

# NEWS RELEASE



## NIDEC CORPORATION

### FOR IMMEDIATE RELEASE

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## UNAUDITED INTERIM FINANCIAL STATEMENTS (IFRS)

(English Translation)

**RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2017  
FROM APRIL 1, 2017 TO JUNE 30, 2017  
CONSOLIDATED**

Released on July 26, 2017

# **NIDEC CORPORATION**

**Stock Listings:** Tokyo Stock Exchange

**Head Office:** Kyoto, Japan

**Date of Filing of Japanese Quarterly Report (Plan):** August 9, 2017

## **1. Selected Consolidated Financial Performance Information for the Three Months Ended June 30, 2017 (IFRS) (unaudited)**

### **(1) Consolidated Results of Operations**

*(Yen in millions)*

|  | Three months ended June 30 |         |
|--|----------------------------|---------|
|  | 2016                       | 2017    |
| Net sales  | 276,206                    | 343,091 |
| Ratio of change from the same period of previous fiscal year | (3.1)%                     | 24.2%   |
| Operating profit   | 31,524                     | 39,022  |
| Ratio of change from the same period of previous fiscal year | 5.6%                       | 23.8%   |
| Profit before income taxes                                   | 29,087                     | 36,326  |
| Ratio of change from the same period of previous fiscal year | (7.9)%                     | 24.9%   |
| Profit attributable to owners of the parent                  | 22,028                     | 28,194  |
| Ratio of change from the same period of previous fiscal year | (5.3)%                     | 28.0%   |
| Comprehensive income for the period                          | (44,424)                   | 38,794  |
| Ratio of change from the same period of previous fiscal year | -                          | -       |

*(Yen)*

|   | Three months ended June 30 |       |
|---|----------------------------|-------|
|   | 2016                       | 2017  |
| Earnings per share attributable to owners of the parent - Basic   | 74.27                      | 95.22 |
| Earnings per share attributable to owners of the parent - Diluted | -                          | -     |

### **(2) Consolidated Financial Position**

*(Yen in millions)*

|  | March 31, 2017 | June 30, 2017 |
|--|----------------|---------------|
| Total assets   | 1,676,901      | 1,716,577     |
| Total equity   | 856,519        | 876,892       |
| Total equity attributable to owners of the parent                          | 847,285        | 867,669       |
| Ratio of total equity attributable to owners of the parent to total assets | 50.5%          | 50.5%         |

### **2. Dividends (unaudited)**

*(Yen)*

|                             | Year ended<br>March 31, 2017<br>(actual) | Year ending<br>March 31, 2018<br>(target) |
|-----------------------------|--|---|
| Interim dividend per share  | 40.00                                    | 45.00                                     |
| Year-end dividend per share | 45.00                                    | 45.00                                     |
| Annual dividend per share   | 85.00                                    | 90.00                                     |

(Note) Revision of previously announced dividend targets during this reporting period: No

### 3. Forecast of Consolidated Financial Performance (for the fiscal year ending March 31, 2018)

(Yen in millions)

|  | Six months ending<br>September 30, 2017 | Year ending<br>March 31, 2018 |
|--|---|-------------------------------|
| Net sales  | 650,000                                 | 1,375,000                     |
| Operating profit   | 80,000                                  | 165,000                       |
| Profit before income taxes   | 77,000                                  | 161,000                       |
| Profit attributable to owners of the parent                              | 60,000                                  | 127,000                       |
| Earnings per share attributable to owners of the parent –<br>Basic (Yen) | 202.65                                  | 428.94                        |

(Note) Revision of the previously announced financial performance forecast during this reporting period: Yes

### 4. Others

(1) Changes in significant subsidiaries (changes in “specified subsidiaries” (*tokutei kogaisha*) accompanying changes in the scope of consolidation) during this period:

None

(2) Changes in accounting policies:

1. Changes due to revisions to accounting standards: None
2. Changes due to other reasons: None
3. Changes in accounting estimates: None

(3) Number of shares issued (common stock)

1. Number of shares issued at the end of each period (including treasury stock):  
298,142,234 shares at March 31, 2017  
298,142,234 shares at June 30, 2017
2. Number of treasury stock at the end of each period:  
1,544,634 shares at March 31, 2017  
2,065,527 shares at June 30, 2017
3. Weighted-average number of shares issued at the beginning and end of each period:  
296,600,641 shares for the three months ended June 30, 2016  
296,077,185 shares for the three months ended June 30, 2017

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NIDEC (Nidec Corporation and its consolidated subsidiaries) finalized the provisional accounting treatment for the business combination in the three months ended September 30, 2016 and March 31, 2017. NIDEC's condensed quarterly consolidated financial statements for the three months ended June 30, 2016 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Investor presentation materials relating to our financial results for the three months ended June 30, 2017 are expected to be published on our corporate website on July 26, 2017.

# **1. Operating and Financial Review and Prospects**

## **(1) Analysis of Operating Results**

### **1. Overview of Business Environment for the Three Months Ended June 30, 2017**

During the three months ended June 30, 2017, the world economy saw the U.S. economy continue to expand moderately, and the FRB carry out an additional interest rate hike in June. The European economy continued to recover as well, after political uncertainty was dispelled upon Mr. Emmanuel Macron's election as the new French president and the victory of the new political party led by him in the latest election for the lower house of the country's parliament. While the Japanese economy enjoyed a moderate recovery as well, the Chinese economy, though with its hi-tech and other industries in good shape, may decelerate depending on the country's future financial policies.

It was under such an environment that NIDEC (Nidec Corporation and its consolidated subsidiaries) continued to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit ratio of 15% based on our mid-term strategic goal, "Vision 2020," and achieved in the three months ended June 30, 2017 the highest three-month net sales and operating profit for the period in our history.

### **2. Consolidated Operating Results**

#### **Consolidated Operating Results for the Three Months Ended June 30, 2017 ("this three-month period"), Compared to the Three Months Ended June 30, 2016 ("the same period of the prior year")**

*(Yen in millions)*

|   | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase<br>or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|---|-------------------------------------|-------------------------------------|----------------------------|-------------------------------------|
| Net sales                                   | 276,206                             | 343,091                             | 66,885                     | 24.2%                               |
| Operating profit                            | 31,524                              | 39,022                              | 7,498                      | 23.8%                               |
| Operating profit ratio                      | 11.4%                               | 11.4%                               | -                          | -                                   |
| Profit before income taxes                  | 29,087                              | 36,326                              | 7,239                      | 24.9%                               |
| Profit attributable to owners of the parent | 22,028                              | 28,194                              | 6,166                      | 28.0%                               |

Consolidated net sales increased 24.2% to ¥343,091 million for this three-month period compared to the same period of the prior year, recording the highest quarterly net sales in our history. Operating profit increased 23.8% to ¥39,022 million for this three-month period compared to the same period of the prior year, also recording the highest quarterly operating profit in our history. The average exchange rate between the Japanese yen and the U.S. dollar for this three-month period was ¥111.09 to the U.S. dollar, which reflected a depreciation of the Japanese yen against the U.S. dollar approximately 3%, compared to the same period of the prior year. The average exchange rate between the Japanese yen and the Euro for this three-month period was ¥122.19 to the Euro, which reflected a slight depreciation of the Japanese yen against the Euro compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales approximately ¥4,500 million and our operating profit approximately ¥500 million for this three-month period compared to the same period of the prior year.

