

# Nidec Corporation

## Third Quarter Fiscal 2021 Results

Three and Nine Months Ended December 31, 2021

<IFRS>



January 26, 2022

### Disclaimer Regarding Forward-looking Statements

These presentation materials and the related discussions contain forward-looking statements including expectations, estimates, projections, plans and strategies. Such forward-looking statements are based on management's targets, assumptions and beliefs in light of the information currently available. Certain risks, uncertainties and other factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such risks and uncertainties include, but are not limited to, changes in customer circumstances and demand, exchange rate fluctuations, and the Nidec Group's ability to design, develop, mass produce and win acceptance of its products and to acquire and successfully integrate companies with complementary technologies and product lines. Please see other disclosure documents filed or published by the Nidec Group companies, including the Japanese securities report, for additional information regarding such risks and uncertainties. Nidec undertakes no obligation to update the forward-looking statements unless required by law.

The left photo on the cover features WHILL's foldable mobility product, WHILL Model F, and the right features Nidec's driving motor adopted in the product. WHILL became the only Japanese company to win Best of Innovation Award in Accessibility division of CES 2022, the world's largest technology exhibition. Please refer to Nidec's webpage for more information. <https://www.nidec.com/en/product/news/2021/news1217-01/>

## Consolidated Profit/Loss

This slide includes forward-looking statements. See Disclaimer on Page 2.



Millions of Yen, except for percentages, EPS, and FX rates	Q3/FY2020 (Apr-Dec)	Q3/FY2021 (Apr-Dec)	Change	FY2021 Forecast
Net sales	1,184,991	1,407,210	+18.8%	1,800,000
Operating profit	115,509	134,631	+16.6%	190,000
<i>Operating profit ratio</i>	9.7%	9.6%	-	10.6%
Profit before income taxes	109,314	130,554	+19.4%	185,000
Profit attributable to owners of the parent	83,615	100,443	+20.1%	148,000
EPS (Yen)	142.75	171.67	+20.3%	252.68
FX rate (Yen/US\$)				Assumed for Q4: Yen/US\$: 105 Yen/Euro: 117
Average:	106.11	111.10	+4.7%	
Term end:	103.50	115.02	+11.1%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2021 is estimated to have an annualized impact of 10.0 billion yen and 1.9 billion yen on net sales, respectively, and 1.1 billion yen and 0.4 billion yen on operating profit, respectively.

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## Summary of Q3/FY2021

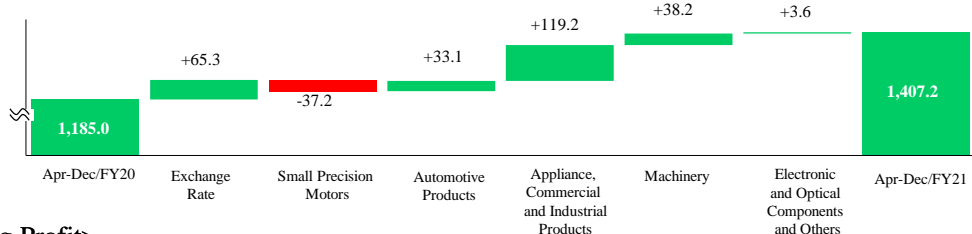


- Nine months net sales stood at **record high** of ¥1,407.2 billion, 18.8% higher Y/Y.
- Nine months operating profit and profit before income taxes increased 16.6% Y/Y to ¥134.6 billion, 19.4% Y/Y to ¥130.6 billion, respectively. Both stood at **record high**.
- Q3 quarterly net sales increased 7.2% Q/Q to ¥496.5 billion, marking a **record high** for three consecutive quarters.
- **Upward revision to year-end dividend forecast by ¥5**, resulting in the projected aggregate annual dividend ¥65 per share for FY2021

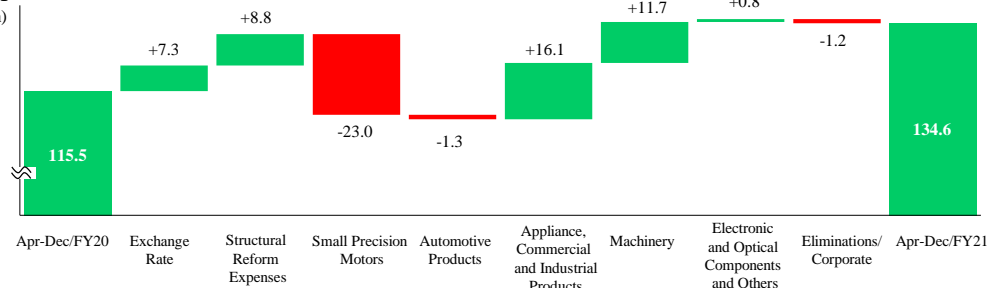
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## Year-on-Year Changes (Nine Months Ended Dec. 2021)

