and service networks based on Makino's

group companies and Nidec's sales and service network." However, Makino believes that these statements alone do not provide sufficient information for Makino to consider the synergies.

In other words, cooperation between Nidec and Makino's distributors is indispensable in sales, and synergies cannot be realized without the understanding of Makino's distributors. In addition, Makino is also concerned about whether Nidec group has sufficient service personnel to improve the ratio of revenue from after-sales parts and service for Makino's machine tools, and whether Nidec group's human resources can provide after-sales service for Makino's products in a situation where Nidec and Makino have different products and sales partners, and therefore different service content. It is not clear whether the service personnel of the two companies can be mutually utilized.

In addition, Makino has established Makino's own strict export control system for machine tools. It is not clear how Nidec's export control system is organized, and at this point, Makino does not believe that Makino can effectively utilize the sales networks of both companies.

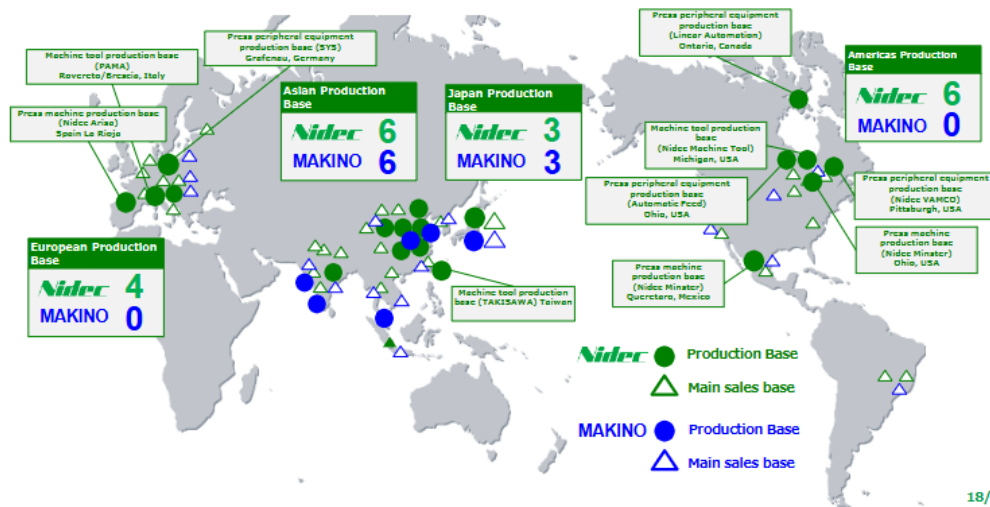
Based on the above perspectives, please explain in detail in what manner Nidec will "integrate and effectively utilize the sales and service networks of the two companies, including joint purchasing, joint sales, and complementary support systems".

Our Answer:

It is our intention that our resources will be available to you as you expand your new sales network. Please refer to page 18 of our December 27, 2024 Letter of Intent Supplement¹ (see chart below) regarding the complementary nature of the locations.

¹ https://www.nidec.com/-/media/www-nidec-com/corporate/news/2025/0123-01/250123-01e.pdf?rev=93a9ebfa45a540f681873a13e0fe0c12&sc_lang=en-US

Makino and our machine business (machine tools and press) base



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We would like to exchange information and discuss regarding the distributor to obtain cooperation from them. We have also established a strict export control system in accordance with the guidelines of the Ministry of Economy, Trade and Industry (METI) for overseas sales.

- (b) Although Nidec states to "integrate and effectively utilize the sales and service networks of both companies," with respect to sales, it is necessary to fully understand the product concept of Nidec and to consider strategies and tactics for Nidec's activities. However, as stated in (1)(b) above, since the products manufactured by Makino and Nidec are qualitatively different, the product concepts are different, and Makino believes that it would be difficult to sell Makino's products in the market using the same sales and service network. In light of these circumstances, please reexamine whether it is possible to create synergies by "integrating and effectively utilizing the sales and service networks of both companies" through the Transaction, and if so, please explain in detail why Nidec believes it is possible.

Our Answer:

Please refer to our answer to (a) above. We believe that by utilizing our resources, it will be possible to collect detailed market information, and in the future, it will be possible to develop sales and service activities that match the strategies of both companies by using the resources of both companies as a starting point.

- (c) In the Letter of Intent, Nidec stated the "possibility of increasing sales opportunities" by "utilizing Nidec's sales network to existing customers in IT, OA, consumer electronics, industrial, commercial, automotive, aerospace, etc." as a synergy related to "complementary sales network and services". Please tell Makino specifically which of Makino's products Nidec expects to increase Makino's sales opportunities by "utilizing Makino's sales network to existing customers in IT, OA, consumer electronics, industrial, commercial, automotive, aerospace, etc.". In addition, given the wide variety of customers

and products handled by Nidec's group, Makino assumes that there are many competitors, not only within the machine tool industry. Please tell Makino whether or not there have been cases in the past where such competitors have refrained from purchasing machine tools from machine tool manufacturers that were acquired by Nidec and became part of Nidec group, and if so, the number of such cases and any decrease in sales of those machine tool manufacturers as a result.

Our Answer:

Our business uses a wide range of machine tools such as machining centers, so we believe that there is potential to utilize your products. We have made our best efforts to propose our products to our potential competitors so that they will adopt our products, and as a result, our sales have increased.

- (d) Makino understands that Nidec has explained to Makino in the Interview that "if Makino joins Nidec group, the services of OKK, TAKISAWA, PAMA, Drive Technology, Machine Tool, and Makino will combine." Makino has been highly evaluated by Makino's customers for Makino's after-sales service. Please explain in detail the benefits that Makino and Makino's customers will receive from the "combination" of Makino's services and Nidec group's services.

Our Answer:

We believe that there are areas where we are strong and areas where we are weak, and areas where you are strong and areas where you are weak, and that by effectively utilizing and complementing the bases of both companies, we will be able to provide prompt service.

- (e) As described in (1)(a) above, while Makino mainly manufacture machine tools that require high speed, high precision, and high quality using its proprietary technology, Nidec manufactures machine tools that can meet many demands using more general-purpose technology. Therefore, Makino believes that it will take a considerable amount of time for Nidec group to acquire the skills to repair Makino's products. Also, unlike general consumer products, machine tools can only be serviced for 10, 20, or 30 years before a relationship of trust can be established with the customers. Therefore, if the number of machines to be serviced increases, there is concern that the quality of service will deteriorate due to a lack of sufficient technical expertise, which in turn will damage the trust of customers on a 10-, 20-, or 30-year basis. Based on the above circumstances, please reexamine whether Nidec believes that the Transaction will generate synergies in Makino's services, and if so, please explain in detail why.

Our Answer:

We believe that highly specialized operations need to be handled by service

personnel with sufficient skills. As stated in (d) above, we believe that by effectively utilizing and complementing the bases of both companies, it will be possible to provide prompt services. We would like to discuss and support you to implement the necessary measures to expand service business.

- (f) In addition, although various machines are listed on the "Machine Tools" page of Nidec website, the companies handling each machine and the contact information for inquiries are divided among Nidec Machine Tools, TAKISAWA Corporation ("TAKISAWA") and Nidec OKK, which seems to make it impossible for customers to make at a one-stop shop. In light of this, Makino feels that what Nidec is stating about "integration and effective utilization of the sales and service network" is not necessarily true in reality. Please explain in detail how Nidec intends to "integrate and effectively utilize the sales and service network" and provide better services to customers after the Transaction.

Our Answer:

Inquiries to any of our group companies, wherever such inquiry may be directed to, will be handled appropriately according to the nature of the inquiry. After you join our group, we recognize "one-stop" as being able to provide a wider range of proposals and answers to the customers' needs for products and services beyond your current product range, which includes our products and services as well.