Profit before income taxes increased 24.9% to ¥36,326 million for this three-month period compared to the same period of the prior year despite an exchange loss of ¥2,600 million arising from loans denominated in foreign currencies for the funds necessary for acquisitions. Profit attributable to owners of the parent increased 28.0% to ¥28,194 million for this three-month period compared to the same period of the prior year.

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NIDEC finalized the provisional accounting treatment for the business combination in the three months ended September 30, 2016 and the three months ended March 31, 2017. NIDEC's condensed quarterly consolidated financial statements for the year ended March 31, 2017 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

## Operating Results by Product Category for this three-month period Compared to the same period of the prior year

### Small precision motors

(Yen in millions)

|  | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|--|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of small precision motors        | 94,801                              | 103,753                             | 8,952                   | 9.4%                                |
| Hard disk drives spindle motors            | 42,799                              | 44,730                              | 1,931                   | 4.5%                                |
| Other small precision motors               | 52,002                              | 59,023                              | 7,021                   | 13.5%                               |
| Operating profit of small precision motors | 13,748                              | 16,914                              | 3,166                   | 23.0%                               |
| Operating profit ratio                     | 14.5%                               | 16.3%                               | -                       | -                                   |

Net sales of small precision motors increased 9.4% to ¥103,753 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales of small precision motors approximately ¥2,200 million for this three-month period compared to the same period of the prior year.

Net sales of spindle motors for hard disk drives, or HDDs, for this three-month period increased 4.5% to ¥44,730 million compared to the same period of the prior year. Although the number of units sold of spindle motors for HDDs decreased 1.9% compared to the same period of the prior year, there were increases in sales due to an increase of selling price and a positive effect of the foreign currency exchange rate fluctuations.

Net sales of other small precision motors for this three-month period increased 13.5% to ¥59,023 million compared to the same period of the prior year. This increase was mainly due to an increase in sales of brushless DC motors and fan motors.

Operating profit of small precision motors increased 23.0% to ¥16,914 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a positive effect on our operating profit of small precision motors approximately ¥200 million for this three-month period compared to the same period of the prior year.

### Automotive, appliance, commercial and industrial products

(Yen in millions)

|   | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|---|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of automotive, appliance, commercial and industrial products        | 138,250                             | 188,893                             | 50,643                  | 36.6%                               |
| Appliance, commercial and industrial products                                 | 74,257                              | 120,184                             | 45,927                  | 61.8%                               |
| Automotive products   | 63,993                              | 68,709                              | 4,716                   | 7.4%                                |
| Operating profit of automotive, appliance, commercial and industrial products | 13,814                              | 17,435                              | 3,621                   | 26.2%                               |
| Operating profit ratio  | 10.0%                               | 9.2%                                | -                       | -                                   |

Net sales of automotive, appliance, commercial and industrial products increased 36.6% to ¥188,893 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales of automotive, appliance, commercial and industrial products approximately ¥1,900 million for this three-month period compared to the same period of the prior year.

Net sales of appliance, commercial and industrial products for this three-month period increased 61.8% compared to the same period of the prior year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended March 31, 2017.

Net sales of automotive products for this three-month period increased 7.4% compared to the same period of the prior year due to increases in sales for automotive motors such as electric power steering motors and products of control valves at Nidec Tosok Corporation and positive effect of the foreign currency exchange rate fluctuations.

Operating profit of automotive, appliance, commercial and industrial products increased 26.2% to ¥17,435 million for this three-month period compared to the same period of the prior year mainly due to an increase in sales. The fluctuations of the foreign currency exchange rates had a positive effect on our operating profit of automotive, appliance, commercial and industrial products approximately ¥200 million for this three-month period compared to the same period of the prior year.

Excluding sales effect of approximate ¥38,600 million and operating profit effect of approximate ¥1,300 million by Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, operating profit ratio of automotive, appliance, commercial and industrial products would have been higher than 10.7% for this three months period.

### Machinery

*(Yen in millions)*

|                               | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of machinery        | 27,146                              | 32,583                              | 5,437                   | 20.0%                               |
| Operating profit of machinery | 4,895                               | 6,329                               | 1,434                   | 29.3%                               |
| Operating profit ratio        | 18.0%                               | 19.4%                               | -                       | -                                   |

Net sales of machinery increased 20.0% to ¥32,583 million for this three-month period compared to the same period of the prior year due to the increase in sales of the press machines and the test systems at Nidec Read Corporation.

Operating profit of machinery increased 29.3% to ¥6,329 million for this three-month period compared to the same period of the prior year due to the increase in sales.

### Electronic and optical components

*(Yen in millions)*

|   | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|---|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of electronic and optical components        | 15,161                              | 16,939                              | 1,778                   | 11.7%                               |
| Operating profit of electronic and optical components | 2,110                               | 3,062                               | 952                     | 45.1%                               |
| Operating profit ratio                                | 13.9%                               | 18.1%                               | -                       | -                                   |

Net sales of electronic and optical components increased 11.7% to ¥16,939 million and operating profit of electronic and optical components increased 45.1% to ¥3,062 million for this three-month period compared to the same period of the prior year.

## Other products

(Yen in millions)

|                                    | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|------------------------------------|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of other products        | 848                                 | 923                                 | 75                      | 8.8%                                |
| Operating profit of other products | 134                                 | 151                                 | 17                      | 12.7%                               |
| Operating profit ratio             | 15.8%                               | 16.4%                               | -                       | -                                   |

Net sales of other products increased 8.8% to ¥923 million and operating profit of other products increased 12.7% to ¥151 million for this three-month period compared to the same period of the prior year.

## Consolidated Operating Results for the Three Months Ended June 30, 2017 (“this 1Q”), Compared to the Three Months Ended March 31, 2017 (“the previous 4Q”)

(Yen in millions)

|  | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|--|--------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales                                      | 331,083                              | 343,091                             | 12,008                  | 3.6%                                |
| Operating profit                               | 34,158                               | 39,022                              | 4,864                   | 14.2%                               |
| Operating profit ratio                         | 10.3%                                | 11.4%                               | -                       | -                                   |
| Profit before income taxes                     | 34,531                               | 36,326                              | 1,795                   | 5.2%                                |
| Profit attributable to owners of the<br>parent | 30,104                               | 28,194                              | (1,910)                 | (6.3)%                              |

Consolidated net sales increased 3.6% to ¥343,091 million for this 1Q compared to the previous 4Q and operating profit increased 14.2% to ¥39,022 million for this 1Q compared to the previous 4Q, respectively achieving the highest net sales and operating profit for first period in our history.

The average exchange rate between the Japanese yen and the U.S. dollar for this 1Q was ¥111.09 to the U.S. dollar, which reflected an appreciation of the Japanese yen against the U.S. dollar approximately 2%, compared to the previous 4Q. The average exchange rate between the Japanese yen and the Euro for this 1Q was ¥122.19 to the Euro, which reflected a depreciation of the Japanese yen against the Euro approximately 1%, compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales approximately ¥4,500 million as well as on our operating profit approximately ¥600 million for this 1Q compared to the previous 4Q.

Although an exchange loss arising from loans denominated in foreign currencies for the funds necessary for acquisitions was approximately ¥2,600 million for this 1Q, (an exchange gain was approximately ¥1,400 million for the previous 4Q), profit before income taxes increased 5.2% to ¥36,326 million for this 1Q compared to the previous 4Q and profit attributable to owners of the parent decreased 6.3% to ¥28,194 million for this 1Q compared to the previous 4Q.