### <Net Sales> (Billions of Yen)



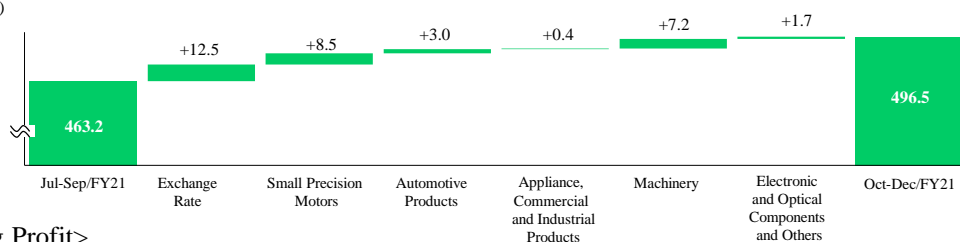
### <Operating Profit> (Billions of Yen)



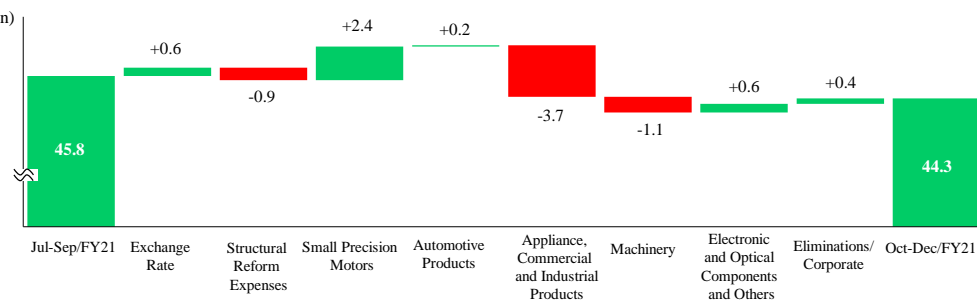
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## Quarter-on-Quarter Changes (Three Months Ended Dec. 2021)

