



FOR IMMEDIATE RELEASE

Nidec Corporation
Tokyo Stock Exchange Code: 6594

Contact:

Teruaki Urago
General Manager
Investor Relations
+81-75-935-6140
ir@nidec.com

Released on February 14, 2025 in Kyoto, Japan

Nidec Submits Answers to the Second Questionnaire from Makino Milling Machine Co., Ltd.
(Securities Code: 6135)

As explained in the press release, “Notice Regarding Scheduled Commencement of Tender Offer for Makino Milling Machine Co., Ltd. (Securities Code: 6135),” dated December 27, 2024, Nidec Corporation (TSE: 6594; OTC US: NJDCY) (“Nidec” or the “Company”), as part of a series of transactions (the “Transaction”) for the purpose of making Makino Milling Machine Co., Ltd. (listed on Tokyo Stock Exchange Inc.’s Prime Market) (the “Target Company”) a wholly owned subsidiary of the Company, decided to acquire the shares of common stock of the Target Company through a tender offer, and on the same day submitted to it a letter of intent regarding the Transaction.

In relation to the aforementioned events, in response to the second questionnaire, a document dated February 7, 2025 that Nidec received from the Target Company, the Company submitted its answers, dated today (Please see the attachment) to the Target Company.

The Company intends to continue to provide the Target Company with information that it needs to disclose its opinions regarding the Transaction, in a sincere, timely, and appropriate manner.

-###-

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

Nidec Corporation
Mitsuya Kishida, Representative Director and President Chief Executive Officer

Regarding the Letter of Inquiry (2) Received from Makino

We have received a "Letter of Inquiry (2)" dated February 7, 2025 (the "Letter of Inquiry (2)") from your company. The answers to each of the questions contained in the Letter of Inquiry (2) are as follows:

Please note that with respect to each of the questions contained in that certain "Letter of Inquiry (1)" dated January 28, 2025 (the "Letter of Inquiry (1)") we received from your company, in "Regarding the Letter of Inquiry Received From your Makino" dated January 31, 2025 ("Our Answer (1)"), we have provided our answers to the best of our capability in order for you to understand that the Proposal will contribute to enhancing your corporate value and securing the common interests of its shareholders.

In addition, we intend to continuously to answer to the best of our capability any questions that are necessary for you to understand that the Proposal will contribute to enhancing your corporate value and securing the common interests of its shareholders.

On the other hand, since the Letter of Inquiry (2) includes those questions which are not considered necessary for you to make a judgment on the said points, in order for you to make a right judgment, we would like you to limit your questions to those necessary to determine whether the Proposal will contribute to the enhancement of your corporate value and the common interests of its shareholders.

Further, as we have already informed you in Our Answer (1), regarding non-public or confidential information, we would like to provide our answers at in-person meetings with your management, since it is not suitable for a response by a letter on the assumption that the information will be made public, from the perspective of maximizing corporate value and improving shareholder returns.

Furthermore, the "Notice Regarding the Formulation of a Business Plan" announced by your company on February 12, 2025 (including subsequent changes, "Your Business Plan") is a very useful reference for calculating your company's intrinsic value, or your corporate value on a stand-alone basis. It will help us to analyze the incremental value that can be added to your stand-alone value through the synergies that can be expected to be created by you joining our group. To do this, it is essential to have in-depth information exchanges and discussions with your board of directors and the special committee that will evaluate the Proposal from a neutral standpoint, and we believe that making the content of these discussions transparent to the extent permitted by law will provide beneficial information to your shareholders.

Although we have not yet had the opportunity to do so, despite our repeated requests, we would like to reiterate that we strongly hope to meet with your management team and, at the same time, with the members of the special committee, who are in a neutral position, to discuss measures to



further expand the synergy created through the joint creation of both companies, while ensuring that we do not violate competition law regulations and that we provide each other with non-public and confidential information, albeit under certain restrictions, from the perspective of maximizing corporate value and improving shareholder returns.

1. Expected Synergies and Dis-synergies in the Proposal

- (1) According to 2 of the First Response, Nidec aims to “build a robust machinery manufacturing group that remains ahead of the rising competition from machinery manufacturers in Asia and other regions” together with the Company. In addition, according to the Letter of Intent, Nidec wants to aim to “become a leading global machine tool manufacturing conglomerate” together with the Company.

However, in line with the Company’s management philosophy to “pursue ‘quality first’ in all our products and services with a strong belief in mutual trust among everyone involving in building, selling, and using Makino products,” the Company’s primary goal is to steadily address the issues its customers face, and to respond to their needs in depth by focusing on “high speed, high precision, and high quality” as the core of its product development. Managing the Company prioritizing the goal of becoming “a leading global machine tool manufacturing conglomerate” while taking on the risk of compromising such principles do not align with the Company’s corporate philosophy. Since establishment, the Company has never intended to become a general machine tool manufacturer, and instead has focused on development as a specialized machine tool manufacturer centered on milling.

As mentioned above, the corporate philosophy of Nidec and the Company seem to differ significantly, and from an objective perspective, we are concerned that if the Company accepts the Proposal and becomes a wholly-owned subsidiary of Nidec, considerable difficulties will arise in the PMI (Post Merger Integration). Based on this point, please explain in detail how Nidec plans to establish the Company’s corporate philosophy and management philosophy after the Transaction, and what kind of management policy Nidec intends to implement on the Company.

Our Answer:

We respect and honor your business philosophy and history.

We have no intention of intervening significantly in your day-to-day management and completely changing your management structure, and we have no intention of damaging the relationship with your customers or their evaluations and expectations of you, all of which you have built. We will continue to respect your management philosophy "to comprehensively meet the needs of its customers by placing "high speed, high precision and high quality" at the core of its product development while steadily addressing the concerns of our customers", even after this Transaction. Adding thereto, we will support the implementation of measures deemed necessary after careful discussion with your management and employees in order to further develop your areas of expertise.

Therefore, even after you join our group, we will support the implementation of measures that we believe are necessary to further develop your areas of expertise while respecting your corporate philosophy.

- (2) In relation to (1) above, according to 2 of the First Response, as a general remark of Nidec's responses to questions on the synergies, a key characteristic of Nidec's M&A strategy is "our commitment to allowing the management of the acquired company to continue leading its operations to the greatest extent possible . . . [o]ur approach respects the acquired company's strong technological capabilities and customer base . . . [w]e prioritize open communication with the executives and employees of the acquired company to collaboratively realize synergies," and as a detailed explanation, for example, the 2(1)(d) of the First Response states that "[w]e fully understand your philosophy . . . and this philosophy will continue unimpaired within our group."

However, according to page 48 of Nidec's securities report for the fiscal year ending March 2024 (the "2024 Nidec Securities Report"), with regard to M&A by Nidec group, Nidec stated that its policy is to "deeply insti[ll] NIDEC's management philosophy and management methods in all employees," and we understand that Nidec prioritizes instilling its management philosophy and methods in the companies acquired through M&A (at least, that is how Nidec has explained it to its shareholders and the like). Based on this point, please explain in detail how Nidec intends to change the Company's corporate philosophy and management philosophy in line with that of Nidec's after the Transaction and what kind of change Nidec intends to implement on the Company's management policy.

Our Answer:

Our M&A policy's characteristic is "to allow the management of the acquired company to continue leading its operations to the greatest extent possible, and to realize synergies together by prioritizing open communication with the executives and employees of the acquire company and respecting the acquired company's strong technological capabilities and customer base". Like you we have a customer-oriented management philosophy, and at the same time, we focus on strengthening companies' profitability. Machine tools are machines for making machines, and the stability and viability of a machine tool manufacturer can provide peace of mind to customers, nations, employees, and shareholders. In order to achieve stability and viability, it is essential for a machine tool manufacturer to have a corporate strength to remain stable and viable in a rapidly changing global environment (a power to be competitive with emerging Asian machine tool manufacturers and other competitors). In order to make it possible to make large

investments when necessary and to have a corporate strength to survive even in a recession, we would like to maintain close communication with your executives and employees, realize synergies, and form a machine group that can continue to grow stronger and more stable together.