## Operating Results by Product Category for This 1Q Compared to The previous 4Q

### Small precision motors

(Yen in millions)

|  | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or decrease | Increase or decrease ratio |
|--|--------------------------------------|-------------------------------------|----------------------|----------------------------|
| Net sales of small precision motors        | 106,239                              | 103,753                             | (2,486)              | (2.3)%                     |
| Hard disk drives spindle motors            | 47,034                               | 44,730                              | (2,304)              | (4.9)%                     |
| Other small precision motors               | 59,205                               | 59,023                              | (182)                | (0.3)%                     |
| Operating profit of small precision motors | 15,793                               | 16,914                              | 1,121                | 7.1%                       |
| Operating profit ratio                     | 14.9%                                | 16.3%                               | -                    | -                          |

Net sales of small precision motors decreased 2.3% to ¥103,753 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of small precision motors approximately ¥1,900 million for this 1Q compared to the previous 4Q.

Net sales of spindle motors for HDDs decreased 4.9% to ¥44,730 million for this 1Q compared to the previous 4Q. The number of units sold of spindle motors for HDDs for this 1Q decreased approximately 4.7% compared to the previous 4Q.

Net sales of other small precision motors for this 1Q decreased 0.3% to ¥59,023 million compared to the previous 4Q. This decrease was due to decreases in sales of other small motors.

Operating profit of small precision motors increased 7.1% to ¥16,914 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our operating profit of small precision motors approximately ¥800 million for this 1Q compared to the previous 4Q.

### Automotive, appliance, commercial and industrial products

(Yen in millions)

|   | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or decrease | Increase or decrease ratio |
|---|--------------------------------------|-------------------------------------|----------------------|----------------------------|
| Net sales of automotive, appliance, commercial and industrial products        | 171,376                              | 188,893                             | 17,517               | 10.2%                      |
| Appliance, commercial and industrial products                                 | 101,035                              | 120,184                             | 19,149               | 19.0%                      |
| Automotive products   | 70,341                               | 68,709                              | (1,632)              | (2.3)%                     |
| Operating profit of automotive, appliance, commercial and industrial products | 15,935                               | 17,435                              | 1,500                | 9.4%                       |
| Operating profit ratio  | 9.3%                                 | 9.2%                                | -                    | -                          |

Net sales of automotive, appliance, commercial and industrial products increased 10.2% to ¥188,893 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of automotive, appliance, commercial and industrial products approximately ¥2,200 million for this 1Q compared to the previous 4Q.

Net sales of appliance, commercial and industrial products for this 1Q increased 19.0% compared to the previous 4Q mainly due to consolidation of newly acquired subsidiaries in the three months ended March 31, 2017 and positive effect of the seasonal factors.

Net sales of automotive products for this 1Q decreased 2.3% compared to the previous 4Q. This decrease was due to the negative effect of the foreign currency exchange rate fluctuations.

Operating profit of automotive, appliance, commercial and industrial products increased 9.4% to ¥17,435 million for this 1Q compared to the previous 4Q mainly due to the increase in



sales. The fluctuations of the foreign currency exchange rates had a positive effect on our operating profit of automotive, appliance, commercial and industrial products approximately ¥200 million for this 1Q compared to the previous 4Q.

Excluding sales effect of approximate ¥38,600 million and operating profit effect of approximate ¥1,300 million by Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, operating profit ratio of automotive, appliance, commercial and industrial products would have been higher than 10.7% for this 1Q.

### Machinery

(Yen in millions)

|                               | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|-------------------------------|--------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of machinery        | 35,731                               | 32,583                              | (3,148)                 | (8.8)%                              |
| Operating profit of machinery | 5,990                                | 6,329                               | 339                     | 5.7%                                |
| Operating profit ratio        | 16.8%                                | 19.4%                               | -                       | -                                   |

Net sales of machinery decreased 8.8% to ¥32,583 million for this 1Q compared to the previous 4Q due to the decrease in sales of LCD panel handling robots at Nidec Sankyo Corporation.

Operating profit of machinery increased 5.7% to ¥6,329 million for this 1Q compared to the previous 4Q mainly due to improved manufacturing costs and reduced fixed costs.

### Electronic and optical components

(Yen in millions)

|   | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|---|--------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of electronic and optical components        | 16,765                               | 16,939                              | 174                     | 1.0%                                |
| Operating profit of electronic and optical components | 2,080                                | 3,062                               | 982                     | 47.2%                               |
| Operating profit ratio                                | 12.4%                                | 18.1%                               | -                       | -                                   |

Net sales of electronic and optical components increased 1.0% to ¥16,939 million for this 1Q compared to the previous 4Q.

Operating profit of electronic and optical components increased 47.2% to ¥3,062 million for this 1Q compared to the previous 4Q.

### Other products

(Yen in millions)

|                                    | Three months ended<br>March 31, 2017 | Three months ended<br>June 30, 2017 | Increase or<br>decrease | Increase<br>or<br>decrease<br>ratio |
|------------------------------------|--------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
| Net sales of other products        | 972                                  | 923                                 | (49)                    | (5.0)%                              |
| Operating profit of other products | 116                                  | 151                                 | 35                      | 30.2%                               |
| Operating profit ratio             | 11.9%                                | 16.4%                               | -                       | -                                   |

Net sales of other products decreased 5.0% to ¥923 million for this 1Q compared to the previous 4Q.

Operating profit of other products increased 30.2% to ¥151 million for this 1Q compared to the previous 4Q.

## (2) Financial Position

(Yen in millions)

|   | As of March<br>31, 2017 | As of June<br>30, 2017 | Increase<br>or<br>decrease |
|---|-------------------------|------------------------|----------------------------|
| Total assets  | 1,676,901               | 1,716,577              | 39,676                     |
| Total liabilities   | 820,382                 | 839,685                | 19,303                     |
| Total equity attributable to owners of the parent                                 | 847,285                 | 867,669                | 20,384                     |
| Interest-bearing debt *1  | 412,431                 | 412,030                | (401)                      |
| Net interest-bearing debt *2  | 90,851                  | 85,419                 | (5,432)                    |
| Debt ratio (%) *3   | 24.6                    | 24.0                   | (0.6)                      |
| Debt to equity ratio ("D/E ratio") (times) *4                                     | 0.49                    | 0.47                   | (0.02)                     |
| Net D/E ratio (times) *5  | 0.11                    | 0.10                   | (0.01)                     |
| Ratio of total equity attributable to owners of the parent to total assets (%) *6 | 50.5                    | 50.5                   | 0.0                        |

(Notes) \*1. The sum of "short term borrowings", "long term debt due within one year" and "long term debt" in our consolidated statement of financial position

\*2. "Interest-bearing debt" less "cash and cash equivalents"

\*3. "Interest-bearing debt" divided by "total assets"

\*4. "Interest-bearing debt" divided by "total equity attributable to owners of the parent"

\*5. "Net interest-bearing debt" divided by "total equity attributable to owners of the parent"

\*6. "Total equity attributable to owners of the parent" divided by "total assets"

Total assets increased approximately ¥39,700 million to ¥1,716,577 million as of June 30, 2017 compared to March 31, 2017. This was mainly due to increase of approximate ¥11,000 million in trade and other receivables, approximate ¥8,700 million in property, plant, and equipment, approximate ¥8,100 million in inventories and approximate ¥5,000 million in cash and cash equivalents.