### <Net Sales> (Billions of Yen)



### <Operating Profit> (Billions of Yen)

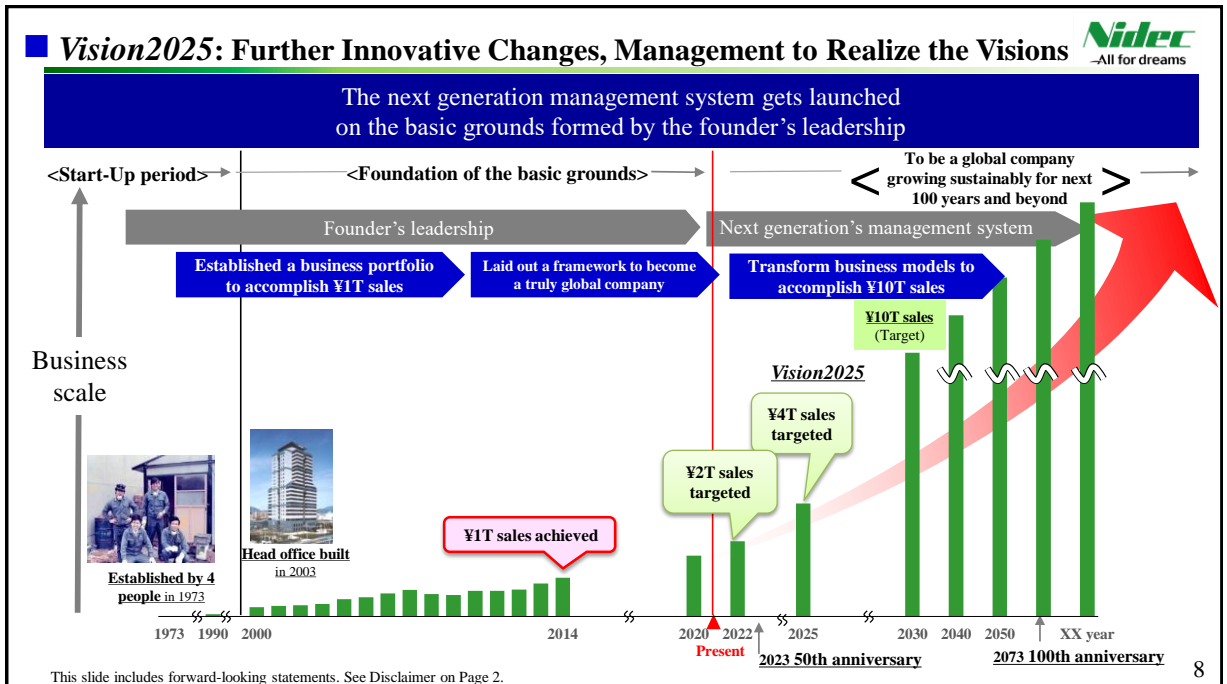


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# Mid-Term Strategic Goal

## Vision2025

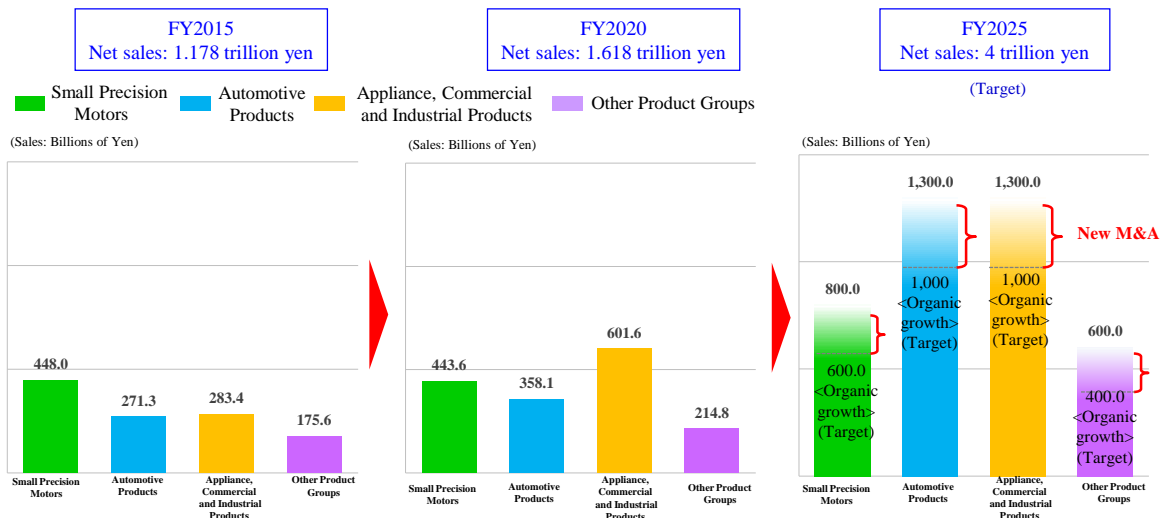
This section includes forward-looking statements. See Disclaimer on Page 2.



# Vision2025 Framework for the New Mid-Term Strategic Goals: Business Portfolio Management

This slide includes forward-looking statements. See Disclaimer on Page 2.

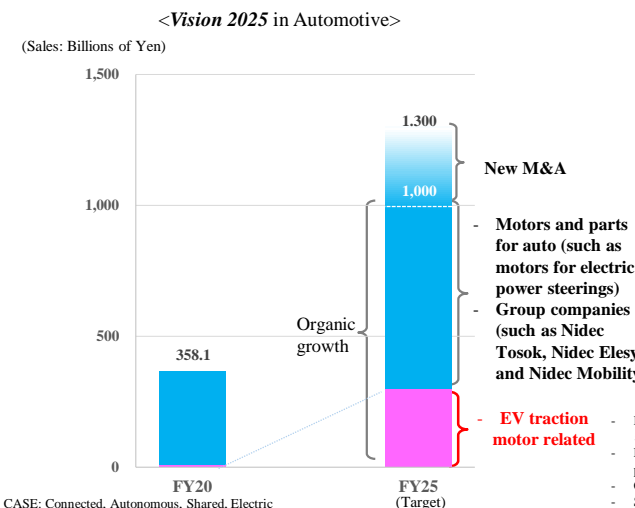
## Achieve high growth with aggressive investment on key growth areas



# Automotive: Strategy for High Growth

This slide includes forward-looking statements. See Disclaimer on Page 2.

## Aiming to become No.1 automotive hardware manufacturer by anticipating the strong electrification demand boosted by CASE\* mobility trends



- ### <Businesses related to EV traction motors>
- Mass production of E-Axles at the joint venture with Stellantis will start in the second half of FY22, in addition to those being mass-produced in China.
  - Receiving new orders from Chinese, European and Japanese OEMs as well as US EV startups and newcomers from other industries as the turning point of FY25 gets closer.

### <Motors and parts for auto>

- Millimeter wave radar unit ADAS
- ADAS camera unit
- Gen2 integrated sensor fusion, etc.

**Powertrain**

- Dual clutch transmission actuator
- Electric oil pump/ Electric water pump
- Control valve system for AT/CVT
- Spool valve, Solenoid valve, etc.

**Body**

- Seat adjuster motor
- Seat air conditioning fan
- Sunroof motor
- Head-up display, etc.

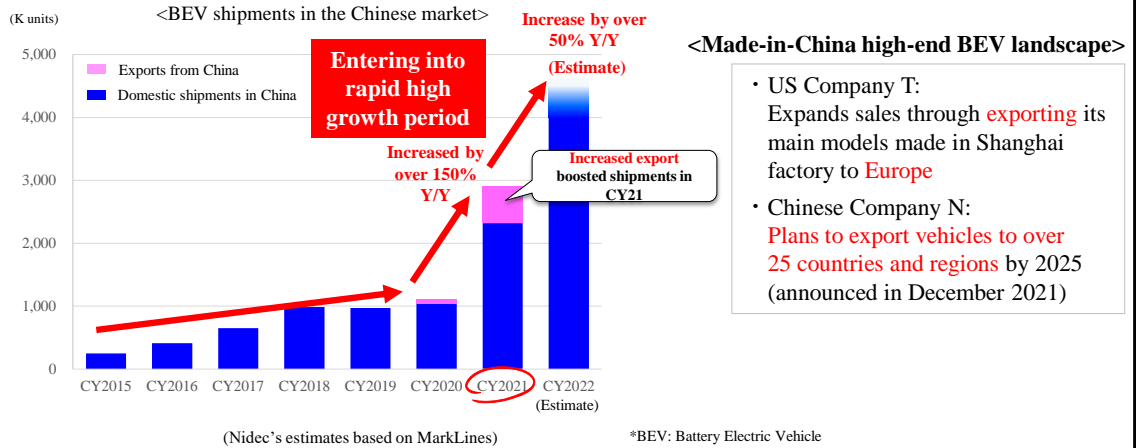
**Chassis**

- Electric power steering motor
- Electric power steering powerpack
- ABS/ESC motor, etc.