- (3) In relation to (1) above, the ratio of overseas sales to the Company's total sales is already more than 80%, a sufficiently high level. This is due to the fact that each of the regional headquarters in Asia, the Americas, and Europe have established robust production and sales systems tailored to regional characteristics, and the internationalization of the Company is already progressing. Based on such situation of the Company, please explain in detail what additional added value "international globalization" claimed by Nidec will provide to the Company.

Our Answer:

We are the world's largest manufacturer of motors and one of the world's leading manufacturers of high-precision reducers and high-precision presses. Specifically, we are present in 46 countries and have manufacturing facilities in 30 countries. Although you have a very strong foundations in Japan, Southeast Asia and China, we believe that there are markets in the Americas and Europe where you can further increase sales of your products by utilizing our sales network. From the perspective of reducing the lead time required to enter markets where you have not yet expanded and strengthening your competitiveness in those markets, we would like to also discuss about local production for local consumption with your executives. As a result, we believe that we can support your business in a variety of ways, such as finding suppliers, recruitment support, sales support, and the use of our land and buildings, by utilizing our resources, for example, if you decide to set up factories in the Americas or Europe.

- (4) According to the 2024 Nidec Securities Report, Nidec's operating segment is divided into ten segments, and the manufacturing and sale of machine tools appears to be included in the (8) Nidec Machinery and Automation segment. Therefore, we understand that Nidec plans to manage the Company by incorporating the Company into the (8) Nidec Machinery and Automation segment after the Transaction. However, based on the 2024 Nidec Securities Report, the leading company within this segment is identified as the former Nihon Densan Shimpo Corporation (currently Nidec Drive Technology Corporation ("Nidec Drive Technology")). In this regard, Nidec Drive Technology's business is described on its website as power transmissions, press machines, AGVs, measuring instruments and ceramic equipment, which seems to differ significantly from the Company's business domain. In addition, the (8) Nidec Machinery and Automation segment includes the former The Minster Machine Company (currently Nidec Minster

Corporation (“Nidec Minster”). However, Nidec Minster’s website describes its business as the manufacturing and sales of forging press machines and precisely pressed products, which also seems to differ significantly from the Company’s business domain.

Based on above, please provide detailed responses to the following: (i) whether Nidec intends to manage the Company by incorporating the Company into the (8) Nidec Machinery and Automation segment after the Transaction; (ii) if so, in what kind of specific organizational structure and reporting line Nidec manages the (8) Nidec Machinery and Automation segment; and (iii) what kind of business synergies Nidec expects to occur (please indicate synergies within the Company, not synergies within Nidec) by incorporating the Company into the same operating segment as a company engaging in business similar to that of Nidec Drive Technology and Nidec Minster.

Our Answer:

As you indicated, following the Transaction, you will belong to our Machinery and Automation Business Unit segment, and in that case, your reporting line will be to the General Manager of the Machinery and Automation Business Unit. The Machinery and Automation Business Unit consists of the machine tools, presses, and reduction gears businesses, and Nidec Machine Tool Corporation, Nidec OKK Corporation, TAKISAWA Machine Tool Co., Ltd, and PAMA S.p.A., which belong to the machine tools business, will be affiliated with your company in parallel after the Transaction. For the avoidance of doubt, such organizational structure and reporting lines are merely a formal way of managing subsidiaries in our group, and do not contradict the policy of respecting your corporate philosophy, which we have answered in Questions (1) and (2).

The compact planetary reducers, which are the main products of our reducer business, are incorporated in many industrial machines, creating strong sales synergies with existing machine tool manufacturers belonging to the our group. In addition, our press machine business has a strong sales and manufacturing base in Asia, the Americas, and Europe, and the head of the Machinery and Automation Business Unit provides sales and corporate support to existing machine tool manufacturers belonging to our group.

The head of the Machinery and Automation Business Unit maintains close communication with each company belonging to our group, and discusses and provides support for resolving their respective issues, sales support, and growth.

We believe that, similar to our machine tool companies, our reducer and press machine businesses can create strong synergies with your company as well. We would appreciate the opportunity to explain these matters in detail during an in-person meeting.

- (5) In relation to (4) above, please specify all of the divisions of Nidec, as well as subsidiaries and affiliates of Nidec (regardless of whether they are domestic companies or foreign companies), which make up the (8) Nidec Machinery and Automation segment in the 2024 Nidec Securities Report, and also specify the number of employees in each division, subsidiary, or affiliate categorized by department.

Our Answer:

The number of employees in the Machinery and Automation Business Unit is publicly disclosed as 7,124 as of March 31, 2024. We do not disclose the numbers of employee breakdowns for each division, so we will refrain from providing a response in this document. We would be happy to provide you with information on the number of employees by division if you and we have an opportunity to discuss in person the creation of synergies between the two companies together.

- (6) In relation to (4) above, Nidec is aiming to become “a leading global machine tool manufacturing conglomerate” as stated in (1) above; however, comparing the revenue stated on page 68 of the 2024 Nidec Securities Report with the research and development expenses for each division stated on pages 71 through 76, while research and development expenses are 81,055,000,000 yen against a revenue of 2,347,159,000,000 yen on a group-wide basis (approximately 3.45%), research and development expenses are 2,444,000,000 yen against a revenue of 204,388,000,000 yen (approximately 1.19%) for the Nidec Machinery and Automation segment, where the ratio of the research and development expenses to the revenue of the Nidec Machinery and Automation segment is very low compared to the average of Nidec. Based on such facts, please explain how Nidec will provide the Company with specific resources to become “a leading global machine tool manufacturing conglomerate,” and whether Nidec thinks that such ratio of research and development expenses is sufficient for a machine tool manufacturing conglomerate.

In addition, as stated in the Company’s securities report dated June 21, 2024, the basic policy of the Company’s management strategy is to “strengthen the development system to provide high-quality and high-precision machine tools that are required by the market without delay,” and placing emphasis on research and development. Please inform us whether substantial research and development expenses will continue to be allocated to the Company after the Transaction, taking into account the ratio of research and development expenses within the Nidec Machinery and Automation segment mentioned above.

Our Answer:

Since each business unit requires different development costs, we do not believe that we can generally say that R&D expenses in the Machinery and Automation Business Unit are

low on a comparison basis. There are differences in the way R&D expenses are recorded depending on the accounting standards, such as manufacturing cost, R&D, capitalization, etc., and you cannot necessarily make a simple comparison with our R&D expenses from the view of your accounting standards. We intend to share this information through dialogue with you in the future. We will not only secure the necessary and sufficient R&D expenses but also strengthen all of our group-wide R&D system so that we can realize your question, "Nidec will strengthen Makino's R&D system so that Makino can quickly introduce the high-grade, high-precision machine tools that the market is demanding". For example, we have basic R&D centers such as the Shin-Kawasaki Technology Center and the Keihanna Technology Center, which include a supercomputer, and we are reducing the outflow of development costs by performing advanced analysis at high speed in response to requests from group companies on a daily basis. Nidec was founded by four members and has grown to annual sales of 2,347.159 billion yen and approximately 100,000 employees in 51 years (consolidated basis as of March 31, 2024). One of the main reasons why we have grown up to be a company that is evaluated by many of our shareholders is our "insatiable pursuit and practice of technological development". In fact, the speed of new product development by the machine tool manufacturers belonging to our Machinery and Automation Business Unit has greatly improved from before they joined our group.

If you give us the opportunity to meet with the Special Committee and your senior management, we would be happy to provide a detailed explanation as to each of your specific concerns so that they can be addressed one by one.