Total liabilities increased approximately ¥19,300 million to ¥839,685 million as of June 30, 2017 compared to March 31, 2017. This was mainly due to increase of approximate ¥120,200 million in our long term debt, approximate ¥11,900 million in our long term debt due within one year and approximate ¥10,100 million in trade and other payable, while our short term borrowings decreased approximately ¥132,500 million. As a result, our interest-bearing debt decreased approximately ¥400 million. Especially, our short term borrowings decreased approximately ¥132,500 million to approximately ¥34,100 million, our long term debt due within one year increased approximately ¥11,900 million to approximately ¥95,900 million, and our long term debt increased approximately ¥120,200 million to approximately ¥282,000 million as of June 30, 2017 compared to March 31, 2017. The increase of approximate ¥120,200 million in our long term debt was mainly due to the loan of \$750 million as a portion of the funds necessary to acquire the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.) and the issuance of ¥50,000 million sixth series unsecured bonds. On the other hand, the decrease of approximate ¥132,500 million in our short term borrowings was mainly due to repayment of borrowings in a yen through portion of bonds issued and repayment of the borrowings in dollars.

As a result, our net interest-bearing debt decreased to approximately ¥85,400 million as of June 30, 2017 from approximately ¥90,900 million as of March 31, 2017. Our debt ratio decreased to 24.0% as of June 30, 2017 from 24.6% as of March 31, 2017. Our D/E ratio decreased to 0.47 as of June 30, 2017 from 0.49 as of March 31, 2017. Our net D/E ratio decreased to 0.10 as of June 30, 2017 compared to 0.11 as of March 31, 2017.

Total equity attributable to owners of the parent increased approximately ¥20,400 million to approximately ¥867,669 million as of June 30, 2017 compared to March 31, 2017. Ratio of total equity attributable to owners of the parent to total assets remain unchanged as of June 30, 2017 from 50.5% as of March 31, 2017. The increase of total equity attributable to owners of

the parent to total assets was mainly due to an increase in retained earnings of approximate ¥16,200 million, and an increase in other components of equity of approximate ¥9,300 million caused mainly by foreign currency translation adjustments. On the other hand, there was a decrease of approximate ¥5,200 million of acquisition of treasury stock as of June 30, 2017 compared to March 31, 2017.

### Overview of Cash Flow

(Yen in millions)

|   | Three months ended June 30 |          | Increase or decrease |
|---|----------------------------|----------|----------------------|
|   | 2016                       | 2017     |                      |
| Net cash provided by operating activities | 37,198                     | 44,200   | 7,002                |
| Net cash used in investing activities     | (19,127)                   | (18,935) | 192                  |
| Free cash flow *1                         | 18,071                     | 25,265   | 7,194                |
| Net cash used in financing activities     | (11,729)                   | (23,500) | (11,771)             |

(Note) \*1. Free cash flow is the sum of “net cash provided by operating activities” and “net cash used in investing activities”.

Cash flows from operating activities for the three months ended June 30, 2017 (“the three-month period”) were a net cash inflow of ¥44,200 million. Compared to the three months ended June 30, 2016 (“the same period of the previous year”), our cash inflow from operating activities for the three-month period increased approximately ¥7,000 million. This increase was mainly due to increases of approximate ¥6,000 million of our profit for the period and approximate ¥5,400 million in account receivables, although there were a decrease of approximate ¥6,700 million in inventories.

Cash flows from investing activities for the three-month period were a net cash outflow of ¥18,935 million. Compared to the same period of the previous year, our net cash outflow from investing activities for the three-month period decreased approximately ¥200 million mainly due to a decrease of approximate ¥1,900 million in acquisition of business. On the other hand, outflow from acquisition of property, plant, and equipment increased approximately ¥3,800 million.

As a result, we had a positive free cash flow of ¥25,265 million for the three-month period, an increase of approximate ¥7,200 million compared to a positive free cash flow of ¥18,071 million for the same period of the previous year.

Cash flows from financing activities for the three-month period were a net cash outflow of ¥23,500 million. Compared to the same period of the previous year, our net cash outflow from financing activities for the three-month period increased approximately ¥11,800 million mainly due to a decrease in net cash outflow from short term borrowings of approximately ¥133,300 million. On the other hand, inflow from long term debt and issuance of corporate bonds increased approximately ¥ 82,300 million and ¥50,000 million, respectively.

As a result of the foregoing and the impact of foreign exchange fluctuations of approximate positive ¥3,300 million, the balance of cash and cash equivalents as of June 30, 2017 increased approximately ¥5,000 million to ¥326,611 million from June 30, 2016.

### **(3) Business Forecasts for the Fiscal Year ending March 31, 2018**

The financial results for the three months ended June 30, 2017 exceeded the Company's expectations previously announced on April 25, 2017. In view of this favorable profit growth during the above financial quarter, the Company has revised its previously announced financial performance forecasts for the six months ending September 30, 2017 and the fiscal year ending March 31, 2017 as shown below.

The exchange rates used for the preparation of the foregoing forecasts remain unchanged from those announced previously (i.e., US\$1 = ¥105 and €1 = ¥110 respectively).

#### **Forecast of consolidated results for the fiscal year ending March 31, 2018**

|   |                    |   |
|---|--------------------|---|
| Net sales                                   | ¥1,375,000 million | (Up 114.6% from the previous fiscal year) |
| Operating profit                            | ¥165,000 million   | (Up 117.6% from the previous fiscal year) |
| Profit before income taxes                  | ¥161,000 million   | (Up 113.2% from the previous fiscal year) |
| Profit attributable to owners of the parent | ¥127,000 million   | (Up 113.7% from the previous fiscal year) |

#### **Forecast of consolidated results for the six months ending September 30, 2017**

|   |                  |  |
|---|------------------|--|
| Net sales                                   | ¥650,000 million | (Up 115.2% from the same period of the previous fiscal year) |
| Operating profit                            | ¥80,000 million  | (Up 116.0% from the same period of the previous fiscal year) |
| Profit before income taxes                  | ¥77,000 million  | (Up 116.2% from the same period of the previous fiscal year) |
| Profit attributable to owners of the parent | ¥60,000 million  | (Up 119.8% from the same period of the previous fiscal year) |

(Notes) 1. Consolidated results are based on IFRS.

2. The exchange rates used for the preparation of the foregoing forecasts for the three months ending September 30, 2017 and thereafter are US\$1 = ¥105 and €1 = ¥110.

The exchange rates between the relevant Asian currencies and the Japanese yen used for the preparation of the foregoing forecasts were determined assuming these exchange rates.

#### **Cautionary Note Regarding Forward-Looking Statements**

This report contains forward-looking statements based on the current expectations, assumptions, estimates and projections of the Nidec Group in light of the information currently available to it. The Nidec Group cannot make any assurances that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could be materially different from and worse than the Nidec Group's expectations as a result of various factors.