\* CASE: Connected, Autonomous, Shared, Electric

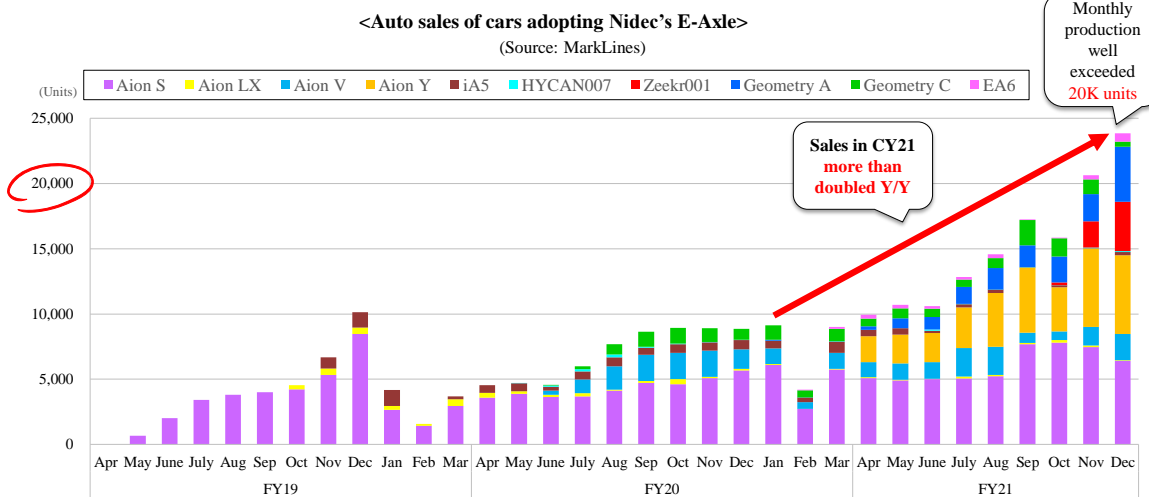
## Automotive: BEV\* Shipping Volume in the Chinese Market

Chinese BEV market achieved dramatic growth of over 150% Y/Y



## Automotive: Sales of Vehicles with Nidec's E-Axle

The cumulative number of vehicles using our E-Axle (traction motor system) reached 265K units



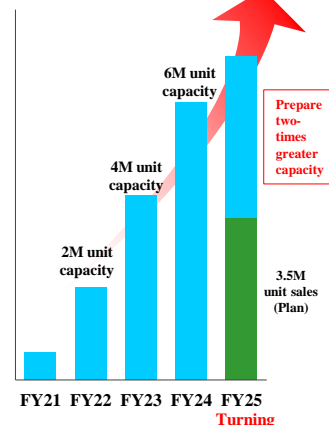
## Automotive: Plan for Increasing E-Axle Production Capacity

Invest around ¥300 billion to enable vertical startup to prepare for the turning point of FY2025



Planning the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> new global production sites

< E-Axle production capacity plan >  
(On an annual unit basis)

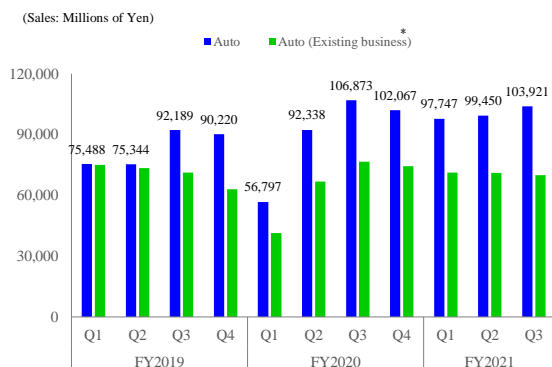


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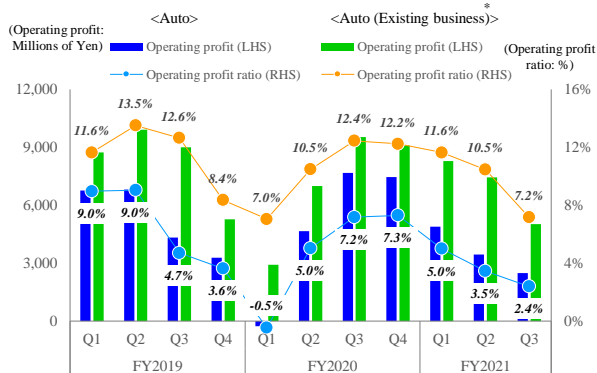
## Automotive: Quarterly Results

Q3 FY21 profitability formed its bottom as a result of lost sales due to chip shortage and high raw material price

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>



\*Existing business: Excluding impact of traction motor related business and Nidec Mobility's business from Auto business

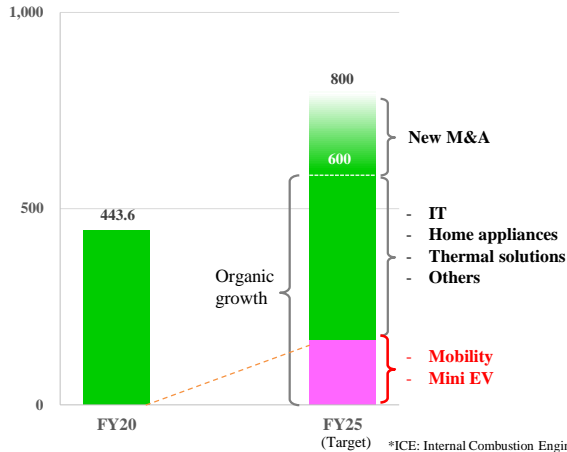
## Small Precision Motors: New Market Entry – Mobility and Mini EVs