- (7) In 2(1)(b) of the First Response, you stated that "sharing the needs of the customers between you [the Company's note: you refers to the Company; the same applies to the quoted parts of the First Response hereinafter.] 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." However, this is still unspecific. Please provide a more detailed explanation regarding the specific aspects of "sharing the needs of the customers," how this will "increase business opportunities for both of us," and how "sharing" which "existing resources" will "enable both of us to provide value to the customers more widely and more quickly."

As you may already be aware, as stated in 2(5)(i) of the First Letter of Inquiry, we strive to deeply understand and respond to the needs of its customers, and in doing so, we are presented with opportunities to engage with a variety of technical challenges and nuances unique to each customer. As stated in the Company's management philosophy, "trust is the foundation of a company's existence." From this perspective, we are concerned that sharing "the needs of the customers" with third parties outside of our organization could potentially harm the trust of our customers. When responding to the inquiry above, we would appreciate it if you could also provide a detailed explanation of how you plan to address these concerns.

Our Answer:

We do not intend to intervene in areas in which you are currently capable of completing on its own. However, as to any area that is beyond your domain, for example, in the case where the size of the workpiece is too large for your current lineup of machining centers, we may propose our large 5-face milling machine. In addition, if there is any customer who would like to purchase lathe or gear-cutting machining, our group company may make a proposal, or you may make a joint proposal based on the information obtained by our group company. In this way, we believe that there is room for the group to expand its capabilities in areas that you have not been able to adequately handle on your own.

If you have an agreement with a customer regarding sensitive or confidential information, we believe that it is only natural that you should put your commitment to your customer first, and we would appreciate your continued compliance with such an agreement. In cases where sensitive or confidential information is required, such as joint ventures with major companies in the automotive and aircraft industries, we have put in place thorough information management procedures to ensure that only relevant parties have access to the sensitive or confidential information.

- (8) In 2(3)(c) of the First Response, you stated that “[w]e 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.” Does this mean that there have been specific examples in which a company that conducted business with a company you acquired (the “Acquired Company”) and competed with your group’s business (“Nidec Group’s Competitor”) continued to conduct business with the Acquired Company and Nidec Group’s Competitor after the acquisition as a result of your persuasion, proposal, or other approach? If this is the case, please provide us with a specific percentage of the number of Nidec Group’s Competitors with which Mitsubishi Heavy Industries Machine Tool, OKK, Pama S.p.A. and Takisawa (collectively “MHI Machine Tool and Others”) had a business relationship prior to your acquisition and continue to do business after your acquisition (or what percentage of Nidec Group’s Competitors that did business with you before your acquisition are still doing business with you), and a comparison of the value of the transaction before your acquisition with the current transaction value (percentage as compared to the transaction value before your acquisition) (in order to avoid disclosing confidential information, please only provide the percentage (e.g., approximately ○%)).

Generally speaking, as machine tool manufacturers expand their business, it will become more difficult to do business with competitors in the expanded business, and this is a structural issue that machine tool manufacturers face, which we recognize as an

unavoidable dis-synergy in this Proposal. Therefore, this inquiry is important in verifying the scale of the dis-synergies of the Proposal, so please provide a quantitative information with specific figures.

Our Answer:

We will provide a response together with Question (10).

- (9) As stated in (8) above, in 2(3)(c) of the First Response, you stated that “[w]e 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.” In addition, according to 2(5)(a) of the First Response, for customers and suppliers who insist that they do not want to do business with Nidec group, you will “ask them to resume business with us,” and “even if there are customers or suppliers that have been lost, we believe we can provide new business that far exceeds the volume of lost transactions.”

However, if we add up the sales to customers who have made comments directly to us stating that they would like to refrain from doing business with us if you become our parent company, as described in 2(5)(i) of the First Letter of Inquiry, it will amount to approximately 10% of our total annual sales on a consolidated basis, although this is a rough estimate at the moment.

Considering this percentage, please explain in detail whether you still think that “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,” and if so, please provide the specific reason.

Our Answer:

We will respond to Question (8), this Question, and Question (10) collectively.

Following the announcement of the Proposal, we have received numerous positive reactions from third parties. We are not aware of any of your customers who have indicated an intention to switch from your products to those of another company. However, based on fragmented information, we assume that a considerable number of customers may have developed misunderstandings due to incorrect or incomplete information. In the event that such customers do exist, we believe that through sincere dialogue and careful explanation, we can sufficiently gain their understanding, and there is no cause for the concerns outlined in your question. Should you provide us with the relevant details, we would be more than willing to engage in sincere discussions with those customers immediately.

In the unlikely event that any of your existing business partners actually switch to other products beyond a strategic move aimed at opposing this transaction, we intend to visit such companies ourselves and request that they continue their business relationship with

us. Based on past M&A cases, the number of business partners that have ceased transactions after joining our group has been minimal. Furthermore, we have consistently achieved synergies through acquisitions that far outweigh such minor losses.

- (10) In relation to (9) above, pages 43-44 of the 2024 Nidec Securities Report indicates that you recognize the risks related to M&A as particularly important risks related to its business, and according to Nidec’s press release dated December 27, 2024, titled “Notice Regarding Scheduled Commencement of Tender Offer for Makino Milling Machine Co., Ltd.(Securities Code: 6135)”, you have passed a resolution regarding the Proposal at your board of directors meeting on December 26, 2024. In this regard, has your board of directors conducted a risk assessment of the Proposal? If so, please provide the specific details (including whether you assessed the risk of losing our customers as described in (9) above, and how you assessed and dealt with dis-synergies caused by the risk of losing our customers). If you have assessed the risk of the Proposal but were not aware of or assessed the risk of losing our customers as described in (9) above, please specify how you plan to handle the risk.

Our Answer:

As we answered in Question (9), we do not believe that there are any dis-synergies other than a possibility that you may be terminated a business relationship by a company that has a competitive relationship with our group and is concerned about doing business with us after you join our group. However, we believe that sincere explanations can dispel this concern with very few exceptions. Therefore, as mentioned in Our Answer to Question (9), if such a business partner does arise, we will explain directly and make every effort to earn their understanding.

- (11) According to the public notice of the non-consolidated financial results disclosed by Nidec OKK (formerly OKK), after your acquisition, the company’s financial condition appears to be deteriorating, with an ordinary loss of more than 1 billion yen in the fiscal year ending March 2024.

Public Notice of Financial Results for the 166th Fiscal Year

June 4, 2024

8-10-1, Kita-itami, Itami-shi, Hyogo

Nidec OKK Corporation Haruhiko

Niitani

President and CEO, Representative Director

Summary of the Balance Sheet

(As of March 31, 2024)

(Unit: million yen)

Assets		Liabilities and net assets	
Account	Amount	Account	Amount
Current assets	28,724	Current liabilities	9,251
Fixed assets	4,055	(Bonus reserves)	(152)
Property, plant, and equipment	456	(Product warranty reserves)	(30)
Intangible assets	35	Non-current liabilities	3,496
Investments and other assets	3,563	(Retirement benefit reserves)	(3,091)
		Total liabilities	12,747
		Shareholders' equity	19,982
		Share capital	9,023
		Capital surplus	4,195
		Capital reserves	4,195
		Retained earnings	6,764
		Retained earnings reserves	152
		Other retained earnings	6,612
		Valuation and adjustments	46
		Valuation difference on available-for-sale securities	4
		Revaluation reserve for land	
		Total net assets	20,032
Total assets	32,779	Total liabilities and net assets	32,779

Summary of the Income Statement

(From April 1, 2023 to March 31, 2024)

(Unit: million yen)

Account	Amount	Account	Amount
Net sales	22,227	Ordinary loss	1,026
Cost of sales	17,616	Extraordinary profit	8,954
Gross profit	4,611	Extraordinary loss	964
Selling, general, and	5,741	Profit before income taxes	6,964

administrative expenses			
Operating loss	1,130	Income taxes - current	3,747
Non-operating income	142	Income taxes - deferred	-4,861
Non-operating expenses	38	Net income	8,078

In this regard, in Nidec’s press release dated January 17, 2025, titled “Announcement regarding Nikkei xTech’s January 16, 2025 Article,” you state that “[f]or example, Nidec OKK Corporation has already started generating profit on a consolidated basis.” By “consolidated” here, does it mean (i) the consolidated profit and loss of the (8) Nidec Machinery and Automation segment in the 2024 Nidec Securities Report, (ii) the consolidated profit and loss of a consolidated group with Nidec OKK as its consolidated parent company, or (iii) the consolidated profit and loss of the sub-consolidated group within the (8) Nidec Machinery and Automation segment in the 2024 Nidec Securities Report? If it means either (ii) or (iii), please provide the consolidated balance sheet, consolidated income statement, and consolidated cash flow statement of the (sub)consolidated group, respectively, for the period after the acquisition of OKK.