## **2. Condensed Quarterly Consolidated Financial Statements and Other Information**

### **(1) Condensed Quarterly Consolidated Statements of Financial Position**

*(Yen in millions)*

|  | March 31, 2017 |       | June 30, 2017 |       | Increase<br>or<br>decrease |
|--|----------------|-------|---------------|-------|----------------------------|
|  | Amounts        | %     | Amounts       | %     |                            |
| Assets   |                |       |               |       |                            |
| Current assets                                       |                |       |               |       |                            |
| Cash and cash equivalents                            | 321,580        |       | 326,611       |       | 5,031                      |
| Trade and other receivables                          | 348,897        |       | 359,858       |       | 10,961                     |
| Other financial assets                               | 2,951          |       | 2,095         |       | (856)                      |
| Income tax receivables                               | 1,676          |       | 3,268         |       | 1,592                      |
| Inventories  | 197,283        |       | 205,430       |       | 8,147                      |
| Other current assets                                 | 28,342         |       | 29,886        |       | 1,544                      |
| Total current assets                                 | 900,729        | 53.7  | 927,148       | 54.0  | 26,419                     |
| Non-current assets                                   |                |       |               |       |                            |
| Property, plant, and equipment                       | 394,051        |       | 402,725       |       | 8,674                      |
| Goodwill   | 260,183        |       | 262,347       |       | 2,164                      |
| Intangible assets                                    | 77,215         |       | 76,452        |       | (763)                      |
| Investments accounted for using<br>the equity method | 1,125          |       | 1,099         |       | (26)                       |
| Other investments                                    | 19,583         |       | 21,365        |       | 1,782                      |
| Other financial assets                               | 3,764          |       | 4,019         |       | 255                        |
| Deferred tax assets                                  | 15,526         |       | 16,502        |       | 976                        |
| Other non-current assets                             | 4,725          |       | 4,920         |       | 195                        |
| Total non-current assets                             | 776,172        | 46.3  | 789,429       | 46.0  | 13,257                     |
| Total assets   | 1,676,901      | 100.0 | 1,716,577     | 100.0 | 39,676                     |

*(Yen in millions)*

|  | March 31, 2017 |       | June 30, 2017 |       | Increase<br>or<br>decrease |
|--|----------------|-------|---------------|-------|----------------------------|
|  | Amounts        | %     | Amounts       | %     |                            |
| Liabilities  |                |       |               |       |                            |
| Current liabilities                                  |                |       |               |       |                            |
| Short term borrowings                                | 166,606        |       | 34,120        |       | (132,486)                  |
| Long term debt due within one year                   | 84,040         |       | 95,895        |       | 11,855                     |
| Trade and other payables                             | 251,236        |       | 261,324       |       | 10,088                     |
| Other financial liabilities                          | 1,844          |       | 3,339         |       | 1,495                      |
| Income tax payables                                  | 6,690          |       | 7,110         |       | 420                        |
| Provisions   | 25,210         |       | 26,400        |       | 1,190                      |
| Other current liabilities                            | 66,461         |       | 70,608        |       | 4,147                      |
| Total current liabilities                            | 602,087        | 35.9  | 498,796       | 29.0  | (103,291)                  |
| Non-current liabilities                              |                |       |               |       |                            |
| Long term debt                                       | 161,785        |       | 282,015       |       | 120,230                    |
| Other financial liabilities                          | 1,315          |       | 1,255         |       | (60)                       |
| Retirement benefit liabilities                       | 22,656         |       | 23,493        |       | 837                        |
| Provisions   | 3,614          |       | 3,679         |       | 65                         |
| Deferred tax liabilities                             | 25,994         |       | 27,471        |       | 1,477                      |
| Other non-current liabilities                        | 2,931          |       | 2,976         |       | 45                         |
| Total non-current liabilities                        | 218,295        | 13.0  | 340,889       | 19.9  | 122,594                    |
| Total liabilities                                    | 820,382        | 48.9  | 839,685       | 48.9  | 19,303                     |
| Equity   |                |       |               |       |                            |
| Common stock   | 87,784         | 5.2   | 87,784        | 5.1   | -                          |
| Additional paid-in capital                           | 118,340        | 7.1   | 118,340       | 6.9   | -                          |
| Retained earnings                                    | 716,625        | 42.7  | 732,815       | 42.7  | 16,190                     |
| Other components of equity                           | (63,321)       | (3.8) | (53,977)      | (3.2) | 9,344                      |
| Treasury stock                                       | (12,143)       | (0.7) | (17,293)      | (1.0) | (5,150)                    |
| Total equity attributable to owners<br>of the parent | 847,285        | 50.5  | 867,669       | 50.5  | 20,384                     |
| Non-controlling interests                            | 9,234          | 0.6   | 9,223         | 0.6   | (11)                       |
| Total equity   | 856,519        | 51.1  | 876,892       | 51.1  | 20,373                     |
| Total liabilities and equity                         | 1,676,901      | 100.0 | 1,716,577     | 100.0 | 39,676                     |

**(2) Condensed Quarterly Consolidated Statements of Income  
and Condensed Quarterly Consolidated Statements of Comprehensive Income**

**Condensed Quarterly Consolidated Statements of Income**

*(Yen in millions)*

|  | Three months ended June 30 |        |           |        | Increase or decrease |        | Year ended<br>March 31, 2017 |        |
|--|----------------------------|--------|-----------|--------|----------------------|--------|------------------------------|--------|
|  | 2016                       |        | 2017      |        |                      |        |                              |        |
|  | Amounts                    | %      | Amounts   | %      | Amounts              | %      | Amounts                      | %      |
| Net sales  | 276,206                    | 100.0  | 343,091   | 100.0  | 66,885               | 24.2   | 1,199,311                    | 100.0  |
| Cost of sales  | (212,265)                  | (76.9) | (258,771) | (75.4) | (46,506)             | 21.9   | (912,715)                    | (76.1) |
| Gross profit   | 63,941                     | 23.1   | 84,320    | 24.6   | 20,379               | 31.9   | 286,596                      | 23.9   |
| Selling, general and administrative expenses                                 | (19,757)                   | (7.1)  | (32,054)  | (9.3)  | (12,297)             | 62.2   | (93,458)                     | (7.8)  |
| Research and development expenses  | (12,660)                   | (4.6)  | (13,244)  | (3.9)  | (584)                | 4.6    | (52,807)                     | (4.4)  |
| Operating profit   | 31,524                     | 11.4   | 39,022    | 11.4   | 7,498                | 23.8   | 140,331                      | 11.7   |
| Financial income   | 689                        | 0.3    | 1,263     | 0.4    | 574                  | 83.3   | 3,368                        | 0.3    |
| Financial expenses   | (532)                      | (0.2)  | (1,423)   | (0.4)  | (891)                | 167.5  | (3,063)                      | (0.2)  |
| Derivative gain (loss)   | (2,417)                    | (0.9)  | 18        | 0.0    | 2,435                | -      | 405                          | 0.0    |
| Foreign exchange differences   | (152)                      | (0.1)  | (2,569)   | (0.8)  | (2,417)              | -      | 1,771                        | 0.1    |
| Share of net profit (loss) from associate accounting using the equity method | (25)                       | (0.0)  | 15        | 0.0    | 40                   | -      | (534)                        | (0.0)  |
| Profit before income taxes   | 29,087                     | 10.5   | 36,326    | 10.6   | 7,239                | 24.9   | 142,278                      | 11.9   |
| Income tax expenses  | (6,836)                    | (2.4)  | (8,028)   | (2.4)  | (1,192)              | 17.4   | (29,607)                     | (2.5)  |
| Profit for the period  | 22,251                     | 8.1    | 28,298    | 8.2    | 6,047                | 27.2   | 112,671                      | 9.4    |
| Profit for the period attributable to:                                       |                            |        |           |        |                      |        |                              |        |
| Owners of the parent   | 22,028                     | 8.0    | 28,194    | 8.2    | 6,166                | 28.0   | 111,721                      | 9.3    |
| Non-controlling interests  | 223                        | 0.1    | 104       | 0.0    | (119)                | (53.4) | 950                          | 0.1    |
| Profit for the period  | 22,251                     | 8.1    | 28,298    | 8.2    | 6,047                | 27.2   | 112,671                      | 9.4    |