(4) Organizational structure and financing

- (a) In the Letter of Intent, as synergies related to "organizational structure and financing," Nidec states that it will be easier to "consider and realize development and expansion of production bases, etc. that require large amounts of funds" by "utilizing Makino's financing capabilities with sales of over 2 trillion yen." However, Makino's primary goal is not to become "the world's leading comprehensive machine tool manufacturer," but rather to meet the needs of Makino's customers by focusing on the development of products with "high speed, high precision, and high quality" while steadily addressing their problems. Therefore, at this point, Makino has no plans for "development and expansion of product bases, etc. that requires large amounts of funds." Nidec also points out that machine tool manufacturers are in an "environment where they have no choice but to curtail investments necessary for sustainable growth," but Makino has continued to independently make necessary and sufficient investments for growth since our establishment. In Makino's "Targets for FY2027," Makino has announced that Makino will invest in growth in production facilities and technical centers, including new plants in Japan and overseas, DX investments to improve operational efficiency, and environmental investments to reduce greenhouse gas (GHG) emissions, etc. This will not require the procurement of a large amount of funds, as Makino plans to use the cash generated by

improving profitability by improving the cash conversion cycle (CCC), reducing policy shareholdings, and utilizing interest-bearing debt. Therefore, Makino believes that the point where "consider and realize development and expansion of production bases, etc. that require large amounts of funds" will become easier is not an effective synergy. Makino would like to know Nidec's view on this point (if Nidec has any specific plans for development and expansion of production bases, etc. that require large amounts of funds, please include details).

Our Answer:

Our definition of investment is not limited to R&D and factory construction, but also includes hiring and training of human resources and M&A. By investing large amounts of funds, it is possible to establish R&D and production bases in a short period of time and to acquire technologies through M&A. We believe that it is necessary to advance speedily to develop R&D and production bases in order to compete with overseas competitors such as those in China. In doing so, flexible and prompt financing will become even more important.

- (b) In the Letter of Intent, Nidec states that "reduction of listing maintenance costs and workload and acceleration of management decision-making by Nidec alone" as synergies related to "organizational structure and financing". In this regard, first of all, with regard to (i) "reduction of listing maintenance costs and workload...", please explain in detail what specific workload will be reduced by Makino's joining Nidec group, and (ii) for what reason "acceleration of management decision-making" will become possible. Please explain in detail.

Our Answer: The various workloads associated with listing will be reduced, and costs, including outsourcing, will be reduced. Specifically, it will allow management and administrative resources for disclosure operations such as preparation of financial statements and securities reports, holding and operation of shareholders' meetings, and investor relations activities to be concentrated on operations related to business growth, thereby speeding up management decision-making.

(5) Dis-synergy

- (a) According to Nidec's semi-annual report dated November 13, 2024, Nidec is engaged primarily in the design, development, production and sale of (i) precision small motors; (ii) automotive products; (iii) home appliances, commercial and industrial products; (iv) equipment devices; and (v) electronic and optical components. Nidec is engaged in a wide range of businesses, including the manufacture and sale of products other than machine tools. On the other hand, Makino has been a specialized

manufacturer of machine tools since Makino's establishment, and Makino's customers include manufacturers of all kinds of products ranging from daily necessities to large passenger aircrafts, some of which, like Nidec, are engaged in the manufacture and sale of products (i) through (v) above.

Makino's aims to respond to our customers' needs in depth, and in order to do so, Makino has opportunities to come into contact with various technical issues and subtleties of our customers. Makino believes that one of the most important factors in gaining the trust of Makino's customers is the fact that Makino is a manufacturer that consistently specializes in machine tools, and that Makino has no competitive relationships with Makino's customers.

However, if Makino were to join Nidec group, Makino is concerned that, due to the wide range of business activities conducted by Nidec, a structural competitive relationship would arise between many of our customers who are engaged in the manufacturing businesses described in (i) through (v) above and Makino, which has a group company (i.e. Nidec) engaged in the manufacturing businesses described in (i) through (v) above.

In this regard, Makino has received comments from Makino's customers and business partners such as "We have no choice but to terminate business negotiations if Makino Milling Machine is to join Nidec group," "We will refrain from purchasing Makino Milling Machine products," "Our entire group will not be able to purchase Makino Milling Machine products because they compete with our products," "When another company joined the Nidec group, we were not able to obtain internal approval for transactions with that company," and "We will not supply our products to Makino Milling Machine." With regard to this point, we would like to know not only what is asked in (b) through (d) below, but also what kind of dis-synergy will occur as a result of the Transaction and how Nidec expects to resolve it.

Our Answer:

In the past acquisition projects related to the Machinery Business Unit, we have received comments such as the one you mentioned from the target company that will join the group to Nidec before and after the acquisition (the "Acquired Company") when there is a competitive relationship between an important customer and a company in our group.

In such cases, our management, including Mr. Nishimoto, General Manager of our Machinery Business Division has visited the top management of the customers together with the Acquired Company and sincerely asked them to continue doing business with us. The same applies to important suppliers of the Acquired Company. We will do the same if you join our group.

In addition, there are suppliers who, despite our visits, insist that they do not want to do business with Nidec group, but we often ask them to resume business with us over a period of time, and in many cases we are able to resume business with them. In addition, Nidec group itself uses a large volume of machine tools, and by utilizing its sales and supply network, even if there are customers or suppliers that

have been lost, we believe that we can provide new business that far exceeds the volume of lost transactions.

- (b) In the Letter of Intent, etc., only the synergies to be created by the Transaction are mentioned. Please explain in detail of any dis-synergies (excluding those mentioned in (1) through (4) above) that Nidec believe will result from the Transaction, and whether Nidec believes that the synergies resulting from the Transaction outweigh such dis-synergies and, if so, please explain the basis of why.

Our Answer:

Dis-synergies other than those mentioned above are not expected. One of the strengths of the Nidec group is its speed in problem solving. Even if dis-synergies other than those mentioned above should arise, we will do our utmost to quickly share the problem with the management team of the Nidec Machinery Business Division and resolve it after consultation with your management team.

- (c) In response to the Press Release, the Nikkan Kogyo Shimbun reported in the article “Focus on Independence of Makino Milling Machine: Japan Die & Mold Industry Association Considers Questionnaire on Nidec TOB” on January 21, 2025 that the Japan Die & Mold Industry Association, to which die & mold makers belong, is planning to conduct a questionnaire survey on how they perceive the acquisition, in light of concerns raised by Makino’s customers, die & mold makers, about the loss of Makino’s independence and the continuity of Makino’s technical support and services as a result of the acquisition by Nidec. What are Nidec’s thoughts on this, and what are Nidec’s thoughts on executing the Transaction, which does not seem to take into account the wishes of Makino’s customers, under the circumstances where Makino’s business partners have already stated that they are concerned that the Transaction will have an undesirable impact on Makino’s technical support, continuity of services, etc.

Our Answer:

We are well aware of the importance of the mold and die industry to your company. If you join our group, we do not intend to change your technical support, service activities, etc., but rather to further enhance them. Therefore, we would like to provide the same technical and service support to your customers as you have in the past. In addition, if any of your customers have concerns, we will make a sincere effort to explain and help them understand the situation.

There are many companies and business units in our group that use molds and dies, and we recognize that there are numerous synergies with your company.

- (d) In response to the Press Release, the China Die & Mold Industry Association and die & mold industry associations from various regions of China have

expressed their concern that “Nidec's acquisition of Makino will undermine the independence and brand value of Makino's brand and affect Makino’s leading position in the global die & mold industry. Makino is also concerned about whether Nidec group will be able to continue to provide high-quality technical services to the Chinese market in the future. Makino believes that Nidec group may adjust its technical development, service network, and customer support strategies after acquiring Makino, and that this may affect Makino’s ability to provide services to the Chinese market. What are Nidec’s thoughts on this, and what are Nidec’s thoughts on executing this transaction, which appears to not take into account the wishes of Makino’s business partners, given that they have already stated that they are concerned that the Transaction will have an undesirable impact on the quality of Makino’s technical services? Please explain in detail.

Our Answer:

We would like to continue your technical development, service network, customer support, etc. as before, and we will make every effort to explain directly and sincerely to those who have expressed concern of the China Die & Mold Industry Association and to gain their understanding.

(6) In the Letter of Intent, Nidec explains that the reason for making Makino a wholly owned subsidiary is that "there is a high probability that synergies between the two companies will be realized in terms of products, technology, production, and sales network and services, and that both companies will maximize their corporate value. The synergies described in "IV. Assumed synergies with the Tender Offeror Group, etc." in the Letter of Intent could be realized by concluding a capital and business alliance agreement between Nidec and Makino. Please explain in detail why Nidec has decided to make Makino’s wholly owned subsidiary.

Our Answer:

Making rapid management decisions, creating more synergies, and maximizing corporate value are the reasons why we seek to make you our wholly owned subsidiary.

