

Nidec Corporation

Third Quarter Fiscal 2022 Results

Three and Nine Months Ended December 31, 2022

<IFRS>



January 24, 2023

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 first slide features NATS-1000 launched by Nidec-Read. NATS-1000 is a fully automatic inline semiconductor inspection equipment to test the functions of automotive IGBT (insulated gate bipolar transistor)/SiC (silicon carbide) modules. Nidec uses NATS-1000 to inspect semiconductors supplied to Nidec Group, including those for its traction motor system E-Axle. Please refer to Nidec's website for more information. <https://www.nidec.com/en/product/news/2022/news1223-01/>

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/FY2021 (Apr-Dec)	Q3/FY2022 (Apr-Dec)	Change	FY2022 Forecast
Net sales	1,407,210	1,699,747	+20.8%	2,200,000
Operating profit	133,487	124,404	-6.8%	110,000
<i>Operating profit ratio</i>	9.5%	7.3%	-	5.0%
Profit before income taxes	129,410	141,944	+9.7%	120,000
Profit attributable to owners of the parent	99,312	104,077	+4.8%	60,000
EPS (Yen)	169.73	180.72	+6.5%	104.24
FX rate (Yen/US\$)				Assumed for Q4: Yen/US\$: 110 Yen/Euro: 125
Average:	111.10	136.51	+22.9%	
Term end:	115.02	132.70	+15.4%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2022 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/FY2022



- Nine months net sales stood at **record high** of ¥1,699.7 billion, 20.8% higher Y/Y.
- Nine months operating profit decreased 6.8% Y/Y to ¥124.4 billion.
- Nine months profit before income taxes and profit attributable to owners of the parent increased 9.7% Y/Y to ¥141.9 billion, 4.8% Y/Y to ¥104.1 billion, respectively. **Both stood at record high.**
- **Implementing WPR-X, the drastic reform on profitability,** to tackle recent deteriorations of market environments with aims to reduce the fixed cost significantly and to make a V-shaped recovery in FY2023.

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Revision to FY2022 Annual Forecasts

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



Revision to FY2022 annual forecasts based on Q3 results and Q4 demand outlook

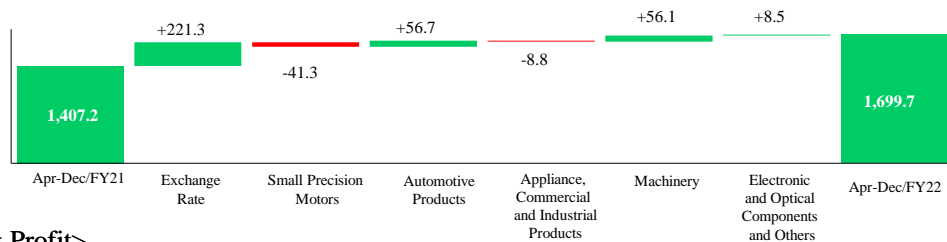
Millions of Yen, except for percentages, EPS and FX rates	FY22 Forecasts (As of Apr. 21, 2022)	FY22 Forecasts (As of Jan. 24, 2023)	1H/FY22	Q3/FY22 (Oct.-Dec. 2022)	Q4/FY22 (Jan.-Mar. 2023) (Forecast)
Net sales	2,100,000	2,200,000	1,130,767	568,980	500,253
Operating profit	210,000	110,000	96,368	28,036	-14,404
Operating profit ratio	10.0%	5.0%	8.5%	4.9%	-2.9%
Profit before income taxes	206,000	120,000	118,375	23,569	-21,944
Profit attributable to owners of the parent	165,000	60,000	86,649	17,428	-44,077
EPS (Yen)	286.65	104.24	150.31	30.32	-76.39
FX rate (Yen/US\$)	110.00 (Assumed for full-year)	110.00 (Assumed for Q4)	133.97 (Average rate)	141.59 (Average rate)	110.00 (Assumed for Q4)

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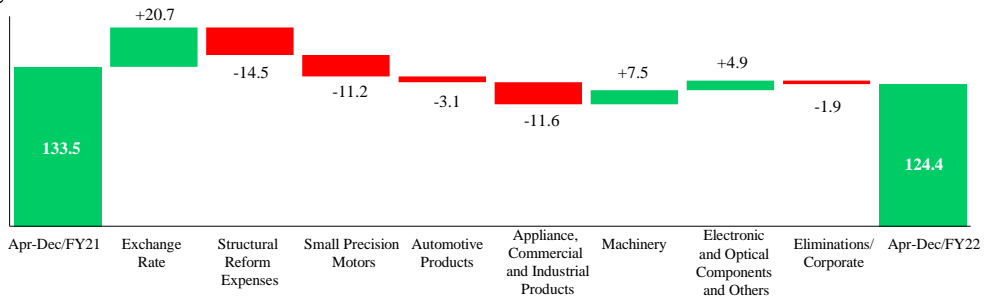
Year-on-Year Changes (Nine Months Ended Dec. 2022)