**Condensed Quarterly Consolidated Statements of Comprehensive Income**

*(Yen in millions)*

|  | Three months ended June 30 |  |         |  | Increase or decrease |         | Year ended<br>March 31, 2017 |  |
|--|----------------------------|--|---------|--|----------------------|---------|------------------------------|--|
|  | 2016                       |  | 2017    |  |                      |         |                              |  |
|  | Amounts                    |  | Amounts |  | Amounts              | %       | Amounts                      |  |
| Profit for the period  | 22,251                     |  | 28,298  |  | 6,047                | 27.2    | 112,671                      |  |
| Other comprehensive income, net of taxation                        |                            |  |         |  |                      |         |                              |  |
| Items that will not be reclassified to net profit or loss:         |                            |  |         |  |                      |         |                              |  |
| Remeasurement of defined benefit plans                             | (113)                      |  | (46)    |  | 67                   | -       | 761                          |  |
| Fair value movements on FVTOCI equity financial assets             | (962)                      |  | 1,316   |  | 2,278                | -       | 2,694                        |  |
| Items that may be reclassified to net profit or loss:              |                            |  |         |  |                      |         |                              |  |
| Foreign currency translation adjustments                           | (65,758)                   |  | 8,761   |  | 74,519               | -       | (8,319)                      |  |
| Effective portion of net changes in fair value of cash flow hedges | 157                        |  | 465     |  | 308                  | 196.2   | 1,118                        |  |
| Fair value movements on FVTOCI debt financial assets               | 1                          |  | 0       |  | (1)                  | (100.0) | (0)                          |  |
| Total other comprehensive income for the period, net of taxation   | (66,675)                   |  | 10,496  |  | 77,171               | -       | (3,746)                      |  |
| Comprehensive income for the period                                | (44,424)                   |  | 38,794  |  | 83,218               | -       | 108,925                      |  |
| Comprehensive income for the period attributable to:               |                            |  |         |  |                      |         |                              |  |
| Owners of the parent   | (43,929)                   |  | 38,786  |  | 82,715               | -       | 108,024                      |  |
| Non-controlling interests  | (495)                      |  | 8       |  | 503                  | -       | 901                          |  |
| Comprehensive income for the period                                | (44,424)                   |  | 38,794  |  | 83,218               | -       | 108,925                      |  |

### (3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2016

(Yen in millions)

|   | Total equity attributable to owners of the parent |                            |                   |                            |                |          | Non-controlling interests | Total equity |
|---|---|----------------------------|-------------------|----------------------------|----------------|----------|---------------------------|--------------|
|   | Common Stock                                      | Additional paid-in capital | Retained earnings | Other components of equity | Treasury stock | Total    |                           |              |
| As of April 1, 2016                                     | 87,784  | 118,341                    | 625,168           | (56,159)                   | (12,111)       | 763,023  | 8,346                     | 771,369      |
| Comprehensive income                                    |   |                            |                   |                            |                |          |                           |              |
| Profit for the period                                   |   |                            | 22,028            |                            |                | 22,028   | 223                       | 22,251       |
| Other comprehensive income                              |   |                            |                   | (65,957)                   |                | (65,957) | (718)                     | (66,675)     |
| Total comprehensive income                              |   |                            |                   |                            |                | (43,929) | (495)                     | (44,424)     |
| Transactions with owners directly recognized in equity: |   |                            |                   |                            |                |          |                           |              |
| Purchase of treasury stock                              |   |                            |                   |                            | (4)            | (4)      | -                         | (4)          |
| Dividends paid to the owners of the parent              |   |                            | (11,864)          |                            |                | (11,864) | -                         | (11,864)     |
| Dividends paid to non-controlling interests             |   |                            |                   |                            |                | -        | (8)                       | (8)          |
| Transfer to retained earnings                           |   |                            | (1,060)           | 1,060                      |                | -        | -                         | -            |
| Other   |   | (1)                        |                   |                            |                | (1)      | (47)                      | (48)         |
| As of June 30, 2016                                     | 87,784  | 118,340                    | 634,272           | (121,056)                  | (12,115)       | 707,225  | 7,796                     | 715,021      |

Three months ended June 30, 2017

(Yen in millions)

|   | Total equity attributable to owners of the parent |                            |                   |                            |                |          | Non-controlling interests | Total equity |
|---|---|----------------------------|-------------------|----------------------------|----------------|----------|---------------------------|--------------|
|   | Common Stock                                      | Additional paid-in capital | Retained earnings | Other components of equity | Treasury stock | Total    |                           |              |
| As of April 1, 2017                                     | 87,784  | 118,340                    | 716,625           | (63,321)                   | (12,143)       | 847,285  | 9,234                     | 856,519      |
| Comprehensive income                                    |   |                            |                   |                            |                |          |                           |              |
| Profit for the period                                   |   |                            | 28,194            |                            |                | 28,194   | 104                       | 28,298       |
| Other comprehensive income                              |   |                            |                   | 10,592                     |                | 10,592   | (96)                      | 10,496       |
| Total comprehensive income                              |   |                            |                   |                            |                | 38,786   | 8                         | 38,794       |
| Transactions with owners directly recognized in equity: |   |                            |                   |                            |                |          |                           |              |
| Purchase of treasury stock                              |   |                            |                   |                            | (5,149)        | (5,149)  | -                         | (5,149)      |
| Dividends paid to the owners of the parent              |   |                            | (13,347)          |                            |                | (13,347) | -                         | (13,347)     |
| Dividends paid to non-controlling interests             |   |                            |                   |                            |                | -        | (13)                      | (13)         |
| Transfer to retained earnings                           |   |                            | 1,343             | (1,343)                    |                | -        | -                         | -            |
| Other   |   |                            |                   | 95                         | (1)            | 94       | (6)                       | 88           |
| As of June 30, 2017                                     | 87,784  | 118,340                    | 732,815           | (53,977)                   | (17,293)       | 867,669  | 9,223                     | 876,892      |