In the case of a capital and business alliance agreement, depending on its content, it is often considered that the feasibility of realizing synergies is not as fully secured as in the case of a wholly-owned subsidiary. Specifically, we are confident that decisions regarding capital investment and large transactions can be made quickly through close collaboration among the group companies.

(7) According to the Press Release, "74 domestic and foreign companies" join Nidec group through M&A to date. Please let Makino know whether the integration of the 74 companies is proceeding smoothly and whether their profits are showing stable growth.

Our Answer: The integration of companies we have acquired in the past, both in Japan and overseas, has been carried out without any problems. Profits have been in line with our expectations, although they vary from company to company depending on business conditions and other factors. In addition, the collaboration

between business units has resulted in synergies, new business creation, and new product development.

(8) Please provide the names of all Nidec group in the field of machinery equipment manufacturing and explain in detail how they realize synergies by belonging to Nidec group.

Our Answer:

Please refer to p. 4, 6 and 11 of each of the following documents.

Japanese: https://www.nidec.com/-/media/www-nidec-com/ir/library/earnings/2025/FY24Q3_4_jp.pdf

English: https://www.nidec.com/-/media/www-nidec-com/ir/library/earnings/2025/FY24Q3_4_en.pdf

(9) In Nidec's press release dated January 17, 2025, "Regarding Nikkei x TECH's report on us dated January 16," Nidec stated, "The article [Note: Nikkei x TECH (Nikkei BP) disclosed a web article dated January 16, 2025, "Nidec acquiring company 'should have been bought by Okuma'; next, Makino Milling Machine also faces doubts about synergy."] reported that several machine tool companies in Nidec group have experienced a decrease in operating profits or profits after joining the group. This represents the operating profit either before joining the group or on a standalone basis for each group company's Japanese entity. It does not take into account the impact of business consolidation, consolidated-based revenues, or depreciation expenses from capital investments, and therefore does not accurately reflect the actual state of each business. ...For example, Nidec OKK Corporation has achieved profitability on a consolidated basis, and other machine tool companies have maintained operating profit margins of 10% or more". Does this mean that some of machine tool business companies that joined Nidec group through M&A which, on a standalone basis, have recorded operating losses or experienced a decline in operating profits after joining Nidec group? Please explain this point in detail with quantitative figures.

Our Answer: Nikkei x TECH has retracted the article, and an apology has been posted, saying "We have determined that the article lacks fairness because sufficient research and fact-checking were not carried out." We will refrain from commenting with respect to that article.

3. Benefits of the Transaction for Stakeholders

- (1) In the Letter of Intent, Nidec has stated, as "Benefits for ... employees," (i) "Should Makino join Nidec group, business is likely to scale up through capital investments and enhancements to the sales network that will increase career opportunities for Makino's employees through the creation of new roles and

positions", (ii) "Nidec's policy is to provide compensation based on employee contribution and performance regardless of educational background, age, gender, race, or affiliation (i.e., whether an employee is from an acquired company). Makino's employees will have more opportunities ...", and (iii) "welfare benefits are on par with other leading companies." Of course, Nidec also evaluates personnel based on "contribution and performance" regardless of "education, age, gender, or race," and provides compensation accordingly ((ii)), and Nidec is proud to say that Nidec's "welfare benefits are on par with other leading companies." ((iii)). In addition, if Makino were to join Nidec group, while this would expand the range of positions available to Makino's employees, it would also create the possibility that Nidec's employees would take up positions with Makino, and Makino does not believe that this would necessarily mean that Makino's employees would have "more opportunities." As stated above, Makino believes that the "Benefits for ... employees" of the Transaction may be limited, but in light of the above, please reconsider whether Nidec thinks the Transaction will have substantial benefits to Makino's employees, and if so, please explain the reasons in detail.

Our Answer: As stated in the Letter of Intent, we plan to keep the dispatch of employees from our group to the minimum extent possible. In addition, at our major group in Japan, we are in the process of developing not only core personnel systems such as grade, compensation, and evaluation, but also various related systems and frameworks. In particular, in terms of compensation, we have set a goal of a 30% increase in annual salary and have achieved a gradual increase in the level of compensation as well as improved productivity as a corporate entity. We expect that by joining our group, you will be able to further achieve a change in appropriate compensation for employees based on your rapid progress as a corporate entity. In addition, we believe that through synergy with our group, your employees will be able to play an active role, not only in the organizational posts they hold, but also in fields that will lead to their further growth as individuals (expanding their career scope and possibilities).

- (2) In the Letter of Intent, Nidec mentions as "Benefits for ... local communities" that "Should Makino join Nidec group, business is likely to scale up not only through capital investment to existing plants and construction of new plants but by way of enhancing the existing sales network which will likely contribute to further job creation" and that "Engaging with Nidec group will also likely create new business opportunities for local companies". However, Makino understands that Makino's participation in Nidec group will not naturally lead to further "capital investment to existing plants and construction of new plants". It is also unclear what kind of "Engaging with Nidec group" and what kind of "new business opportunities for local companies" are expected after the Transaction. Please explain in detail the real or tangible benefits to the local communities that will result from the Transaction, including what "new business opportunities for local companies" are anticipated.

Our Answer:

Growth based on additional investment opportunities is expected to create additional jobs and new trade opportunities for the local communities.

- (3) In the Letter of Intent, Nidec states as "Benefits for ... business partners" that:
- (i) "Should Makino join Nidec group, expanding Makino's business will likely ... lead to increased opportunities for your business partners ... As they engage with Nidec group, product quality and line-up of Makino's business partners will likely improve not only in machine tool offerings but in other areas," and that
 - (ii) "Makino's business partners will be able to scale up their business by way of new business opportunities created through engaging with Nidec group." However, Makino understands that many of Makino's customers purchase machine tools that require precise adjustments based on Makino's proprietary technology, whereas many of Nidec's customers purchase machine tools that can meet many demands with more general-purpose technology. Because the existing customers base is different, Makino believes that Makino's joining Nidec's group will not contribute to improving the level of Makino's products in the direction that Makino's existing customers base desires. Moreover, it is not clear that Makino's customers would find the increase in product "line-up" or "new business opportunities" with Nidec group attractive, since the products Nidec and Makino offer to customers are qualitatively different. Thus, Makino believes that the "Benefits for ... business partners" of the Transaction are limited. Considering the above, please reexamine whether the Transaction will have substantial benefits to Makino's business partners, and if so, please explain the reasons in detail.

Our Answer:

As mentioned above, we believe that synergy is the creation of new added value by combining different products and services without being satisfied with existing areas. For the customers, it will be possible to discuss various aspects of our products in addition to machining centers. In some cases, this may lead to an expansion of the customer's business. For our suppliers, it may provide new sales opportunities for each of our businesses.

- (4) As stated in 2(5)(a) above, there are a certain number of suppliers who have expressed their desire to refrain from doing business with Makino if Nidec becomes Makino's parent company, and as stated in 2(d) above, the China Die & Mold Industry Association and die & mold industry associations around China have expressed their concern that the Transaction will have undesirable effects on the quality of Makino's technical services. In addition, as Nidec group has a wide range of business partners and products, there is a possibility that Nidec's competitors may refrain from purchasing machine tools from Makino, which would be then under Nidec group. In light of the reaction of Makino's business partners, please reconsider whether the Transaction will provide any real benefits

to Makino's business partners, and if Nidec believes it will, please explain the reasons in detail.

Our Answer: Please refer to our answers to 2.(5)(a) and (d) above.

4. Human Capital of Your Group

- (1) In the Letter of Intent, with respect to the treatment of Makino's officers and employees after the TOB, Nidec stated that "Nidec hopes that Makino's management and employees will basically continue to play an active role as they have always done," that "Nidec would like to consult with Makino and make decisions on specific personnel appointments moving forward", and that "Nidec is able to provide support not only in production but also in areas such as finance, accounting, general affairs, and human resources, making it possible to focus management resources on expanding overseas businesses," and those texts imply that Makino's employees may lose their current jobs or be subject to reassignment. In this connection, according to the Letter of Intent, etc., "74 domestic and foreign companies" have joined Nidec group through M&A to date. Regarding the 74 companies that joined Nidec group through M&A, please provide specific details on whether any significant personnel transfers, dismissals, voluntary retirement recommendations, or other restructuring measures were carried out within five years after joining Nidec group. If such measures were implemented, please specify the details and the number of employees involved.