Our Answer:

You have repeatedly asked this question, and while we are willing to answer any questions that are necessary for your company to understand that this proposal will contribute to enhancing your company's corporate value and securing the common interests of shareholders, we do not believe that citing a past sensational article is either necessary or important for these considerations. We would appreciate it if you could explain the reasons for repeating this question. The "consolidated" referred to in our January 17, 2025, press release, "Regarding Nikkei XTECH's January 16 report on our company," refers to a consolidated group with Nidec OKK Corporation as the consolidated parent company. As we have repeatedly stated in the past, our basic M&A policy is to maintain the management structure of each company in our group even after it joins our group. We do not publicly disclose the business performance of each of our subsidiaries.

As we also answered in Our Answer (1), Nikkei XTECH has withdrawn the article in question and published an apology, stating that "We considered that the article lacked fairness because there was not sufficient coverage or verification of facts." Accordingly, we will refrain from commenting further on the article in question.

- (12) According to the public notice of the non-consolidated financial results disclosed by Nidec Machine Tool (formerly Mitsubishi Heavy Industries Machine Tool), ordinary income for the fiscal year ending March 2024 decreased by 60% (from 1,988 million yen to 789 million yen) compared to the previous fiscal year. This suggests that the

company's financial condition has been deteriorating recently.

Public Notice of Financial Results for the 3rd Fiscal Year

June 4, 2024

130, Rokujizo, Ritto-shi, Shiga

Nidec Machine Tool Corporation

Haruhiko Niitani

President and CEO Representative Director

Summary of the Balance Sheet

(As of March 31, 2024)

(Unit: million yen)

Assets		Liabilities and net assets	
Account	Amount	Account	Amount
Current assets	22,409	Current liabilities (Reserves	13,996
Fixed assets	20,384	for loss on construction	(7)
Property, plant, and	6,386	contracts) (Construction	(29)
equipment		warranty reserves)	
Intangible assets	599	Non-current liabilities	6,899
Investments and other	13,399	(Retirement benefits	(955)
assets		reserves) (Retirement	
		benefits	(39)
		reserves for directors	
		(and other officers))	
		Total liabilities	20,895
		Shareholders' equity	21,898
		Share capital	3,000
		Capital surplus	15,698
		Capital reserves Other	3,154
		capital surplus	12,544
		Retained earnings	3,200
		Retained earnings	55
		reserves	3,145
		Other retained	
		earnings	
		Total net assets	21,898
Total assets	42,793	Total liabilities and net assets	42,793



Summary of the Income Statement

(From April 1, 2023 to March 31, 2024)

(Unit: million yen)

Account	Amount	Account	Amount
Net sales	39,536	Ordinary loss	789
Cost of sales	31,684	Extraordinary profit	12
Gross profit	7,853	Profit before income taxes	801
Selling, general, and administrative expenses	7,204	Income taxes - current	-141
Operating profit	649	Income taxes - deferred	51
Non-operating income	140	Net income	711

In this regard, please tell us specifically the reasons and background of the recent change in the profit and loss situation of Nidec Machine Tool.

Our Answer:

Nidec Machine Tool Corporation also operates on a consolidated basis, including overseas group companies related to its business, rather than functioning on a stand-alone basis. As we have repeatedly stated, we do not publicly disclose the performance of each of our subsidiaries, but the performance of Nidec Machine Tool Corporation has improved since joining our group.

- (13) In 2(7) of the First Response, you stated with regard to “the integration of companies we have acquired in the past, . . . the collaboration between business units has resulted in synergies, new business creation, and new product development.” Please provide us with a specific information about new businesses, new products, and other synergies that have been created through the integration with Mitsubishi Heavy Industries Machine Tool, OKK, Pama S.p.A., and Takisawa, in a way that appropriately indicates the specific name and its impact on sales and profit and loss. Although we have seen the “Supplement to our Letter of Intent dated December 27, 2024” disclosed by you on January 23, 2025, we understand that only some of the items listed above have been disclosed in the document. Therefore, we kindly request that you provide this additional information.

Our Answer:

Regarding your question, the information that can be disclosed to the public, without violating any competition law or regulations, is set forth in the Supplementary Information to the Letter of Intent. If further disclosure is requested, we will provide an explanation at the meeting, provided that such disclosure does not violate any laws or regulations.

(14) In the First Response, you stated regarding synergies arising from the expansion of manufacturing and production bases after the Transaction that “[w]e would like to have constructive discussions with you” (2(2)(a) of the First Response) and “we will discuss this matter with the people in charge at you” (2(2)(d) of the same); regarding the treatment of suppliers, that “we also need to take confidential information into consideration, and we would appreciate the opportunity to meet with your management . . .” (2(2)(h) of the same); regarding distributor sales, that “[w]e would like to exchange information and discuss . . .” (2(3)(a) of the same); and regarding the complementarity of support operations, that “[w]e would like to discuss . . . you to implement the necessary measures to expand service business” (2(3)(e) of the same). We believe that your response to our inquiries about synergies arising from the Transaction (not synergies within Nidec, but synergies within the Company in particular) is abstract.

In addition, regarding the treatment of employees after the Transaction, which is important in determining synergies (not synergies within Nidec, but synergies within the Company in particular), as well as “business plan, financial and capital plan, investment plan, and capital and dividend policies,” you responded that you cannot respond without a discussion with us, stating that “[w]e will consult with you to determine the specific treatment policy” and “[w]e . . . would appreciate a separate opportunity to discuss the details.”

Based on these responses, does this mean that at this stage, you have not specifically predicted synergies (not synergies within Nidec, but synergies within our organization, in particular) in numerical terms? Since we had understood that you had calculated specific synergy effects (including profit and loss impacts) in making the Proposal, if such figures for synergy effects (profit and loss impacts) are available, we kindly request that you provide them, along with the conditions on which these calculations were based.

Our Answer:

We will answer this question in conjunction with Question (15).

As stated in the section "<TOB Price>" in "4. Outline of the TOB" of the Letter of Intent, while it is currently difficult to quantify the synergies that you aim to realize through the Transaction, we believe that the Transaction, including the TOB, will provide the shareholders with a reasonable opportunity for investment returns, which will not only guarantee shareholders, at a minimum, "the benefits to which shareholders are entitled", namely “the value that could be realized even without an acquisition”, but also fully provide them with a fair distribution of “the value that cannot be realized without the acquisition.”

Specifically, the TOB Price carries a sufficient premium compared to the simple average closing prices of your shares on the business day preceding the date of submission of the

letter of intent and over the recent one, three, and six months (41.94%, 54.67%, 67.89%, and 74.24%, respectively). Moreover, in light of the fact that, as of December 26, 2024, your PBR (price to book ratio) was less than 1.0, and that the TOB price corresponds to a PBR of 1.19 (as of the announcement), we believe that the TOB price provides the shareholders with a reasonable opportunity for investment returns while also constituting a price that many shareholders are inclined to accept.

- (15) In relation to (14) above, since Nidec is a listed company on the Tokyo Stock Exchange Prime Market, we believe that Nidec has a responsibility to explain to its shareholders that the Proposal will generate synergies and investment effects that exceed the investment amount of 11,000 yen per share of the Company (General Principle 4 of the Corporate Governance Code). Please share with us in detail of how Nidec explains the significance, synergies, investment effects, etc. of the Proposal to its shareholders or investors, and what kind of comments you have received from your shareholders or investors in response.