**(4) Condensed Quarterly Consolidated Statements of Cash Flows**

*(Yen in millions)*

|   | Three months ended June 30 |           | Increase or decrease | Year ended |
|---|----------------------------|-----------|----------------------|------------|
|   | 2016                       | 2017      |                      | March 31   |
|   |                            |           |                      | 2017       |
| Cash flows from operating activities:   |                            |           |                      |            |
| Profit for the period   | ¥22,251                    | ¥28,298   | ¥6,047               | ¥112,671   |
| Adjustments to reconcile profit for the period to net cash provided by operating activities |                            |           |                      |            |
| Depreciation and amortization   | 12,093                     | 16,077    | 3,984                | 59,700     |
| Gain from sales, disposal or impairment of property, plant and equipment                    | (1,032)                    | (100)     | 932                  | (1,224)    |
| Financial (income) expense  | (181)                      | 24        | 205                  | (163)      |
| Share of net loss (profit) from associate accounting using the equity method                | 25                         | (15)      | (40)                 | 534        |
| Deferred income taxes   | 621                        | (1,080)   | (1,701)              | 831        |
| Current income taxes  | 6,216                      | 9,108     | 2,892                | 28,775     |
| Foreign currency adjustments  | 3,197                      | 970       | (2,227)              | (6,636)    |
| Increase (decrease) in retirement benefit liability   | 252                        | 349       | 97                   | (94)       |
| Increase in accounts receivable   | (11,916)                   | (6,544)   | 5,372                | (65,582)   |
| Decrease (increase) in inventories  | 353                        | (6,353)   | (6,706)              | (6,870)    |
| Increase in accounts payable  | 8,841                      | 9,038     | 197                  | 39,229     |
| Other, net  | 3,521                      | 4,660     | 1,139                | (6,465)    |
| Interests and dividends received  | 641                        | 1,032     | 391                  | 3,160      |
| Interests paid  | (460)                      | (872)     | (412)                | (3,052)    |
| Income taxes paid   | (7,224)                    | (10,392)  | (3,168)              | (24,961)   |
| Net cash provided by operating activities   | 37,198                     | 44,200    | 7,002                | 129,853    |
| Cash flows from investing activities:   |                            |           |                      |            |
| Additions to property, plant and equipment  | (16,283)                   | (20,033)  | (3,750)              | (68,718)   |
| Proceeds from sales of property, plant and equipment  | 249                        | 1,129     | 880                  | 1,786      |
| Acquisitions of business, net of cash acquired  | (1,935)                    | -         | 1,935                | (139,862)  |
| Other, net  | (1,158)                    | (31)      | 1,127                | (4,682)    |
| Net cash used in investing activities   | (19,127)                   | (18,935)  | 192                  | (211,476)  |
| Cash flows from financing activities:   |                            |           |                      |            |
| Increase (decrease) in short term borrowings  | 1,674                      | (131,580) | (133,254)            | 93,784     |
| Proceeds from issuance of long term debt  | 244                        | 82,583    | 82,339               | 58,707     |
| Repayments of long term debt  | (1,771)                    | (5,923)   | (4,152)              | (32,782)   |
| Proceeds from issuance of corporate bonds   | -                          | 50,001    | 50,001               | 50,001     |
| Purchase of treasury stock  | (4)                        | (5,149)   | (5,145)              | (33)       |
| Dividends paid to the owner of the parent   | (11,864)                   | (13,347)  | (1,483)              | (23,728)   |
| Other, net  | (8)                        | (85)      | (77)                 | (50,101)   |
| Net cash (used in) provided by financing activities   | (11,729)                   | (23,500)  | (11,771)             | 95,848     |
| Effect of exchange rate changes on cash and cash equivalents                                | (27,525)                   | 3,266     | 30,791               | 1,413      |
| Net (decrease) increase in cash and cash equivalents  | (21,183)                   | 5,031     | 26,214               | 15,638     |
| Cash and cash equivalents at beginning of period  | 305,942                    | 321,580   | 15,638               | 305,942    |
| Cash and cash equivalents at end of period  | ¥284,759                   | ¥326,611  | ¥41,852              | ¥321,580   |

**(5) Notes of Condensed Quarterly Consolidated Financial Statements**  
**Notes Regarding Going Concern Assumption**

Not applicable.

**Notes to Condensed Quarterly Consolidated Financial Statements**

**1. Reporting entity**

Nidec Corporation (the Company) is a corporation located in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarters and principal business offices are available on the Company's website (<http://www.nidec.com/en-Global/>).

Condensed Quarterly Consolidated Financial Statements as of June 30, 2017 consist of the Company and its consolidated subsidiaries (NIDEC), and shares of associates of NIDEC.

NIDEC mainly designs, develops, produces, and sells products as described below:

- i. Small precision motors, which include spindle motors for hard disk drives, brushless motors, fan motors, vibration motors, brush motors and motor applications.
- ii. Automotive, appliance, commercial and industrial products, which include automotive motors and components, home appliance, commercial and industrial motors and related products.
- iii. Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- iv. Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- v. Others, which include services.

**2. Basis of Preparation**

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

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

**(2) Basis of measurement**

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

**(3) Presentation currency and level of rounding**

The condensed quarterly consolidated financial statements are presented in Japanese Yen, which is also the Company's functional currency, and figures are rounded to the nearest million yen, unless otherwise indicated.

**3. Significant accounting policies**

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the NIDEC's annual consolidated financial statements for the year ended March 31, 2017.

Income taxes for three month ended June 30, 2017 are computed using the estimated annual effective tax rate.

**4. Significant accounting estimates, judgments and assumptions**

The preparation of the condensed quarterly consolidated financial statements requires management of NIDEC to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, and the effects resulting from revisions of accounting estimates are recognized in the period in which the estimates are revised and in future periods affected by the revision.

Judgments and estimates accompanying significant risks that may cause material adjustments to the carrying amounts of assets and liabilities in the current and next fiscal years are the same as those for the condensed consolidated financial statements for the previous fiscal year ended March 31, 2017.

## 5. Business Combinations

Pursuant to IFRS 3 “Business Combinations,” during the three months ended September 30, 2016, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of KB Electronics, Inc. (merged into Nidec Motor Corporation in March 2016). In addition, during the three months ended March 31, 2017, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of E.C.E. S.r. l. and ANA IMEP S.A. (currently, Nidec Motor Corporation Romania). NIDEC’s condensed quarterly consolidated financial statements for the three months ended June 30, 2016 reflects the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination. NIDEC has been evaluating the fair values of the assets acquired and the liabilities assumed upon the acquisitions of companies in the fiscal year ended March 31, 2017. The assets and liabilities such as the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited) which are currently under evaluation have been recorded on NIDEC’s consolidated statement of financial position based on preliminary management estimation as of June 30, 2017.

## 6. Event after the Reporting Period

### Completion of Acquisition of LGB Elettropompe S.r.l.

On July 3, 2017, Nidec Europe B.V., NIDEC’s subsidiary, agreed to acquire 100% of the ownership interest of LGB Elettropompe S.r.l. (“LGB”) in Italy from its shareholders (the “Transaction”).

|                               |   |
|-------------------------------|---|
| 1. Purpose of the Transaction | LGB designs, manufactures and sells products of pumps for commercial dishwashers and motors for convection ovens. Through the Transaction, it will be another foothold for NIDEC to increase its presence in the European commercial food equipment market. |
| 2. Funds for the Transaction  | Own funds.  |

### 3. Others (unaudited)

#### (1) Information by Product Category

Three months ended June 30, 2016

(Yen in millions)

|                    | Small precision motors | Automotive, appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total   | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales:         |                        |   |           |                                   |        |         |                        |              |
| Exteral sales      | 94,801                 | 138,250   | 27,146    | 15,161                            | 848    | 276,206 | -                      | 276,206      |
| Intersegment       | 537                    | 1,222   | 1,722     | 1,259                             | 347    | 5,087   | (5,087)                | -            |
| Total              | 95,338                 | 139,472   | 28,868    | 16,420                            | 1,195  | 281,293 | (5,087)                | 276,206      |
| Operating expenses | 81,590                 | 125,658   | 23,973    | 14,310                            | 1,061  | 246,592 | (1,910)                | 244,682      |
| Operating profit   | 13,748                 | 13,814  | 4,895     | 2,110                             | 134    | 34,701  | (3,177)                | 31,524       |

Three months ended June 30, 2017

(Yen in millions)

|                    | Small precision motors | Automotive, appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total   | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales:         |                        |   |           |                                   |        |         |                        |              |
| Exteral sales      | 103,753                | 188,893   | 32,583    | 16,939                            | 923    | 343,091 | -                      | 343,091      |
| Intersegment       | 663                    | 1,358   | 3,387     | 1,828                             | 408    | 7,644   | (7,644)                | -            |
| Total              | 104,416                | 190,251   | 35,970    | 18,767                            | 1,331  | 350,735 | (7,644)                | 343,091      |
| Operating expenses | 87,502                 | 172,816   | 29,641    | 15,705                            | 1,180  | 306,844 | (2,775)                | 304,069      |
| Operating profit   | 16,914                 | 17,435  | 6,329     | 3,062                             | 151    | 43,891  | (4,869)                | 39,022       |

(Notes) 1. Product categories are classified based on similarities in product type, product attributes, and production and sales methods.