Our Answer:

This expression is based on a forward-looking approach to create synergies for business growth in our group, and it does not imply restructuring as you have described. The Nidec Group's corporate responsibility is to create an organization that envisions the future, thinks for itself, and produces human resources in order to continue sustainable business growth and development. Matters concerning the business concept and its operation are disclosed externally through explanations in financial results announcements and other media as appropriate.

- (2) Regarding the 74 companies, please provide the annual average employee turnover rate for (i) the five years prior to joining your group and (ii) the five years after joining Nidec group (in particular, please be sure to provide the average annual employee turnover rate for MHI Machine Tools Corporation (now Nidec Machine Tools, Ltd. ("MHI Machine Tools")), OKK Corporation (now Nidec OKK. ("OKK")), PAMA S.p.A., and TAKISAWA.).
- (3) What is Nidec's average annual employee turnover rate over the past five years?
- (4) Please provide the following information for the 74 companies: (1) average monthly hours worked by employees, (2) paid vacation rate, and (3) salary at the

time immediately prior to joining your group and at the present time (in particular, please be sure to provide these figures for MHI Machine Tools, OKK, PAMA S.p.A., and TAKISAWA).

- (5) On the "Corporate Profile" page of Nidec OKK's website, there is a reference to "approximately 550 employees (April 2024)," is this the number of employees at the consolidated unit that OKK had previously announced? In OKK's 164th Annual Securities Report dated June 21, 2022, it was disclosed that OKK had 813 employees on a consolidated basis as of March 31, 2022. If the number of employees stated on the website of Nidec OKK is on a consolidated basis, the number of employees of Nidec OKK has decreased by approximately 300. Please explain the reason for this in detail.

Our Answer: We would like to provide the following answers to the questions (1) through (5) above as follows: We are not able to make a uniform response regarding the labor management of the 74 companies, as the legal treatment of labor management in Japan and overseas differs, but on a non-consolidated basis, Nidec Corporation is as follows (Excerpts from information disclosure for the fiscal year ending March 31, 2024)

Please note that since we have had many companies of various backgrounds join our group, we do not disclose our turnover rate in consideration of these circumstances. We would like to discuss specific details in an interview with your management team and would like to request another interview.

- (a) Average length of service: 12.6 years
- (b) Average age: 41.7 years
- (c) Average monthly overtime hours: 20.1 hours
 - *The standard working hours per day are 8 hours.
- (d) Paid holiday utilization rate: 73
- (e) Average annual salary: 7,207,712 yen

- (6) In the Letter of Intent, Nidec has mentioned the following synergies in relation to "Complementarity of production": Nidec has "global production bases ..., and Nidec is able to provide support ... in areas such as finance, accounting, general affairs, and human resources, making it possible to focus management resources on expanding overseas businesses". As for synergies related to "Complementarity of sales network and service, Nidec mentioned that "By receiving support from Nidec's overseas subsidiaries in areas such as finance, accounting, general affairs, and human resources, Makino can focus management resources on sales and services." However, if Nidec provides "support" in the areas of "finance, accounting, general affairs, human resources, etc.," there will be a duplication of work between those who are in charge of "finance, accounting, general affairs, human resources, etc." at Makino's overseas offices. Please explain Nidec's specific assumptions regarding the treatment policy of those who are in charge of "finance, accounting, general affairs, human resources, etc." at Makino's overseas offices.

Our Answer:

This statement means that it is possible to utilize the corporate functions of our overseas headquarters to address your resource shortages. We will consult with you to determine the specific treatment policy.

(7) Is there a labor union at Nidec or is there a labor union that Nidec employees belong to? If not, please explain the reason for this and specifically explain how Nidec would handle our labor union if we join your group.

Our Answer: Nidec standalone does not have a labor union, but rather an employee representative organization (friendship association). From the time of its establishment to the present, Nidec's management and employees have been in close communication on a daily basis, deepening friendship through such dialogue, and all employees have been striving to realize a good company as their own personal matter. Our employees themselves embody this good tradition and culture and are not bound by the framework of a labor union.

On the other hand, the companies in our group have had labor unions since before they joined our group, or they have not. We realize that we are not able to state about the labor unions, but some of the companies that have joined our group in the past have maintained their labor unions. If the labor union members are feeling anxious, we would like to have a direct dialogue with them.

5. Our management policy, business plan, financial plan, capital policy, dividend policy, and asset utilization policy after the Transaction

- (1) According to the Letter of Intent, etc., Nidec states that " Once the TOB is complete, Nidec may appoint one of its own director(s) to serve at Makino," and "Going forward, the management structure will be decided on basis of sincere discussions with Makino". Please explain in detail the "specific management structure" of Makino after the TOB is completed.

Our Answer:

Basically, we would like you to continue with the current management structure, and in some cases, we may ask you to play an active role in an increasingly larger arena. We would be willing to dispatch to a needed post or dispatch an outside director to you upon sincere discussion with you. We look forward to discussing this with your management team as soon as possible.

- (2) Please explain in detail business plan, financial and capital plan, investment plan, and capital and dividend policies, if any, that Nidec currently envisions for Makino after the TOB.

Our Answer:

We do not believe that this is something that should be decided at our sole discretion, and would appreciate a separate opportunity to discuss the details.

- (3) Please explain in detail whether there is a possibility that Nidec will make proposals, give advice or exercise influence regarding transactions such as capital increases or decreases, mergers, business transfers or acquisitions, share issuance, share exchanges or transfers, company splits, or other similar actions, or the disposal or acquisition of important assets, etc., and if so, what the details are.

Our Answer: We have no plans to do so at this time.

- (4) Please explain in detail any plans for changes to the management structure other than those described in the Letter of Intent, etc.

Our Answer: We have no plans to do so at this time. As stated in the Letter of Intent, we would like your current management team to remain and would appreciate the opportunity to explain our proposal to them. We would also like to discuss and decide together with your current management team on the structure that will be put in place after this.

6. Background to the Submission of the Letter of Intent

- (1) According to the Press Release, Nidec stated that, despite having “commenced consideration of the Transaction around August 2024,” no prior discussions or consultations with the target company (i.e. Makino, hereinafter the same shall apply) were conducted before the submission of the Letter of Intent and the publication of the Press Release. The stated rationale for this approach is that, in light of the *Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders’ Interests*—, published by the Ministry of Economy, Trade and Industry on August 31, 2023, which stipulate that acquisitions involving the acquisition of control over the management of a listed company should adhere to the “principle of shareholders’ intentions” and the “principle of transparency,” Nidec sought to ensure that shareholders of Makino were fully apprised of all relevant circumstances through a transparent process from the initial proposal stage of the Transaction. However, even prior discussions and consultations had been held with Makino prior to the submission of the Letter of Intent, it would have been possible to respond in accordance with the "Principle of Shareholders' Intentions" and the "Principle of Transparency" by making all materials related to such discussions publicly available in detail. Makino believes that it was sufficiently feasible to implement the prior discussions or consultations. In addition, in order to secure information and time for Makino's shareholders to fully and appropriately consider the Transaction, it would have been reasonable to hold prior discussions or consultations with Makino prior to disclosing the Letter of Intent, etc. Please explain why you did not hold prior discussions or consultations.

Our Answer:

The reason why we did not engage in any discussions or consultations with you

regarding this transaction prior to the submission of the Letter of Intent and the publication of the Press Release is that, in light of the *Guidelines on Corporate Acquisitions—Enhancing Corporate Value and Protecting Shareholder Interests* (hereinafter referred to as the “Guidelines”) published by the Ministry of Economy, Trade and Industry on August 31, 2023, which stipulate that acquisitions involving the acquisition of control over the management of a listed company should adhere to the “principle of shareholder intent” and the “principle of transparency,” we sought to ensure that your shareholders were fully apprised of all relevant circumstances through a transparent process from the proposal stage of this transaction. By doing so, we aimed to encourage the appropriate and proactive provision of beneficial information by both us and you to facilitate shareholder decision-making, thereby ensuring that your shareholders are placed in a position to make an informed choice regarding the propriety of this transaction and its terms.