Our Answer:

As you are already aware, we held a press conference on January 23, 2025, in addition to various disclosures. We have also disclosed the materials used in this explanation on our website, including an English translation and a Chinese translation. We have not received any negative comments from our shareholders. On the date of submission of the letter of intent, our stock price rose 4.1% from the previous day on a closing basis. This is higher than the 1.3% rise in TOPIX on the same day, indicating that investors have responded favorably to the Proposal.

- (16) In relation to (14) above, please share with us the issues Nidec is facing that Nidec hopes to resolve with the technology, equipment, production/sales system, and other know-how, information, material support, etc. provided by the Company after the Transaction.

Our Answer:

We anticipate the synergies stated in the letter of intent, the supplemental materials to the letter of intent, and Our Answer (1), and will help resolve our issues. Since some of the details may not be suitable for public disclosure, we would prefer to discuss them in detail at the meeting.

- (17) According to Nidec's press release dated March 25, 2024, "Notice Regarding the Recommendation from the Japan Fair Trade Commission to Nidec Group Companies," it has been reported that Nidec's subsidiary has been engaging in acts in violation of the Act

against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (so-called Subcontract Act) to 44 business partners since May 1, 2022 at the latest, and has received a recommendation from the Japan Fair Trade Commission.

As stated in our corporate governance report dated June 21, 2024, we consider corporate governance to be an important issue for improving corporate value over the medium- to long-term, and we aim to build effective and efficient corporate governance given the extremely large fluctuations in performance in the machine tool industry. We are concerned about the impact on our business if a group company, including our parent company, breaches any law or regulation. Please explain to us of the internal control system for Nidec's subsidiaries, and also explain to us in detail of whether there is any possibility that any other companies in Nidec group are violating the Subcontract Act or other laws and regulations in addition to the above.

Our Answer:

With regard to the internal control system regarding our subsidiaries, please refer to "Internal Reporting System" and "Compliance seminars" on pages 84 and 85 of the Integrated Report 2024. In addition, as is the case with other listed companies, we conduct periodic investigations and audits by our internal audit department and other departments. There are no other violations of laws and regulations that we are aware of.

Integrated Report

https://www.nidec.com/-/media/www-nidec-com/sustainability/integrated_report/IntegratedReport2024_EN.pdf

2. Human Capital

- (1) According to 3(1) of the First Response, Nidec said “at our major group in Japan, . . . in terms of compensation, we have set a goal of a 30% increase in annual salary . . .” Please share with us the average annual salary increase/decrease rate of employees at Mitsubishi Heavy Industries Machine Tool, OKK, PAMA S.p.A., and Takisawa before and after the acquisition by Nidec.

Our Answer:

We are unable to provide further details since this matter is related to information on past M&A, but the situation has been progressing well since joining our group.

- (2) According to 4(5) of the First Response, Nidec said “we do not disclose our turnover rate.” However, since 4(5) of the First Letter of Inquiry is an inquiry that we are ask in order to accurately understand the contents stated on Nidec OKK’s website, we request once again that you respond, from the perspective of ensuring transparency for shareholders and investors, which you have repeatedly emphasized in making the Proposal.
- (3) In response to questions 4(1) to (5) of the First Letter of Inquiry, Nidec has provided the (a) average length of service, (b) average age, (c) average monthly overtime hours, (d) paid holiday utilization rate, and (e) average annual salary *on a non-consolidated basis*. However, according to the Proposal, after the Transaction, the Company will not be absorbed by Nidec, but will become a group company of Nidec. Therefore, in addition to the information on a non-consolidated basis, please share with us specific data for items (a) to (e) above for each of Mitsubishi Heavy Industries Machine Tool, OKK, PAMA S.p.A., and Takisawa.

Our Answer:

With regard to Questions (2) and (3), we would like to respond as follows:

We do not release the data from (i) through (v) above in your inquiry.

- (4) According to an article published on the Diamond Online’s website dated September 29, 2022, “Nippon Densan’s ‘mass exodus of elite executives’ crisis, including former Nissan, Mitsubishi Corporation, and Sharp employees as well as successful long-term employees of Nippon Densan,” it is said that around the spring of 2020, the executive officer who was in charge of internal management such as human resources and compliance, as well as the executive officer who was the president of Nidec, resigned one after another. Please explain whether there is any risk of a similar situation occurring within Nidec group (particularly within the Nidec Machinery and Automation segment) or the Company after the Transaction, along with specific reasons.

Our Answer:

While we are willing to answer any questions that are necessary for you to understand that this Proposal will contribute to enhancing your corporate value and securing the common interests of shareholders, we do not believe that citing past incendiary articles is necessary or important for the above decision.

As stated in our answer set out 5.(1) of Our Answer (1), we have informed you that, while our policy is basically to have you continue with the current management team, we are considering dispatching outside directors to the posts that are needed and dispatching

outside directors only after holding discussions with you in good faith. We would like to reiterate our desire to have discussions with your management team as soon as possible.

3. Postponement of the Commencement Date of the Tender Offer

- (1) As described in 1(14) above, in the First Response, you stated regarding synergies arising from the expansion of manufacturing and production bases after the Transaction that “[w]e would like to have constructive discussions with you” (2(2)(a) of the First Response) and “we will discuss this matter with the people in charge at you” (2(2)(d) of the same); regarding the treatment of suppliers, that “we also need to take confidential information into consideration, and we would appreciate the opportunity to meet with your management . . .” (2(2)(h) of the same); regarding distributor sales, that “[w]e would like to exchange information and discuss . . .” (2(3)(a) of the same); and regarding the complementarity of support operations, that “[w]e would like to discuss . . . you to implement the necessary measures to expand service business” (2(3)(e) of the same). We believe that your response to our inquiries about synergies arising from the Transaction (not synergies within Nidec, but synergies within the Company in particular) is abstract.

In addition, regarding the treatment of employees after the Transaction, which is important in determining synergies (not synergies within Nidec, but synergies within the Company in particular), as well as “business plan, financial and capital plan, investment plan, and capital and dividend policies,” you responded that you cannot respond without a discussion with us, stating that “[w]e will consult with you to determine the specific treatment policy” (4(6) of the First Response) and “[w]e . . . would appreciate a separate opportunity to discuss the details”(5(2) of the First Response).

We have no objection to the fact that the consideration of synergies requires disclosure of corporate information of both parties, which requires consideration of confidential information and further discussions between the management of both parties, and we believe that this is a necessary process to provide shareholders with the information necessary to make a decision on the merits of the Proposal.

It is our understanding that in a normal acquisition proposal, the acquiring party and the target company discuss in advance the matters that should not be disclosed from the perspective of management of trade secrets and competition law considerations, etc. In this case, however, since the Company was unable to secure time for such discussions prior to you making the Proposal, we respectfully request that you postpone the commencement date of the Tender Offer in order to secure time to conduct such discussions, sort out the existence or non-existence of specific synergies (not synergies within Nidec, but synergies within the Company in particular), organize the content and reasonings of such discussions, and disclose the results of such discussions to our

shareholders. If you do not agree, please respond with specific reasons why it is not reasonable to proceed in the manner described above.

Our Answer:

As stated in Our Answer (1), the period from the date of the Proposal (December 27, 2024) to the date of commencement of the TOB (April 4, 2025) is more than "60 business days," and more than 60 business days are secured even assuming that your consideration of the Proposal is completed by the date of commencement of the TOB.

We believe that this is a more than sufficient period of time for you to consider the Proposal, assuming that you will seriously consider whether the Proposal will secure or enhance your corporate value and, in turn, the common interests of shareholders.