Paradigm shift from ICE\* vehicles to electric ones is also rapidly accelerated in two wheels and compact cars

### <Vision 2025 in Small Precision Motors>

(Sales: Billions of Yen)



### <Mobility>

- An electric two-wheeled vehicle market, formed mainly in India, China and ASEAN countries, will enter high growth period driven by environmental measures.
- Nidec focuses on two major markets, India and China, in particular. Nidec **starts mass production of motors** for major customers.

### <Mini EV>

- Nidec receives orders from multiple customers mainly in the Chinese market.
- Nidec will start mass production of motors from FY22

\*ICE: Internal Combustion Engine This slide includes forward-looking statements. See Disclaimer on Page 2. 15

## Small Precision Motor: Mobility & Mini EVs



Small Precision Motor starts a shift to mobility in FY22 with launching multiple projects for electric two-wheeled vehicles and mini EVs

<Nidec's first motor adopted by China's largest electric two-wheeled vehicle manufacturer>



Chinese company Yadea's Huan Dian Shou 01



In-wheel motor for electric bikes

- Developed by the Small Precision Motor & Solutions Business Unit, which makes HDD spindle motors
- Utilizing single-micron-scale magnetic circuit design technology cultivated in making compact and fast-rotating HDDs

Please refer to Nidec's website for more information: <https://www.nidec.com/en/product/news/2021/news1227-01/>

- The annual global market size of electric two-wheeled vehicles is estimated at **approx. 60 million units-level**.
- The largest market is India, followed by China and Indonesia.
- **Electrification of two-wheeled vehicles is progressing, as well.**
- **Electric two-wheeled vehicles will rapidly become widespread** mainly in these countries and regions.

Receiving increasing orders for motors used in electric two-wheeled vehicles and mini EVs (under 30kW), and eyeing mass production within FY22 for around 10 projects.\*



Electric two-wheeled vehicle



Mini EV

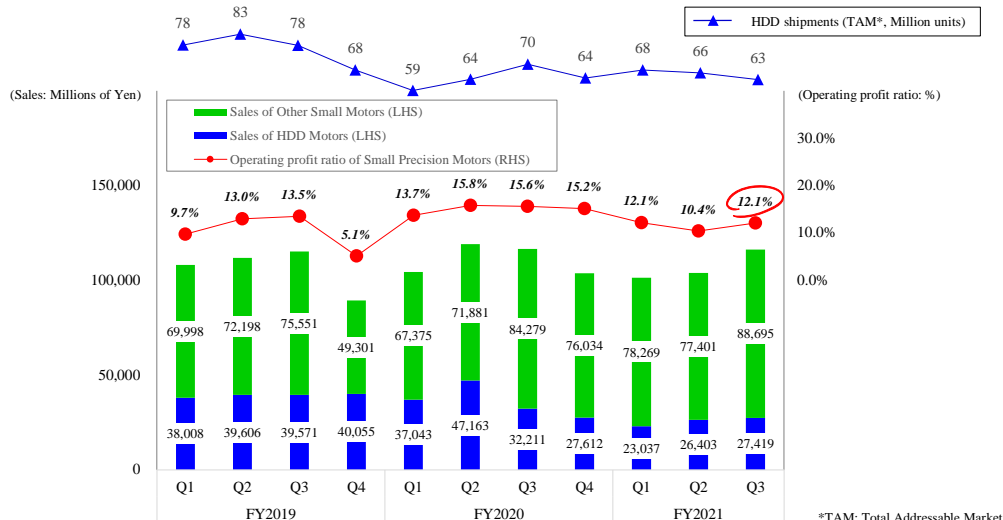
\*Including the project for Yadea (started mass production in September 2021), referred on the left of this page.

This slide includes forward-looking statements. See Disclaimer on Page 2. 16



## Small Precision Motor: Quarterly Results

Implementing business portfolio transformation amid HDD motor market structural change



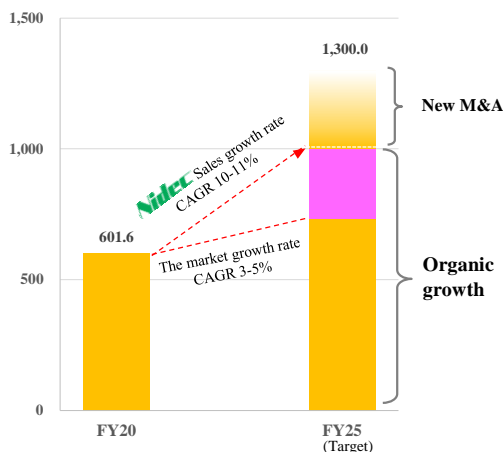
\*TAM: Total Addressable Market

## Appliance, Commercial and Industrial: Strategy for High Growth

- ✓ Executing structural reform in overseas businesses
- ✓ ACI will enter a new phase of growth

<Vision 2025 in Appliance, Commercial and Industrial>

(Sales: Billions of Yen)



- We aim to grow ACI sales at CAGR of 10 to 11% by creating new demands through solution proposal, while estimating CAGR of the market at 3 to 5%.