We understand that your inquiry is premised on the view that prior discussions or consultations should have been conducted before the submission of the Letter of Intent, and that all materials related to such discussions should have been disclosed. However, disclosing materials related to discussions with you without sufficiently presenting the specific objectives and terms of the transaction could have instead led to various market speculations, potentially causing disadvantages to your shareholders. Accordingly, as stated in this press release, we believe that publishing the contents of the Letter of Intent, which sets forth the specific objectives and terms of the transaction, and then proceeding with discussions with you constitutes the most appropriate response in accordance with the “principle of shareholder intent” and the “principle of transparency” as set forth in the Guidelines, and that we have, in fact, effectively implemented these principles.

- (2) In particular, the Letter of Intent was sent to us on Friday, December 27, 2024, which is the last business day of the year for us and many Japanese operating companies. Since ordinary Japanese operating companies, including Makino, are not able to begin consideration of the Letter of Intent suddenly received on the day until the new year unless sufficient arrangements have been made in advance, it could be assumed that the period during which Makino and Makino’s shareholders could consider the proposal would be substantially shortened. Please explain why you did not make a prior approach to Makino, even in light of this schedule.

Our Answer:

Please refer to our answer in 6.(1) above for the reason why we did not make a prior approach, and to our answer in 6.(3) below for the reason why the consideration period for you and your shareholders is sufficient.

We believe that, even if it is the last business day of the year, once we have decided to make the Proposal, it is appropriate for us to immediately submit the Letter of Intent and disclose its contents through the Press Release in accordance with the “principle of shareholder intent” and the “principle of transparency” stipulated in the Guidelines. We believe that it is not appropriate to delay this process unnecessarily, as it may cause your shareholders to trade in your shares without being aware of the Proposal.

- (3) According to the Letter of Intent and related documents, Nidec has stated that it

began considering the Transaction around August 2024 and spent approximately five months deliberating before making this proposal on December 27, 2024. In contrast, without any prior consultation, Nidec submitted the Letter of Intent on the final business day of 2024, declaring its intention to commence the TOB on April 4, 2025. As noted in (2) above, considering that the effective start of Makino's review period would be the beginning of 2025, Makino has been given only approximately two and a half months to evaluate the proposal. Please explain why Nidec consider this period—approximately half the duration of Nidec's own deliberation—to be sufficient for Makino.

Our Answer:

As a preliminary matter, the Guidelines state: "If a tender offer is initiated without prior negotiations with the target company, there is a possibility that the target company's shareholders and board of directors may not have sufficient time to consider and prepare for the acquisition. While the target company can extend the tender offer period up to 30 business days under the tender offer system, if this period is objectively considered insufficient, it is desirable for the acquirer to initially set a longer tender offer period or extend the period to a reasonable extent, taking into account the needs of the target company and its shareholders." Under the Financial Instruments and Exchange Act, the maximum tender offer period is 60 business days, meaning that the "reasonable extent" referred to in the Guidelines would, at most, be 60 business days.

In other words, "even in cases where a tender offer is initiated without prior negotiations with the target company", the Guidelines merely state that, if the default 30-business-day period is objectively considered insufficient, it is "desirable" to extend the tender offer period up to a maximum of 60 business days. In this case, however, the period from the date the proposal was made (December 27, 2024) to the commencement of the tender offer (April 4, 2025) exceeds 60 business days. Therefore, even assuming that you must complete your review before the commencement of the tender offer, you have been given more than 60 business days, which we believe constitutes a sufficient period to evaluate this proposal.

Furthermore, we understand that your question is based on the assumption that the review period required by the target company should be approximately the same as the period of pre-proposal consideration by the acquirer. However, there is no reasonable basis for comparing these two periods, as the sufficiency of each should be assessed independently. For the reasons stated above, we believe that the review period provided to you is more than sufficient.

Additionally, your question states that your review period is "approximately two and a half months." Even if, for the sake of argument, we assume that your review would effectively begin at the start of 2025, the period until April 4 spans approximately three months. Therefore, we believe that the premise of your question is not entirely accurate.

- (4) When Nidec conducted a tender offer for TAKISAWA in 2023 with the aim of making it a wholly owned subsidiary, Makino understands that, prior to sending the letter of intent related to the tender offer, Nidec had already proposed a capital and business alliance to TAKISAWA in January 2022 (as stated in Nidec's announcement dated July 13, 2023, titled "Notice Regarding Planned



Commencement of Tender Offer for TAKISAWA Co., Ltd. (Securities Code: 6121)"). This suggests that Nidec had approached TAKISAWA in advance regarding the acquisition of its shares.

Furthermore, during the Interview, Makino understands that in response to a question from the chairman of the special committee—"Has there been a case in which Nidec has acquired another company in this manner, meaning without any prior discussions or approaches?"—Nidec replied, "This is the first time for Nidec."

Given that Nidec has conducted prior discussions or approaches in past acquisition transactions, please explain why no such prior discussions or approaches were conducted in this case. Specifically, please clarify the substantive reasons why the Transaction was treated differently from the acquisition of TAKISAWA and other acquisitions in terms of whether a prior approach was made.

Our Answer:

As stated in our answer to 6.(1) above, in order to take the most appropriate approach in accordance with the "principle of shareholder intent" and the "principle of transparency" set forth in the Guidelines, we adopted a policy of first disclosing the contents of the Letter of Intent, which sets forth the specific objectives and terms of the Transaction, and then engaging in discussions with you.

Furthermore, if we were to make a prior approach to discuss the acquisition proposal and then disclose the proposal only after such an approach was rejected, general shareholders—who would become aware of the proposal for the first time upon its public announcement—might perceive the proposal as being premised on an undesirable hostile takeover. We believe that such a perception would be inappropriate.

- (5) In several well-known cases of unsolicited acquisition proposals, including (i) Alimentation Couche-Tard's acquisition proposal to Seven & i Holdings, (ii) the well-known hostile acquisition in the United States in which Kraft Foods Inc. ultimately acquired 100% of Cadbury plc, (iii) the recent case in which Arkhouse Management Co. LP proposed a full acquisition of Macy's, Inc. (where, after Macy's, Inc. rejected the proposal, a proxy contest for director elections took place at the company's shareholder meeting), (iv) Choice Hotels International, Inc.'s full acquisition proposal to Wyndham Hotels & Resorts, Inc., and (v) the most recent case in which Cintas Corporation proposed a full acquisition of UniFirst Corporation on January 7, 2025, reports indicate that in all these cases, the acquirers engaged in prior discussions with the target companies before publicly announcing their acquisition intent. Additionally, various sources, such as Wall Street Prep (e.g., <https://www.wallstreetprep.com/knowledge/hostile-takeover/>), point out that many hostile takeovers occur only after friendly deal negotiations with the target company have failed. Given this, publicly announcing an acquisition proposal without any prior approach to the target company is an extremely rare

practice in Japan and does not appear to be common even in the United States. In this context, please explain why Nidec chose a method that deviates from usual market practice in this case.

Our Answer:

Please refer to our answer to 6. (1) above. We do not recognize that we adopted such method that deviates from general practice, since not a few similar cases could be seen in the U.S., even limited to very prominent cases, of publicly announcing an acquisition proposal without prior discussion or consultation.

- (6) According to a *Nikkei* article published online on January 22, 2025, titled "*Nidec Executive Vice President Takamitsu Araki: 'Unsolicited Tender Offers Without Prior Contact Are Common in the U.S.'*", attorney Masakazu Iwakura of TMI Associates, who provides legal advice to Nidec, stated that "*there are 'countless' tender offers in the U.S. with little to no prior discussions or contact. Representative examples include Elon Musk's 2022 acquisition of Twitter (now X) and Oracle's 2004 acquisition of PeopleSoft.*" However, Makino has also consulted one of our legal advisors, Sullivan & Cromwell LLP, a major U.S. law firm, and Makino believes that this explanation is inaccurate for the following reasons and is not relevant to this case. First, the Twitter case was highly exceptional, even in the U.S. In that case, Elon Musk acquired 9.2% of Twitter's shares without making the disclosures required by law. He then engaged in negotiations with Twitter between March and April 2022 regarding his appointment to the board, which was scheduled to take effect on April 9. However, on the same day, he notified Twitter that he would not be joining the board. Musk then notified Twitter of his intent to acquire the company on April 13, but publicly disclosed his intent only on April 14. Similarly, the Oracle case was also highly unusual. Oracle publicly announced its intent to acquire PeopleSoft on June 6, 2003, just days after PeopleSoft disclosed on June 2, 2003, that it would acquire J.D. Edwards, a competitor of Oracle. This suggests that Oracle's intent was to disrupt PeopleSoft's acquisition of J.D. Edwards. Furthermore, nearly a year earlier, on June 5, 2002, Oracle and PeopleSoft had signed a non-disclosure agreement (NDA) and engaged in two days of discussions regarding a possible business integration of their application businesses. As demonstrated by these facts, in both cases, there was some level of prior engagement before the public announcement of acquisition intent, including board appointments or business integration discussions. It is difficult to characterize these cases as "tender offers with little to no prior discussions or contact." (If the phrase "little to no prior discussions" was used with the knowledge that these board appointments and business integration discussions had occurred, it would be a misleading statement that could cause misunderstandings among shareholders and investors.) Additionally, both cases involved circumstances that deviated from standard unsolicited acquisition transactions, such as the failure of the acquirer to comply with legal disclosure obligations or an apparent intent to obstruct a competitor's acquisition. These factors make these cases inappropriate as "representative examples" of

unsolicited acquisitions. Based on these facts, does Nidec consider Nidec's proposal to align with general market practices in the U.S.? If so, please provide a detailed explanation of the basis for your view, including the necessity of applying U.S. market practices to Japan in this context.