Although you have stated that it will take time to study the synergies, as we have repeatedly stated, we strongly hope that you will provide us with an opportunity to meet directly with your management team, including your representative director, as soon as possible to further explain our view and to discuss business strategies for both companies. We also believe that discussions with us are essential for comparing to your business plan and examining the Proposal. We would therefore like to reiterate our strong request for your positive consideration to arrange the above-mentioned opportunities as soon as possible and as frequently as possible.

- (2) In 6(3) of the First Response, Nidec stated that “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.” The Letter of Intent also states that the board of the directors and the Company's special committee (the “Special Committee”), as well as the shareholders, will be given sufficient time to consider the Proposal. In order to ensure sufficient information and time for the board of directors and the Special Committee and shareholders to fully consider the Proposal, Nidec states that “to provide the Target Company and its shareholders with sufficient time to properly determine whether the Transaction is appropriate and whether the shareholders should tender their shares in the Tender Offer. Therefore, the Tender Offeror has decided to secure more than two months for such period.” In reality, the review period for the Proposal has been only approximately two and a half months from the beginning of the year until April 4 (or about three months, even if based on the statement in 6(3) of the First Response).

However, as stated on page 10 of the “Requests to Nidec Corporation and Corresponding Reasons” (the “Supplementary Explanation to Request Letter”) released by the Company on January 31, 2025, in major recent cases of tender offer without consent in Japan, a period of at least approximately six months is secured from the date of proposal of the acquisition, capital and business alliance, or other management improvement by the tender offeror to the commencement date of the tender offer. Therefore, a period of approximately two and a half months

(approximately three months) from the acquisition proposal to the commencement date of the Tender Offer seems to be too short of a consideration period compared to recent cases. As such, we respectfully request once again that you postpone the commencement date of the Tender Offer in order to secure a consideration period equivalent to that of recent cases for our shareholders. If you are unable to accept, please respond with specific reasons why it is not reasonable to postpone the commencement date.

Our Answer:

The "Guidelines for Corporate Takeovers - Enhancing Corporate Value and Securing Shareholders' Interests - " (the "Guidelines"), published by the Ministry of Economy, Trade and Industry on August 31, 2023, states, "If a tender offer is launched without negotiations with the target company, there may be insufficient time for the target company's shareholders and board of directors to consider and prepare for the acquisition. Under the tender offer regulation, a target company may extend the tender offer period for up to 30 business days, but if such time period is objectively considered insufficient, it is advisable for the acquiring party to set a longer tender offer period than originally proposed, or extend the period for a reasonable time period, taking into account the needs of the target company and its shareholders."

And since the maximum period of the tender offer is "60 business days" under the Financial Instruments and Exchange Act, the "reasonable time period" referred to above is "60 business days at most," and the Proposal provides for more than 60 business days even assuming that your consideration is completed by the date the TOB is launched.

In other words, even in cases where "a tender offer is launched without negotiations with the target company," the Guidelines only state that it is "desirable" to extend the tender offer period to a maximum of 60 business days if it is objectively considered that 30 business days is insufficient, yet the period from the date the Proposal is made (December 27, 2024) to the date the TOB is commenced (April 4, 2025) exceeds "60 business days," and if the tender offer period of the TOB (31 business days at minimum, although it is planned to be extended if the number of tendered shares reaches the minimum) is added to the period, it is hardly in line with the spirit of the Guidelines to seek an extension of the period for the Proposal, which has already secured a minimum of "a total of 91 business days".

You state, "Makino would like to reiterate Makin requests that the commencement date of the TOB be postponed in order to allow its shareholders the same level of time for consideration as in recent cases." However, among the cases listed on page 10 of the Supplementary Explanatory Material to your request, for example, in the case of the tender offer for HYOKI KAIUN KAISHA, LTD. by Dojima Kisen Co., Ltd., which was announced after the publication of the Guidelines, the shareholders of Hyoki Kaiun Co., Ltd. had no information about the takeover offer until the commencement date of the tender offer. Given this, the period for consideration by the shareholders of HYOKI KAIUN KAISHA, LTD. in the case was 34 business days, which is a significantly

shorter period than the period for consideration by your shareholders regarding the Proposal. We believe that the Proposal, which informs your shareholders of all circumstances from the stage of proposing the Transaction, provides more than sufficient time for your shareholders to consider the Proposal, compared to other companies' cases.

4. Lower Limit of the Tender Offer and Squeeze-Out Policy

- (1) In 7(1) of the First Response, you stated that the reason for setting the lower limit on the planned numbers of shares to be purchased in the Tender Offer at 50% of the total number of voting rights of the Company's shares is that 50% is "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."

However, we have received copies of letters submitted to the Financial Service Agency by several major shareholders expressing their intention not to tender their shares in the Tender Offer and not to vote in favor of the proposal for the subsequent squeeze-out at the general meeting of shareholders.

As stated above, in light of the current situation where several major shareholders of the Company have expressed their intention not to tender their shares in the Tender Offer and not to support the proposal for the subsequent squeeze-out at the general meeting of shareholders, do you still consider the lower limit of 50% of the total voting rights to be sufficient as "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"? If so, please explain in detail the reasons for this.

Our Answer:

Since you have not disclosed the reason indicated in the letter submitted to the FSA by several of your major shareholders (the "Letter"), why such shareholders do not support the TOB and the subsequent proposal for a reverse stock split as part of the squeeze-out process (the "Reverse Stock Split Proposal"), the purpose and background of such shareholders' submission of the Letter to the FSA, the attributes and number of such major shareholders, and the number of voting rights for your shares held by such shareholders, we are unable to make any analysis based on the situation as you have asked us in your question. As we have already explained, the analysis of the Reverse Stock Split Proposal by Mita Securities Co., Ltd. is not based on the behavior of shareholders at this point in time, but on the behavior of shareholders in the future based on the expectation that they will have a certain understanding of our management policies, etc. if the TOB is successful and we become your parent company.

- (2) In 7(2) of the First Response, you expressed the view that, based on the sufficient economic terms of the Transaction, it can be reasonably expected that all passive index management funds that own the Company's shares will exercise their voting rights in favor. In this regard, the Company recognizes that when institutional investors exercise their voting rights, not only the "economic terms" but also factors such as the "fairness of the process" will be taken into consideration in determining their position. In fact, we are aware that in the voting recommendation reports by proxy advisory firms, which are referred to by certain domestic institutional investors when making voting decisions, there have been cases where the "fairness of the process" was cited as one of the reasons for recommending opposition to corporate restructuring-related proposals. In light of the above, please explain the reasons why it has been determined that the exercise of voting rights in favor is reasonably expected for all passive index funds that own the Company's shares.

Our Answer:

We are aware of and agree with your statement in your question that "when institutional investors exercise their voting rights, their approval or disapproval is determined not only on the basis of "economic terms" but also on the basis of "fairness of the process" and other factors". Based on the "Principle of Shareholder Intent" and the "Principle of Transparency" set forth in the Guidelines, we have consistently implemented procedures to ensure fairness and transparency from the proposal stage of the Transaction up until now, and we will continue to implement procedures in accordance with the Guidelines until the squeeze-out process is completed. Therefore, we believe that the Passive Index Management Fund will not oppose the Reverse Stock Split Proposal on the grounds that the "fairness of the process" of the Transaction has not been ensured.

- (3) If opinions contrary to the assumptions presented by Nidec (if the Company expresses an opinion other than that of the Company in favor of the Tender Offer, the Company will respect the opinion of the board of directors and refrain from tendering their shares. On the other hand, if the Tender Offer is successful and Nidec becomes the new parent company of the Company, we are expected to understand the management policies of your company and, in principle, approve the proposal for the share consolidation at the extraordinary general shareholders' meeting) are expressed or heard from related parties of the Company and cross-shareholding partners of the Company, does Nidec intend to revise the lower limit? If not, please explain in detail the reasons.