<Growth drivers>

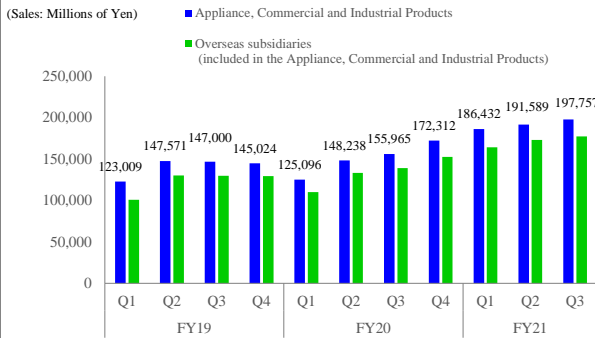


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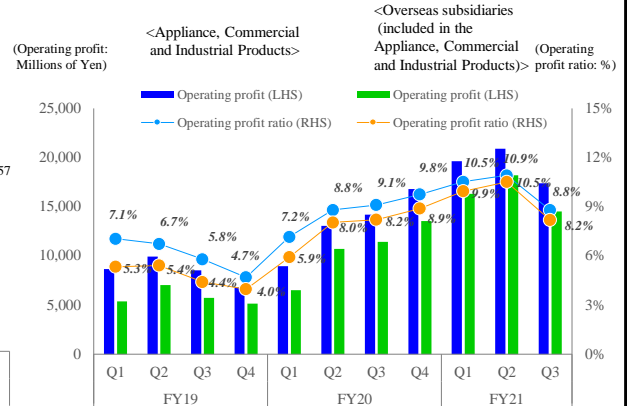
## Appliance, Commercial & Industrial: Quarterly Results

Continuing efforts to achieve operating profit ratio of 15%  
even though profitability improvement slowed down after progressing for six consecutive quarters since Q4 FY19

<Quarterly net sales>



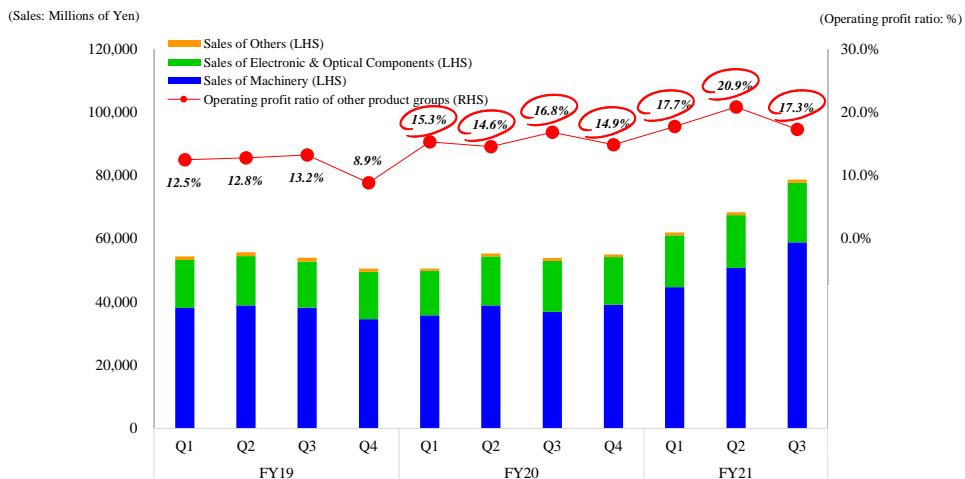
<Quarterly operating profit and operating profit ratio>



## Other Product Groups: Quarterly Results

\*Please refer to Notes on Page 22.

Operating profit ratio of Other Product Group kept high level after bottoming out in Q4 FY19



## Executing Capital Alliance Agreement to Purchase Stake in OKK Corporation via Third-Party Share Allocation \*



Aiming to become a highly profitable and comprehensive machine tool manufacturer by creating synergies with Nidec Machine Tool

### <Outline of OKK>

Company name	OKK Corporation	
Headquarter	8-10-1, Kita-Itami, Itami, Hyogo, Japan	
Foundation	October 1915	
Capital	¥6,283,076,312	
Director	Yoshihide Morimoto, Representative Director and President (with positions remaining unchanged after the Share Purchase)	
Production bases	Japan (Hyogo prefecture) and Thailand	
Principal businesses	Design, manufacture, sales of machine tools, and provision of related installation, technical instructions, after-sales services, etc.	
Number of employees**	758 (consolidated), and 500 (non-consolidated)	
Major shareholders and shareholding ratio**	OKK Business Association	6.79%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.76%
	Custody Bank of Japan, Ltd. (Trust Account)	3.00%
	Toshinori Akimoto	2.27%
	Resona Holdings, Inc.	2.14%
	OKK Kai Business Association	1.82%
	OKK Employee Stock Ownership Plan	1.69%
	Custody Bank of Japan, Ltd. (Trust Account 5)	1.55%
	Custody Bank of Japan, Ltd. (Trust Account 1)	1.34%
	Kenji Kawasumi	1.31%