Our Answer:

We are confident that, as stated in the Letter of Intent and the Press Release, our company's proposal falls clearly within a "bona fide acquisition proposal" as recommended by the Guidelines, and that the transparency of the process proposed by our company is clearly consistent with the laws and regulations of Japan and with the principles of transparency stipulated in the Guidelines, which aim to improve corporate value and serve the common interests of shareholders.

We believe that if your company attempts to distract shareholders from an honest evaluation of the content and value of our proposal, it would be counterproductive and unreasonable, and would be detrimental to the interests of your company's shareholders.

Those descriptions, which your company mentions as our company's statements are derived from our company's explanations in response to your special committee's "Request regarding the scheduled commencement timing of the TOB and the planned number of purchases" dated January 15, 2024, stating that our proposal is "similar" to the tactics used in the "Saturday Night Special" that arose in the 1970s, and is regarded as "a dishonest method that deviates from normal practice in the United States."² We do not believe that the fairness and appropriateness of our proposal should be considered in line with U.S. practice, and we have not provided that any such explanation to your company or your special committee.

Therefore, we believe that there is no worth in further discussing U.S. practices, but at the very least, in the U.S., making acquisition proposals without prior consultation and consultation is not in itself considered "dishonest" and "unreasonable", and there is no doubt that in practice there are well-known cases.³

As mentioned above, in this case, the period from the date the proposal was made to the date the TOB begins is guaranteed to exceed 60 business days, and the

² Again, there is absolutely no resemblance to "Saturday Night Special" which is an old form of coercive and abusive hostile takeover where the target company's board of directors was given only seven days from the time the target company became aware of the tender offer until the change of control was completed, because in the first place, our proposal in this case has a tender offer price with a large premium attached to the market price just before the announcement of this case, and leaves it to each shareholder to decide whether or not to tender, and there is no compulsion in such respect, and further the board of directors of your company as the target company has been given much more than 60 business days to consider the proposal and gather its opinions.

³ Your company's question states that Musk's acquisition of Twitter and Oracle's acquisition of PeopleSoft are special circumstances and different from this case, but each acquisition transaction naturally has its own differences depending on the circumstances, and as confirmed by our U.S. legal counsel, Davis Polk & Wardwell LLP, the points your company has raised in each of the above cases does not change the fact that no prior contact was made regarding such takeover proposal, and it cannot be said that there are no notable cases in the United States where takeover proposals were made and made public without prior contact, such as in this case. Even in the United States, there are cases in which acquisition proposals are made and announced without prior contact because the proposer has determined that doing so will make the transaction successful, and contribute to the interests of shareholders. In that sense, this case is exactly the same, and there is nothing intrinsically wrong or unfair about making a takeover proposal without prior contact. We have also received advice from our legal counsel, Freshfields LLP, that in major jurisdictions there is no legal obligation for an acquisition proponent to engage in discussions or negotiations with a target company in advance of disclosure to the public shareholders.

tender offer period for the TOB is added to that period (if the number of tendered shares reaches the minimum threshold, the offer will be extended for at least 31 business days). Therefore, you have secured a total of 91 business days at the shortest, so we believe that this case has more than enough time for your company and your shareholders to consider the proposal.

Therefore, we would strongly appreciate it if your board of directors would not get bogged down in the above discussion any further, but to seriously consider whether this proposal contributes to your company's corporate value and the common interests of your shareholders, which are the point that the Guidelines are exactly what companies that receive takeover proposals are required to do.

- (7) Nidec's Global Group Representative and Chairman of the Board of Directors, Shigenobu Nagamori (hereinafter referred to as the " Group Representative Nagamori"), gave a one-on-one interview in an article published online by Nikkei Business on December 27, 2024, the same day Nidec announced the Proposal. The article, titled "Nidec's Nagamori: 'We Cannot Afford to Waste Time in the Face of the Threat from China' - TOB for Makino Milling Machine" (hereinafter referred to as the "Nikkei Business Interview Article"), quotes the Global Group Representative as stating: "This time, Nidec did not engage in prior negotiations. If Nidec enters into acquisition negotiations and prolong discussions, the other party may take time to seek out a white knight (a friendly acquirer), which would be too time-consuming." This statement suggests that the reason for not making a prior approach before the Proposal was to avoid engaging in prior negotiations with Makino and to prevent the emergence of a white knight. Given this, please clarify the intent of this statement and, based on this statement, provide a detailed explanation of the specific reasons why Nidec did not make a prior approach before submitting the Proposal.

Our Answer:

The reason why we did not make a prior approach before submitting this proposal is as stated in our answer in Section 6. (1).

Regarding the statement made by our Global Group Representative, Shigenobu Nagamori, in the Nikkei Business Interview Article, we believe that a careful reading of the full context of the article would clarify its intended meaning. The statement in question was meant to emphasize the urgent need for Japanese machine tool manufacturers to unite and enhance their collective strength in response to the rapid rise of Chinese manufacturers and the increasing global competition. It was not intended to suggest any intention to prevent the emergence of a white knight or to avoid prior negotiations for that reason.

- (8) In addition, in the Nikkei Business Interview Article, Nidec's Global Group Representative, Shigenobu Nagamori, was asked in a one-on-one interview, "What will you do if a white knight emerges?" In response, he stated: "If a real competitor appears and raises their offer price, I would even consider launching a tender offer for that competitor as well." This statement appears to suggest the possibility of launching a tender offer not only for Makino but also for any other

company that makes a competing proposal, which could have the effect of deterring other companies from making competing offers. Please clarify the intent of this statement.

Our Answer:

The statement you have referenced was intended to express our determination to see this TOB through, recognizing that your advanced technological capabilities are essential for Japanese companies to compete and succeed on a global scale. It was not intended to deter other companies from making competing proposals. We believe that a careful reading of the full context of the article will clarify this point.

Despite Makino's request, Nidec has stated that Nidec sees no necessity to postpone the scheduled commencement date of the TOB from April 4, 2025. Given the statement, it could be interpreted that this decision is aimed, at least in part, at minimizing the likelihood of a white knight emerging. Makino recognizes that in some cases where a white knight appears and a competing proposal is made, the purchase price is raised above the initial offer, thereby increasing the potential benefits to the target company's shareholders. Considering these factors, please provide a detailed explanation as to why Nidec believes there is no need to postpone the scheduled commencement date of the Tender Offer on April 4, 2025.

Our Answer:

We understand that the request to postpone the scheduled commencement date of the Tender Offer came from your special committee, and we were not previously aware of any such request directly from you. However, putting that aside, the Transaction allows for a period of more than 60 business days from the date the proposal was made (December 27, 2024) to the scheduled commencement date of the Tender Offer (April 4, 2025). Additionally, when factoring in the Tender Offer period, which will be extended if the minimum number of tendered shares is not met but will last at least 31 business days, a total period of no less than 91 business days is secured. We believe this constitutes more than sufficient time for you and your shareholders to evaluate the Proposal. Furthermore, having publicly announced April 4, 2025, as the scheduled commencement date of the Tender Offer, we believe that proceeding as planned demonstrates our good faith commitment to all stakeholders, including your shareholders, and represents the reasonable course of action expected of a listed company. In contrast, arbitrarily delaying the commencement date would only place your shareholders and other stakeholders in a prolonged state of uncertainty, which we consider undesirable.