Our Answer:

As with Our Answer to Question (1), we cannot make any analysis based on the

fictitious assumption you have pointed out, because we cannot envision a specific situation in which the cross-shareholding party expresses an opinion that conflicts with our view at this point in time. As we answered in Question (1), our analysis regarding the Reverse Stock Split Proposal is based on the actions of shareholders at a future point in time in the event that the TOB is consummated and we become your parent company. Therefore, we do not plan to change the lower limit of the TOB even if the situation described in your question arises.

- (4) In 7(4) of the First Response, you responded to the question regarding the assumptions underlying your estimates of the passive index management funds. However, regarding the “base date” of domestic passive index funds we have requested a response on, we would like to confirm the specific points in time (the most recent and earliest point in time) that are being referenced for each fund’s shareholding data. (We assume that the total amount of shares held by passive index management funds, as estimated by Nidec, are derived by aggregating data from multiple funds. We also recognize that the base date for shareholdings may often differ across different funds.) Furthermore, Nidec has declined to respond to certain questions, due to confidentiality obligations to QUICK Company. May we understand that this decision was made after confirming with QUICK Company regarding whether or not the requested information can be provided? We recognize that the information we have requested to be very important from the perspective of providing information to general shareholders concerning the setting of the lower limit for the Tender Offer. As such, we are considering requesting QUICK Company to provide the necessary information, to the extent possible, if deemed appropriate.

Our Answer:

According to Mita Securities Co., Ltd., they have confirmed with QUICK regarding the handling of information provided by QUICK. We are prohibited from providing any of the content provided by QUICK to any third party, regardless of the method in which it is provided. Therefore, we would appreciate your understanding that it is difficult to provide detailed information due to the confidentiality obligation owed to QUICK.

- (5) In 7(5) of the First Response, you stated that even if there are changes in the Company’s shareholder structure, the approval of the proposal for share consolidation can still be reasonably expected. The rationale provided was that “[w]e 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.” Like Nidec, we also anticipate the possibility of a competing proposal to be announced in response to this Tender Offer. Based on this expectation, we speculate that several investors have newly acquired shares in the Company since the announcement of your Tender Offer. On the other hand, we believe that there is a possibility that these

shareholders, depending on the process of Nidec's tender offer and the contents of any competing proposal, may vote against the proposals for share consolidation for the squeeze-out procedure at the general meeting of shareholders in order to exercise their "right to exercise appraisal rights". In this regard, may we understand that Nidec holds the view that no such shareholders exist? Alternatively, could you provide your estimate of the proportion of such shareholders, if any?

Our Answer:

First of all, the premise of "exercise their "right to request the purchase of shares", depending on the process of the TOB by Nidec and the content of other counter offers" after the completion of the TOB is not self-evident. Nonetheless, even if there are new shareholders who become shareholders in anticipation of a further rise in the market share price of your shares due to a counter offer, etc. to the TOB, we believe that they will approve the Reverse Stock Split Proposal because there will be no opportunity to further raise the market share price of your shares due to a counter offer, etc. once the TOB has been completed. Therefore, even if a situation such as the one you have asked in your question arises, we do not believe that it is a circumstance that should change the results of our analysis.

- (6) In 7(6) of the First Response, you explained the rationale behind the lower limit set in the TAKISAWA case as "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." From this explanation, we understand that Nidec has set the lower limit for the Tender Offer under the assumption of an existence of an interested relationship whereby the decision on whether or not to tender shares in the Tender Offer will be affected by the cross-shareholder, who is a financial institution and is the shareholder registry administrator for the Company. "Mitsubishi UFJ Trust and Banking Corporation" and "MUFG Bank, Ltd." would fall under the cross- shareholders that are financial institutions you indicated in 7(6) of the First

Response. Could you confirm whether the aforementioned assumption was made based on publicly available information regarding these financial institutions? If so, please provide the information you referenced. Furthermore, if the assumption was not based on publicly available information, may we understand that your company has independently concluded that “the existence of an interested relationship would influence the decision of the financial institutions with respect to the selling and purchasing of shares”? If this is the case, please provide a detailed explanation of the reason underlying this independent conclusion.

Our Answer:

According to your Annual Securities Report for the fiscal year ended March 31, 2024 (in the section describing specified investment shareholders), the relationship with Mitsubishi UFJ Financial Group "is one of our major business partners with respect to our financing and financial and insurance transactions, and we maintain a good business relationship and exchange information in a timely and appropriate manner. We hold this relationship with the intention of ensuring that the financial and insurance services we require are supplied with appropriate content, quality, price, and timing." and we understand that there are certain interests between you and this group. (In the section of the cross shareholding at the time of the TAKISAWA transaction, it was only stated that "We hold the shares for the purpose of strengthening our relationship with the financial institutions we do business with").

In fact, we recognize that the role of the shareholder registry administrator is not limited to mere management of the shareholder registry, but always collaborates with the company in stock practices, including administrative work related to general meetings of shareholders, and that the shareholder registry administrator plays a part in the stock transfer agency business. The website of Mitsubishi UFJ Financial Group (<https://www.tr.mufg.jp/english/ourservices/transfer/transfer.html>) states that the transfer agent provides services that extend to operations related to the company's management policies, such as initiatives to enhance the company's corporate value. Since it is stated that Mitsubishi UFJ Financial Group provides services, we assume that "Mitsubishi UFJ Trust and Banking Corporation" and "Mitsubishi UFJ Banking Corporation" are likely to refrain from applying for the TOB if you were to express an opinion against the TOB.

- (7) In the Letter of Intent and in the response to the “Request Regarding Scheduled Commencement Date and Planned Number of Shares to be Purchased for Tender Offer” from our Special Committee to your company dated January 15, 2025 (“Regarding the Request Letter Received from Your Committee” dated January 17, 2025), you stated that “[i]f the aggregate number of tendered shares reaches the minimum purchase threshold (50% of the total voting rights of your company) during the tender offer period, we will promptly disclose this fact and extend the tender offer period by 10 business days, starting from the next business day after such disclosure” whereby significantly mitigating

coercion.

However, unlike the tender offer systems in the U.K., Germany and other countries where shareholders of the target company who tendered their shares during the initial tender offer period are not allowed to withdraw their shares from the TOB during the additional tender offer period, under the Japanese tender offer system, shareholders are free to withdraw their respective tenders from the tender offer during the additional tender offer period (pursuant to Article 27-12, Paragraph 1 of the Financial Instruments and Exchange Act). Therefore, it is not guaranteed that the total number of tendered shares will exceed the lower limit on shares to be purchased (i.e., that the Tender Offer will be completed) during the extended 10 business days (the additional tender offer period). In this regard, extending the tender offer period for an additional 10 business days cannot be said to fully eliminate the coercion. In particular, taking into account: (i) in this case, since the Proposal was initiated without prior consultation, it is expected that the shareholders will continue to consider whether or not to accept the Tender Offer until the end of the Tender Offer Period, (ii) the statement of opposition from the China Die and Mould Industry Association following the Proposal as outlined in 2(5)(iv) and 3(4) of the First Letter of Inquiry; and (iii) several major shareholders expressing their intention not to tender their shares in the Tender Offer and not to vote in favor of the proposal for the subsequent squeeze-out at the general meeting of shareholders, alongside numerous media coverage and the volume of information influencing shareholders decisions is continuously increasing, even during the extended 10 business days, shareholders will remain in an extremely unstable position and the coercion will not be sufficiently mitigated.

In light of the nature of this matter, do you believe that extending the tender offer period by 10 business days after reaching the lower limit of the target number of shares, rather than raising the lower limit of shares to be purchased to the equivalent of two-thirds of the total voting rights, would sufficiently mitigate the coercive nature of the Tender Offer? If so, please provide a detailed explanation of the reasons.