### Financial position and operating results for the most recent three years

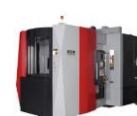
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Total net assets (million yen)	20,176	10,735	8,768
Total assets (million yen)	48,097	34,444	32,387
Net assets per share (yen)	2,551.14	1,356.93	1,105.95
Net sales (million yen)	26,459	21,348	12,083
Operating profit (million yen)	631	141	-2,755
Ordinary profit (million yen)	520	2	-2,474
Profit attributable to owners of the parent (million yen)	444	-9,159	-2,425
Earnings per share (yen)	56.20	-1,159.27	-306.57
Dividend per share (yen)	20.00	0.00	0.00



Vertical Machining Center VM43R



Grinding Center GC43R



Horizontal Machining Center HM500S

\*Please visit Nidec's website for more information: <https://www.nidec.com/en/ir/news/2021/news1181-01/>  
\*\*As of March 31, 2021

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#### Notes:

Nidec Corporation adopts the provisions of IFRS 3 "Business Combinations." During the three months ended December 31, 2021, Nidec Corporation partially completed its valuation of the assets acquired and the liabilities assumed upon the acquisition Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently, Nidec Machine Tool Corporation) in the six months ended September 30, 2021. Nidec Corporation's quarterly consolidated financial statements in the fiscal 2022 reflect the revision of the initially allocated amounts of acquisition price as Nidec Corporation finalized the provisional accounting treatment for the business combination.

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"All for dreams" logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

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# Performance Trends & Product Group Overview

## New 5 Big Waves in a Post-Pandemic World



Nidec's business solutions that solve the common problems of humankind

**5G & Thermal solutions**  
(Keywords: Tactile sense, image stabilization and heat ventilation module)

**Decarbonization**  
(Keywords: Drive/Turn/Brake, safety/comfort and thermal management)

**Manpower saving**  
(Keywords: Industrial robots, servicing robots and logistics)

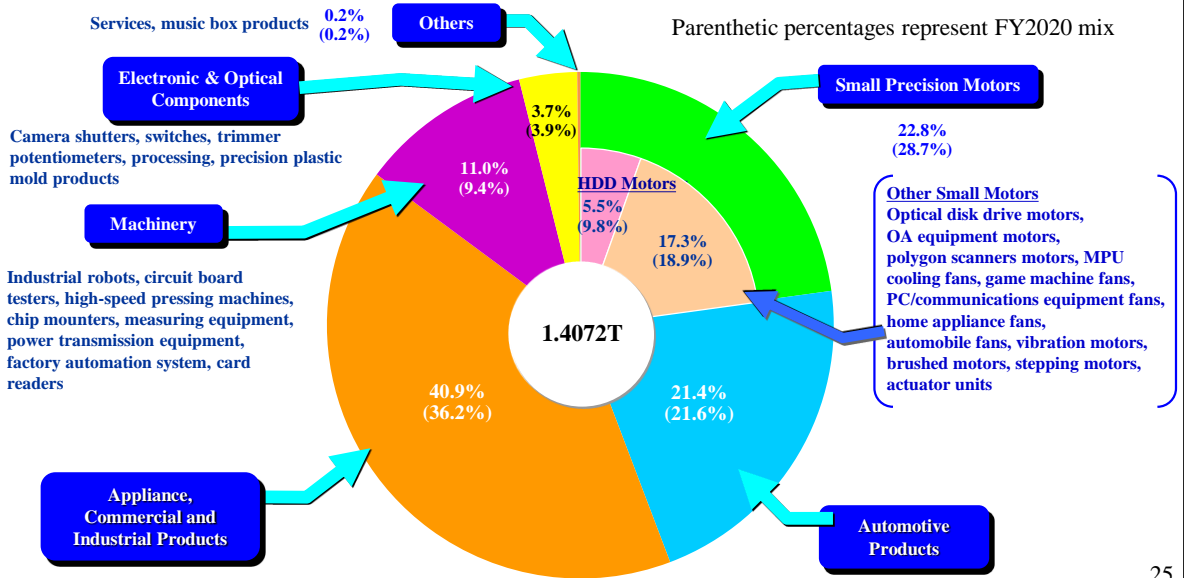
**Digital data explosion**  
(Keywords: High speed / large data, GAFA\* and "Stay Home")

**Power saving**  
(Keywords: Sterilization, hygiene and "Stay Home")

Labels in the infographic include: Fan, Vapor chamber, Heat pipe, ADAS related product, Traction motor, Traction motor system (E-Axle), Reducer, Motor for drones, Home appliance motor, Refrigerator compressor, Nearline HDD motor, Automated guided vehicle.