7. Policy on Setting the Minimum Threshold of the TOB and Squeeze-Out

- (1) According to the "Considerations Concerning Disclosure of TOBs (Tender Offer Disclosure Guidelines)" published by the Planning and Markets Bureau of the Financial Services Agency in October 2024, in preparing a tender offer notification, it is necessary to examine whether the purpose of the tender offer

and the maximum and minimum threshold on the number of shares to be purchased are consistent. In particular, when setting a minimum number of shares to be purchased in a tender offer aimed at acquiring all shares, if there is a risk that the voting rights held by the tender offeror and its specially related parties will fall below two-thirds of the total voting rights of all shareholders after the tender offer, the tender offeror must specifically describe the reasons why it considers such a minimum number of shares necessary and appropriate for achieving the purpose of the tender offer. However, in the Letter of Intent etc., Makino understands that no explanation has been provided regarding the positive reasons or necessity for setting the minimum threshold at 50% (although, as stated in (2) below, it is explained that even with a 50% threshold, the resolution for the share consolidation can be reasonably expected to pass, and therefore, there is no issue in setting the threshold at 50% from the perspective of a squeeze-out). Accordingly, please specifically explain the necessity of such a threshold.

Our Answer:

We believe that the Transaction will maximize the corporate value of both companies and contribute to the common interests of shareholders, and that the TOB Price (11,000 yen per share) is a price at which your shareholders will enjoy a large premium. Therefore, we believe that the Transaction as a whole is a truly “desirable takeover” transaction, the implementation of which is recommended in the Guidelines. Accordingly, we have determined the minimum threshold in the TOB at a level at which a proposal for a reverse stock split as a squeeze-out procedure after the TOB can be reasonably expected to be passed, as the minimum number of shares to be purchased that maximizes the probability of the TOB being completed as part of a “desirable takeover” transaction.

- (2) In the Letter of Intent, etc., Nidec has stated that while setting the minimum threshold of the TOB at 50%, even if the number of shares tendered in the TOB remains close to the minimum threshold, the resolution for the share consolidation can still be reasonably expected to pass. This expectation is based on the assumption that domestic passive index management funds, company-related parties, and our cross-shareholding partners (the “Domestic Passive Funds etc.”) are expected to exercise their voting rights in favor of the share consolidation resolution, assuming they do not tender their shares in the TOB. As a result, an anticipated approval rate of approximately 74.12% in terms of ownership ratio. However, no reason is given as to why such shareholders “are expected to exercise their voting rights in favor” of the Proposal in light of the circumstances of this case where the Proposal was made without prior discussion or consultation. At present, in light of the circumstances of this case where the Proposal was made without prior discussion or consultation, there seems to be no particular reason to infer that Domestic Passive Funds, etc. will vote in favor of Nidec becoming a wholly-owned subsidiary. Please explain specifically why you have determined that Domestic Passive Funds, etc. will vote in favor of the proposal for a reverse stock split.

Our Answer:

As explained in the Letter of Intent, we have received the following opinion regarding the expected trend of the passive index management fund from Mita Securities Co., Ltd. (“Mita Securities”) regarding the expected trend of passive index management funds, and we have determined that this view is reasonable, and have therefore made it one of the bases for our consideration of each condition. In other words, it is not the case that some of the passive index management funds that own your shares have in the past voted against reverse stock splits for the purpose of squeeze-outs of other companies, citing insufficient economic terms and transactions that do not contribute to the interests of general shareholders, etc. However, the TOB Price (11,000 yen per share) is based on (a) a premium of 41.94%, 54.67%, 67.89%, and 74.24%, respectively, over the closing price of your shares on the Tokyo Stock Exchange Prime Market on December 26, 2024 (the reference date), which was the business day immediately preceding the announcement date of the scheduled commencement of the TOB (7,750 yen); the simple average closing price for the most recent one-month period up to the reference date (7,112 yen); the simple average closing price for the most recent three-month period up to the reference date (6,552 yen); and the simple average closing price for the most recent six-month period up to the reference date (6,313 yen). Furthermore, the premiums of the TOB Price over the simple average closing prices for the most recent one-month, three-month, and six-month periods up to the reference date exceed the median premiums granted in similar cases (43.05% for the most recent one-month period, 44.81% for the most recent three-month period, and 47.98% for the most recent six-month period) by 11.62 percentage points, 23.08 percentage points, and 26.26 percentage points, respectively; (b) the record highest price of your shares was 9,600 yen (in June 1990, on an adjusted closing price basis), and the share price has never exceeded the TOB Price since listing; and (c) as of December 26, 2024, your PBR(Price-to-Book Ratio) was below 1.0, while the TOB Price corresponds to a PBR level of 1.19. Based on this, the Transaction is not considered to fall under the aforementioned reasons. Therefore, we have received the view that it is reasonable to expect all passive index management funds holding your shares to exercise their voting rights in favor of the Transaction.

In addition, as explained in the Letter of Intention, we assume that some of the shareholders who do not tender their shares in the TOB and who hold your shares for the purpose of policy holding or similar purposes will vote in favor of the proposal for the Reverse Stock Split at the Extraordinary Shareholders’ Meeting. Specifically, we have obtained the following opinion from Mita Securities, and we agree with such opinion. Specifically, we have received the following opinion from Mita Securities, and we agree with the opinion. In other words, (i) among the shares of held by your related parties, the shares owned by the foundation (the “Foundation”) represented by Jiro Makino, a founding family member and former representative director of you, are considered as the Foundation’s basic assets under its articles of incorporation. Given that the Foundation upholds the principle of promoting the healthy development of the machine tool industry to which you belong and that no conflicting interests between you and the Foundation have been identified, it is reasonable to assume that the Foundation will respect the opinion of your company’s board of directors. Furthermore, regarding the shares held by directors of your company, considering that your company’s board of directors is a collegial body composed of directors, it is unlikely that they would act contrary to the company’s decision-making. Therefore, if you express an opinion other than supporting the TOB, it is assumed that these shareholders

would respect the opinion of the board of directors and refrain from tendering their shares. Similarly, with respect to the shares held by your cross-shareholding partners, as these shares are held for policy reasons or similar purposes by business partners and other entities, it is unlikely that they would act contrary to your company's decision-making. Therefore, if your expresses an opinion other than supporting the TOB, it is expected that these shareholders would also respect the opinion of the board of directors and refrain from tendering their shares.

(ii) On the other hand, if the TOB is consummated without the Board of Directors expressing its opinion in favor of the TOB and we become your new parent company, it is considered that the Transaction not only contributes to the enhancement of your corporate value but also represents a sincere proposal that prioritizes the interests of your important stakeholders, including business partners, as well as the interests of shareholders, including related parties. Given this, it is generally expected that your company's board of directors would demonstrate a certain level of understanding toward the management policies of our company as the new parent company and operate the business under policies aligned with those of the parent company. Additionally, alongside your understanding, it is also anticipated that your related parties would gain an understanding of our management policies. Considering such a change in circumstances, Mita Securities has provided the view that shareholders who, as noted in (i) above, currently refrain from tendering their shares out of respect for the position of your company's board of directors, are expected, in principle, to vote in favor of the share consolidation resolution at the extraordinary shareholders' meeting.

We understand that your question is based on the assumption that your shareholders, such as domestic passive index management funds, may not like the Transaction because the Proposal was made without prior discussion or consultation.

However, as stated in our answer to 6.(1) above, the reason why we implemented the Proposal without prior discussion or consultation and publicly announced, it was to inform your shareholders of all circumstances through a transparent process from the proposal stage of the Transaction, in accordance with the "Principle of Shareholder Intent" and "Principle of Transparency" set forth in these Guidelines. By doing so, we intend to ensure that your shareholders can make the right choice regarding the merits of the Transaction and the terms and conditions of the Transaction.

We believe that the adoption of such a transparent process is in the best interest of your shareholders, including domestic passive index management funds, and that your shareholders, are not reasonably expected to be displeased with the Transaction on this basis. We have reviewed the voting criteria and policies of domestic passive index funds. However, we have not found any provisions stating that "the fact that a tender offer proposal was made without prior consultation or inquiry" would be a factor in determining how to exercise voting rights on the share consolidation resolution at the shareholders' meeting following the TOB.