Our Answer:

If the total number of shares tendered in the TOB reaches the minimum number of shares to be purchased (equivalent to a majority of the total number of voting rights of your company) during the TOB Period, we will promptly announce such fact and extend the TOB Period so that 10 business days can be secured starting from the business day following such announcement date. The purpose of planning to extend the TOB Period and of such announcement is to allow shareholders who did not tender their shares during the TOB Period before the extension (the "Initial Tender Offer Period") to do so during the extended Tender Offer Period (the "Additional Tender Offer Period"). We intend to ensure that your shareholders will be able to consider whether or not to tender their shares during the Initial Tender Offer Period without coercion by clearly indicating

to your shareholders that they may tender their shares during the Additional Tender Offer Period even if they have not tendered their shares during the Initial Tender Offer Period".

In other words, coercion means that if the corporate value of the target company is expected to decrease after the acquisition of control, general shareholders will have an incentive to tender their shares in the tender offer even if they are dissatisfied with the tender offer price, etc., in order to avoid any disadvantage due to the decrease in corporate value (December 25, 2023 Report of the Working Group on the Tender Offer System and Large Shareholding Reporting System, Financial System Council, p. 6).

On the other hand, under the above-mentioned efforts by Nidec, if there is dissatisfaction with the tender offer price, etc., it will be sufficient to tender the shares during the Additional Tender Offer Period without tendering them during the Initial Tender Offer Period.

This, in turn, means that your shareholders who tendered their shares during the Initial Tender Offer Period are not dissatisfied with the tender offer price, etc. in the TOB and agree to the TOB. Therefore, if the number of shares tendered during the Initial Tender Offer Period reaches the minimum number of shares to be purchased under the TOB (the number of shares equivalent to a majority of the total number of voting rights of your company), the shareholders holding a majority of the total number of voting rights of your company will have agreed to the TOB.

In this way, the above efforts by Nidec are meaningful in that they ensure a situation in which your shareholders can consider whether or not to tender their shares in the Initial Tender Offer Period without coercion, and they clarify whether or not a majority of your shareholders having voting rights are in favor of the TOB through the number of shares, etc. tendered in the Initial Tender Offer Period, which is exactly in accordance with the "Principle of Shareholders' Intentions" required by the Guidelines.

You have raised the issue of situations where additional information arises during the Additional Tender Offer Period (i.e., after the Initial Tender Offer Period) , but in the first place, if shareholders holding a majority of the total voting rights of your company do not support the TOB during the Initial Tender Offer Period, the Additional Tender Offer Period would not have been set up.

- (8) In the Letter of Intent, you stated that the consideration for the squeeze-out will be “be a price that is evaluated to be economically equivalent to the Tender Offer Price for the shareholders who sell their shares in response to such additional acquisition [Company note: the squeeze-out] (unless the Target Company takes any action that requires

adjustment of the consideration to be paid, such as a share consolidation or stock split, the consideration per share will be the same as the Tender Offer Price.)” However, given that the privatization process by your company may progress by the time the squeeze-out procedure is implemented, the market price of the Company’s shares may be higher than the purchase price of the Tender Offer (the “Tender Offer Price”). Please share with us whether Nidec intends to set the squeeze-out consideration equal to the Tender Offer Price. Furthermore, if Nidec anticipates setting the squeeze-out consideration higher than the Tender Offer Price in this scenario, would Nidec also intend to compensate shareholders who tendered their shares in the tender offer for the difference between the squeeze-out consideration and the Tender Offer Price?

Our Answer:

In order to ensure that there is no inequality in the economic value obtained through the Transaction between shareholders who tendered their shares in the TOB and shareholders who sell their shares in response to the squeeze-out, the amount of money to be delivered to shareholders who did not tender their shares in the TOB, regardless of the market share price at the time of the squeeze-out, will be calculated to be the same as the Tender Offer Price multiplied by the number of your shares held by each shareholder, and there is no change to this plan.

5. Scheme of the Proposal

- (1) According to 2(6) of the First Response, the reason for proposing to make the Company a wholly-owned subsidiary in the Proposal is “[m]aking rapid management decisions, creating more synergies, and maximizing corporate value,” and “[i]n 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.” However, as described in 1(14) above, there are many aspects that require discussion and coordination between your company and our Company to consider synergies (not synergies in your company, but those especially in our Company). Therefore, it is a viable option to start the collaboration and management integration between Nidec and our Company in phases, starting with a capital and business alliance and exploring the most efficient form of integration for both companies.

Taking into account your company’s current assessment as described in 1(14) above, please reconsider whether making our Company a wholly-owned subsidiary of your company is more appropriate than adopting a scheme for this Transaction in which you acquire 20%, 33.4% or 50.1% of our shares and form a capital and business alliance with us. If you still believe that making our Company a wholly-owned subsidiary of your company is the more appropriate scheme, please explain to us the specific reasons.

Our Answer:

As stated in the Letter of Intent, we believe that making you a wholly owned subsidiary will maximize the corporate value of both companies by taking advantage of the speed of decision making, which is one of our strengths, and by realizing significant synergies between the two companies in terms of products, technology, production, and sales network and services.

- (2) In the Letter of Intent, you claim that you aim to become “a leading global machine tool manufacturing conglomerate” through the acquisition of our company, a machine tool manufacturer. However, in light of such goal, we believe that carving out the machine tool business (including, but no limited to, the machine tool business of Mitsubishi Heavy Industries, Ltd.) from your company and group companies (after spinning off the machine tool business department from your Company), conducting a business integration of that carved out business with our Company, and establishing a merged company specializing in machine tools would be a more effective option, from the perspectives of “selection and concentration” and strengthening international competitiveness. As such, please explain your company’s thoughts in detail with respect to this option.

In this regard, according to an interview with Mr. Tatsuya Nishimoto, Executive Vice President of Nidec Corporation (“Makino side may lead the machine tool business in the future” – Executive Vice President of Nidec Corporation) dated January 20, 2025 on the Nihon Keizai Shimbun’s electronic edition, he also touched on “a former Makino Milling Machine employee being in charge of supervising Nidec’s entire machine tool business.” From these statements, we believe that the aforementioned carveout of the machine tool business from your company group and business integration with our Company is rather in alignment with your company’s intentions, and as such we would appreciate if you could consider this point in your response above.

Our Answer:

As stated in the Letter of Intent, there are more than 80 machine tool companies in Japan, and the business structure of these companies is heavily influenced by the fluctuations of the economy. We believe that this environment has forced us to curtail investments necessary for sustainable growth. On the other hand, in our group, the machine tool business is one of a division of our group. This means that if the machine tool industry as a whole is in a recession due to economic fluctuations, other divisions will be able to support the industry, and vice versa. In other words, if you join our group, you will not be dependent on the market structure of the machine tool business, which is greatly affected by the fluctuations of the economy, and you will be able to continue to make the investments necessary for stable and sustainable growth, in other words, you will be able to continue to develop technologies and products. We believe that this is a major advantage as

a company compared to specialized machine tool manufacturers. We are also a comprehensive motor manufacturer and user of machine tools for a wide range of industries, and as a company with rare and unique characteristics, we are able to develop our business with a broad perspective on the future of innovation and technology. From these perspectives, we believe that joining our group is the best way to maximize synergy between the two companies.

- (3) In response to the “Request from Our Board of Directors to Your Board of Directors” dated January 31, 2025 that our board of directors had sent to your board of directors, we received a response from your company on February 5, 2025 (“February 5 Response”). While we had asked your company’s board of directors in the request above to carefully consider the contents of such request and to provide specific reasons if such requests could not be accepted, the February 5 Response was signed by your company (the Representative Director, President and Chief Executive Officer) instead of your company’s board of directors, and its contents appear to be exactly as stated on past letters our Company and Special Committee received from you company containing the executive teams’ view.

As such, please confirm whether the February 5 Response was issued responsibly under such signatory, after sincere deliberation by your board of directors, including independent and external directors, of the requests made by our board of directors and Special Committee.

Our Answer:

The content of our response to the "Regarding the Request Letter Received from Your Board of Directors" dated February 5, 2025 was determined by our Board of Directors, including our Independent Outside Directors, after serious consideration of the requests and demands made by your Board of Directors and the special committee.

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.