2. Major products of each product category:

- (1) Small precision motors: Spindle motors for HDDs, brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.
- (2) Automotive, appliance, commercial and industrial products: Automotive motors and components, home appliance, commercial and industrial motors and related products.
- (3) Machinery: Industrial robots, card readers, test systems, press machines and power transmission drives, etc.
- (4) Electronic and optical components: Switches, trimmer potentiometers, lens units and camera shutters, etc.
- (5) Others: Services, etc.

**(2) Sales by Geographic Segment***(Yen in millions)*

|           | Three months ended<br>June 30, 2016 |        | Three months ended<br>June 30, 2017 |        | Increase or decrease |        |
|-----------|-------------------------------------|--------|-------------------------------------|--------|----------------------|--------|
|           | Amounts                             | %      | Amounts                             | %      | Amounts              | %      |
| Japan     | 68,450                              | 24.8%  | 73,787                              | 21.5%  | 5,337                | 7.8%   |
| U.S.A.    | 48,675                              | 17.6%  | 62,236                              | 18.1%  | 13,561               | 27.9%  |
| Singapore | 13,557                              | 4.9%   | 12,715                              | 3.7%   | (842)                | (6.2)% |
| Thailand  | 23,079                              | 8.4%   | 28,846                              | 8.4%   | 5,767                | 25.0%  |
| Germany   | 23,175                              | 8.4%   | 26,878                              | 7.8%   | 3,703                | 16.0%  |
| China     | 63,814                              | 23.1%  | 79,124                              | 23.1%  | 15,310               | 24.0%  |
| Others    | 35,456                              | 12.8%  | 59,505                              | 17.4%  | 24,049               | 67.8%  |
| Total     | 276,206                             | 100.0% | 343,091                             | 100.0% | 66,885               | 24.2%  |

(Note) The sales are classified by domicile of the seller, and the figures exclude intra-segment transactions.

**(3) Sales by Region***(Yen in millions)*

|                | Three months ended<br>June 30, 2016 |        | Three months ended<br>June 30, 2017 |        | Increase or decrease |       |
|----------------|-------------------------------------|--------|-------------------------------------|--------|----------------------|-------|
|                | Amounts                             | %      | Amounts                             | %      | Amounts              | %     |
| North America  | 57,718                              | 20.9%  | 69,122                              | 20.1%  | 11,404               | 19.8% |
| Asia           | 131,424                             | 47.6%  | 156,436                             | 45.6%  | 25,012               | 19.0% |
| Europe         | 37,450                              | 13.5%  | 57,582                              | 16.8%  | 20,132               | 53.8% |
| Others         | 4,616                               | 1.7%   | 6,238                               | 1.8%   | 1,622                | 35.1% |
| Overseas total | 231,208                             | 83.7%  | 289,378                             | 84.3%  | 58,170               | 25.2% |
| Japan          | 44,998                              | 16.3%  | 53,713                              | 15.7%  | 8,715                | 19.4% |
| Total          | 276,206                             | 100.0% | 343,091                             | 100.0% | 66,885               | 24.2% |

(Note) The sales are classified by domicile of the buyer, and the figures exclude intra-segment transactions.

## 4. Overview of Consolidated Financial Results

26 July 2017  
(Yen in millions)

### (1) Summary of Consolidated Financial Performance

|   | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Increase or decrease |
|---|-------------------------------------|-------------------------------------|----------------------|
| Net Sales   | 276,206                             | 343,091                             | 24.2%                |
| Operating profit  | 31,524<br>11.4%                     | 39,022<br>11.4%                     | 23.8%                |
| Profit before income taxes  | 29,087<br>10.5%                     | 36,326<br>10.6%                     | 24.9%                |
| Profit attributable to owners of the parent                             | 22,028<br>8.0%                      | 28,194<br>8.2%                      | 28.0%                |
| Earnings per share attributable to owners of the parent - Basic (Yen)   | 74.27                               | 95.22                               |                      |
| Earnings per share attributable to owners of the parent - Diluted (Yen) | -                                   | -                                   |                      |

### (2) Summary of Consolidated Financial Position and Cash Flows

(Yen in millions)

|   | As of June 30, 2016                 | As of June 30, 2017                 | As of March 31, 2017         |
|---|-------------------------------------|-------------------------------------|------------------------------|
| Total assets  | 1,311,125                           | 1,716,577                           | 1,676,901                    |
| Total equity attributable to owners of the parent                   | 707,225                             | 867,669                             | 847,285                      |
| Ratio of equity attributable to owners of the parent to total asset | 53.9%                               | 50.5%                               | 50.5%                        |
|   | Three months ended<br>June 30, 2016 | Three months ended<br>June 30, 2017 | Year ended<br>March 31, 2017 |
| Net cash provided by operating activities                           | 37,198                              | 44,200                              | 129,853                      |
| Net cash used in investing activities                               | (19,127)                            | (18,935)                            | (211,476)                    |
| Net cash (used in) provided by financing activities                 | (11,729)                            | (23,500)                            | 95,848                       |
| Cash and cash equivalents at end of period                          | 284,759                             | 326,611                             | 321,580                      |

### (3) Dividends

(Yen)

|                                     | Interim dividend per share | Year-end dividend per share | Annual dividend per share |
|-------------------------------------|----------------------------|-----------------------------|---------------------------|
| Year ended March 31, 2017 (actual)  | 40.00                      | 45.00                       | 85.00                     |
| Year ending March 31, 2018 (actual) | -                          | -                           | -                         |
| Year ending March 31, 2018 (target) | 45.00                      | 45.00                       | 90.00                     |

### (4) Scope of Consolidation and Application of the Equity Method

|  |     |
|--|-----|
| Number of consolidated subsidiaries                        | 295 |
| Number of associates accounted for under the equity method | 5   |

|   | Change from<br>March 31, 2017 | Change from<br>June 30, 2016 |
|---|-------------------------------|------------------------------|
| Number of companies newly consolidated                            | 1                             | 72                           |
| Number of companies excluded from consolidation                   | 2                             | 4                            |
| Number of companies newly accounted for by the equity method      | -                             | 1                            |
| Number of companies excluded from accounting by the equity method | 1                             | 1                            |

(Notes) 1. The amounts of percentage in "(1) Summary of Consolidated Financial Performance" represent percentage of sales.

2. NIDEC finalized the provisional accounting treatment for the business combination in the three months ended September 30, 2016 and March 31, 2017. Condensed quarterly consolidated financial statements for the three months ended June 30, 2016 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.