- (3) As stated in (2) above, Nidec has stated that Nidec assumes that domestic passive index management funds will not tender their shares to the TOB. However, according to our shareholder advisory firm, I.R. Japan., there are a certain number of domestic passive index management funds that may tender their

shares in the tender offer, depending on the terms of the tender offer, etc. Additionally, the website of the Government Pension Investment Fund (GPIF), under the section “Recruitment of Domestic Equity Investment Managers,” states that “in passive investment, we require efforts to obtain added value against the benchmark within a certain level of tracking error that is recognized as passive investment.” This suggests that some domestic passive index management funds allow a certain level of tracking error and may choose to participate in a tender offer. Furthermore, Nidec’s press release states that “among domestic passive index management funds, there are those that, as a general rule, do not tender their shares in the Tender Offer regardless of the appropriateness of its conditions. However, based on past cases, there are also funds that vote in favor of the share consolidation resolution at the shareholders’ meeting during the subsequent squeeze-out process.” This statement suggests that Nidec acknowledges the existence of domestic passive index management funds that may choose to tender their shares in a tender offer. In light of these points, please explain in detail why you proceeded with Nidec’s consideration of the TOB on the assumption that “all” domestic passive index management funds would not subscribe to the TOB when Nidec sets the minimum threshold of the TOB.

Our Answer:

As you are aware, domestic passive index management funds are funds that pursue the rate of return of the investment benchmark with the objective of linking investment results to an index such as a stock price index that serves as a market benchmark for the assets in which they invest. Even if we were to make the assumption that there are funds that behave exceptionally differently from the pursuit of benchmark returns within the range of tracking error as you have indicated, it would be extremely difficult to estimate the level of such funds to a sufficiently reasonable extent, and therefore, we believe that it is a reasonable analysis to conclude that domestic passive index management funds, as a general rule, do not tender their shares in a tender offer.

The analysis that “all” domestic passive index management funds would not tender their shares in the tender offer was also used in the case of a tender offer without prior consent in which your law firm, as legal counsel, represented the proposing acquirer (analysis by Mizuho Securities in the tender offer by AZ-COM Maruwa Holdings for C&F Logistics Holdings, Inc.).

- (4) Please provide the following details regarding the passive index management funds estimated by you:
- (a) The breakdown of shares owned (ETF holdings and other holdings).
 - (b) The name of the information vendor used to obtain the data.
 - (c) The date on which the information was obtained from the information vendor.
 - (d) The reference date of the information (if the reference dates vary by fund or asset management institution, please provide both the most recent and the oldest reference dates).

Our Answer:

The information vendor used to obtain the information is QUICK Corporation, an affiliate of Nihon Keizai Shimbun, and the date the information was obtained from the information vendor is December 23, 2024 (reference date is December 22, 2024). Please note that providing detailed information may be difficult due to confidentiality obligations owed to QUICK Corporation.

- (5) There is a certain period of time before the commencement of the TOB, and there is a possibility that our shareholder structure may change during that period, depending on fluctuations in the share price and other factors. Please let us know at whether Nidec plans to conduct another analysis of the minimum threshold of the TOB using the shareholder structure after such changes.

Our Answer:

We announced the “Notice Regarding Scheduled Commencement of TOB for Makino Milling Machine Co., Ltd. (Securities Code: 6135)” on December 27, 2024, and also announced the scheduled commencement date and tender offer price. We reasonably assume that the reason for the acquisition of shares by your new shareholders during the period between the above announcement and the commencement of the TOB is the expectation that a counteroffer, etc. will be announced in response to the TOB and that the share price will rise further. We believe that such shareholders will exercise their voting rights in favor of the proposal for the reverse stock split because there will be no opportunity for the share price to rise further due to a competing proposal, etc., if the TOB is successful. Therefore, although we do not completely deny the possibility of conducting the analysis, even if there is a change in your shareholder structure during the period up to the commencement of the TOB, we expect that such change will affect the number of shares expected to vote in favor of the proposal for the reverse stock split in the direction of an increase in the number of shares. Therefore, we do not plan to change the minimum threshold at this time.

- (6) As stated in (2) above, when considering setting the lower threshold of the TOB, Nidec also took into account the shareholding ratio of our cross-shareholding partners. Please explain the basis for the calculation of such shareholding ratio. Additionally, when the tender offer for TAKISAWA was conducted, the characteristics of voting behavior by passive index management funds regarding shareholder participation in the Tender Offer and the resolution related to the squeeze-out were described as “Even assuming that the target company expresses an opinion other than support for the TOB, it remains uncertain whether shareholders would tender their shares in such a scenario. However, if the TOB is successfully completed and transitions to the extraordinary general shareholders’ meeting, the number of shareholders expected to vote in favor of the special resolution for the share consolidation at that meeting is estimated to be approximately 18.47% of the total ownership ratio. This estimate includes the shares owned by passive index management funds (approximately 7.96%), shares held by the target company’s employee stock ownership plan

(approximately 1.25%), shares held by the target company’s directors (approximately 0.66%), and shares held by the target company’s business partner stock ownership plan (approximately 8.60%).”, and cross-shareholding partners were not included. Please explain in detail why you are considering the cross-shareholding ratio when you consider setting the minimum limit of the TOB.

Our Answer:

The cross-shareholding ratio is calculated based on the number of your shares held by the cross shareholder, which can be confirmed from your annual securities report for the fiscal year ended March 31, 2024 (in the column for specified investment shareholders), the number of your shares held by the shareholder, which can be confirmed from the most recent annual securities report of the cross shareholder (in the column for specified investment shareholders), and information available in the Large-Scale Shareholding Report (and the Change Report). The details are as follows.

Shareholder Name	Number of shares held	Percentage of ownership
Mitsubishi UFJ Trust and Banking Corporation	548,900	2.35%
MUFG Bank, Ltd.	436,047	1.86%
Toda Corporation	354,600	1.52%
NSK Ltd.	63,964	0.27%
YUKEN KOGYO Co., Ltd.	60,000	0.26%
SMC Corporation	56,800	0.24%
AIDA ENGINEERING, LTD.	44,801	0.19%
FANUC Corporation	43,249	0.18%
Komori Corporation	29,600	0.13%
Daifuku Co., Ltd	22,000	0.09%
Kuroda Precision Industries Ltd.	20,459	0.09%
Tokai Carbon Co., Ltd	14,400	0.06%
(Total)	1,694,820	7.25%

In the TAKISAWA case, we were aware of three cross-holdings. Two of them were financial institutions, but the cross-holding shareholders that were financial institutions were not financial institutions of the registrar group (SMBC group), unlike this case. In the case where the cross shareholder that is a financial institution has no relationship with the registrar group and the cross shareholder is listed, we believe that the possibility of the cross shareholder applying for the tender offer cannot be completely excluded depending on the terms of the tender offer, and therefore, the cross shareholder that is a financial institution in the two cases

was not allowed to vote in favor of the tender offer at the shareholders' meeting after the tender offer. The cross-holding shareholders who are financial institutions in the two cases were excluded from the shareholders who are expected to vote in favor of the tender offer at the shareholders' meeting after the tender offer. In addition, one of the three cases is a business corporation; however the number of shares owned by the business corporation is less than 0.5% of the total number of shares held by the business corporation. Regardless of whether this shareholder is included or excluded, the numerical conclusion remains unchanged. Furthermore, considering that the number of shares held by the counterparty in the cross-shareholding arrangement was non-public information, this business corporation was also excluded from the shareholders expected to exercise voting rights in favor at the shareholders' meeting following the tender offer.

END



[Restrictions on solicitation] This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase, any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

[Future Forecasts] This press release may contain forward-looking statements, including those related to the future business of Nidec Corporation (the "Tender Offeror" or the "Offeror") and other companies, such as "anticipate," "expect," "intend," "plan," "believe," and "assume." Such statements are based on the Tender Offeror's current business prospects and may change as a result of future developments. The Tender Offeror is under no obligation to update any forward-looking statements in this information to reflect actual business performance or changes in various circumstances or conditions. This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties or other factors. None of the Offeror or its affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. "Forward-looking statements" contained herein were prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither Tender Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

[U.S. Regulations]

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; "Securities Exchange Act") or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release is equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and Makino Milling Machine Co., Ltd. ("the Target") are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

The financial advisors of the Offeror or Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.

All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

[Other Countries] Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.