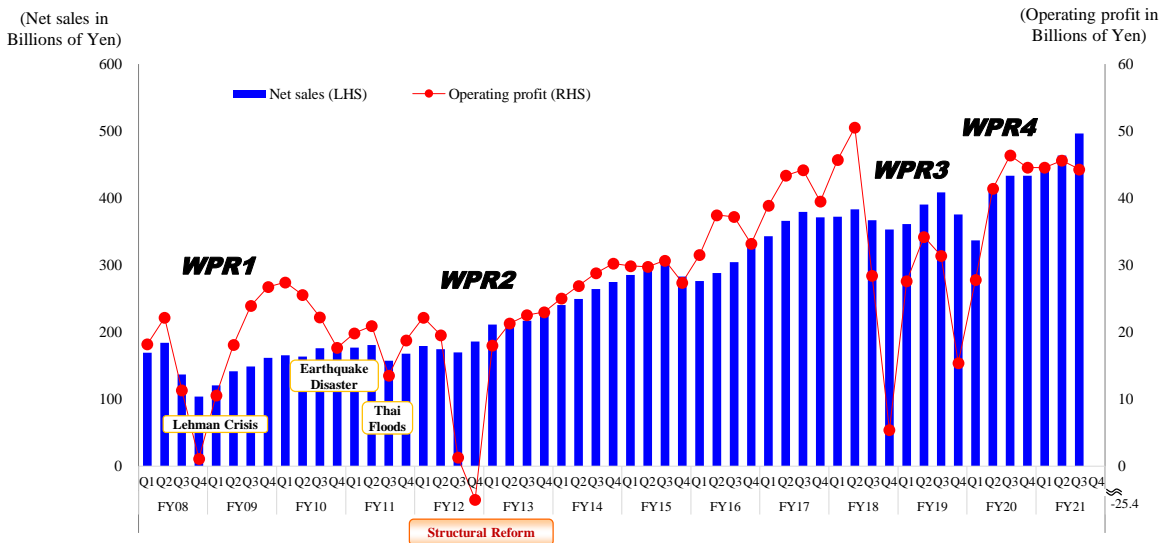
\* GAFA: Google, Apple, Facebook and Amazon

## Sales by Product Group (Apr-Dec FY2021)



## Consolidated Quarterly Net Sales and Operating Profit

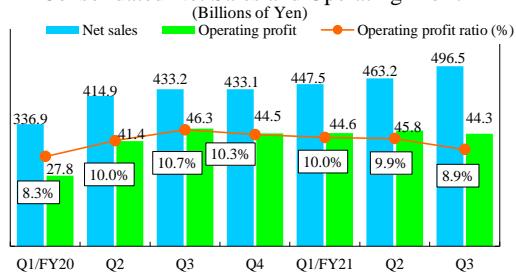
Profitability has recovered due to successful **WPR4** cost restructuring



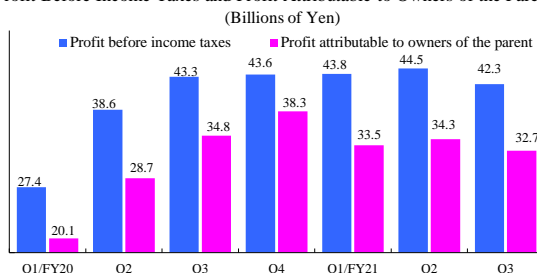
## Financial Highlights

\*Please refer to Notes on Page 22.

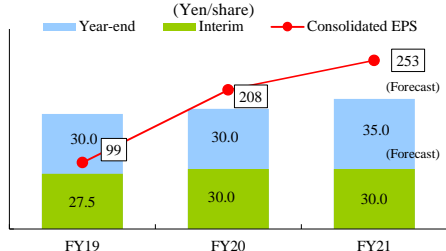
### <Consolidated Net Sales and Operating Profit>



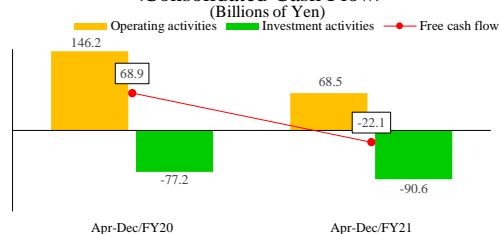
### <Profit Before Income Taxes and Profit Attributable to Owners of the Parent>



### <Dividends and EPS>



### <Consolidated Cash Flow>

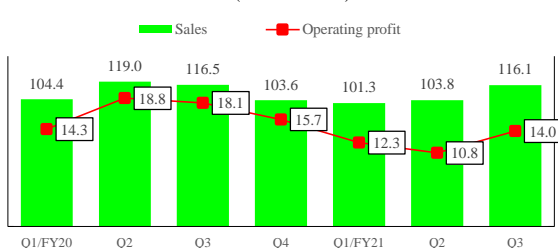


\*Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2019.

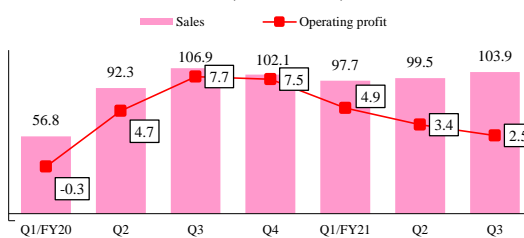
## Product Group Overview

\*Please refer to Notes on Page 22.

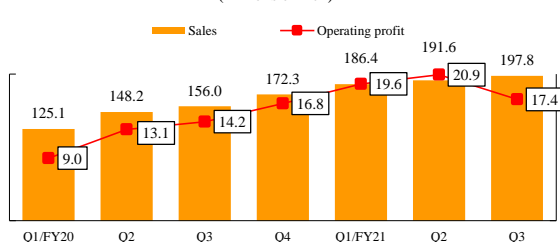
### <Small Precision Motors>



### <Automotive Products>



### <Appliance, Commercial and Industrial Products>



### <Machinery>