<Net Sales> (Billions of Yen)



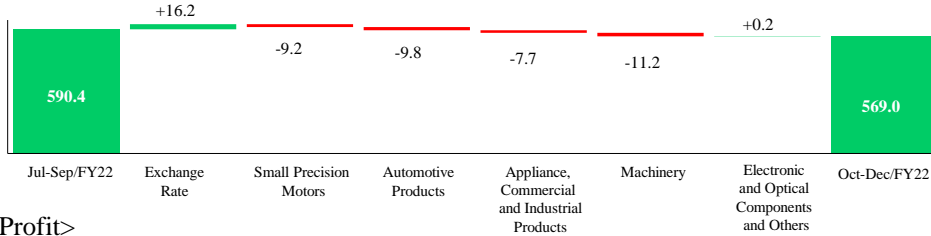
<Operating Profit> (Billions of Yen)



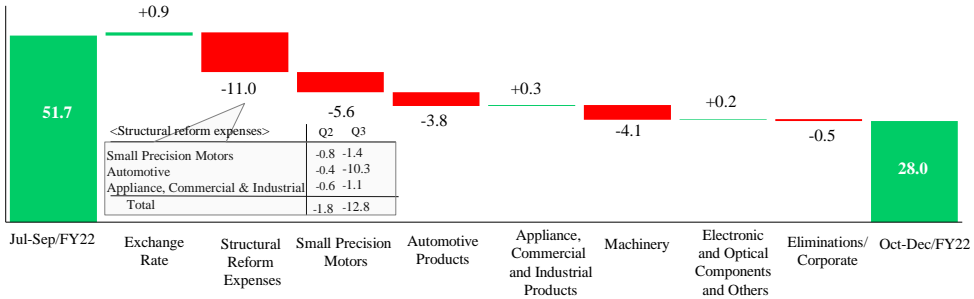
6

Quarter-on-Quarter Changes (Three Months Ended Dec. 2022)

<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)



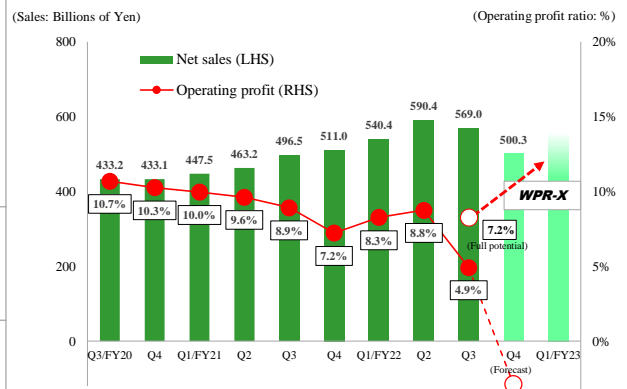
Starting WPR-X

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

Started WPR-X, the drastic reform on profitability amid adverse market conditions in the second half of FY2022

	Current market situation
Small Precision Motors	<ul style="list-style-type: none"> HDD Motors: <ul style="list-style-type: none"> (1) HDD market (TAM*) is shrinking rapidly. CY21:259M units→CY22:172M units (decrease by 34% Y/Y) (2) Rapid inventory adjustment, especially for nearline HDD in Q3, pressurized profitability in the short term Other Small Precision Motors: <ul style="list-style-type: none"> Rapid inventory adjustment in IT area, especially data center related.
Automotive	<ul style="list-style-type: none"> Impact of customers' factories shutdown due to China's zero-corona policy. Due to spread of infections caused by relaxation of the policy, the utilization rate of our factories have also decreased.
Appliance, Commercial & Industrial	<ul style="list-style-type: none"> Loss of COVID-19 special demand mainly in the appliance area throughout the world. The European market is affected by the impact of prolonged Russian invasion of Ukraine.

<Quarterly Results>



*TAM: Total Addressable Market

What is **WPR-X**?

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

Tackling the polarization caused by technological innovations in addition to recent tough market conditions

WPR-X :

The drastic reform on profitability

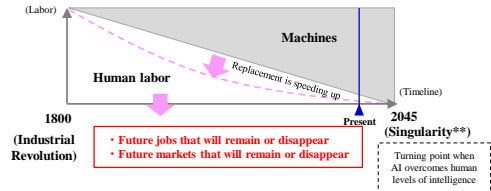
- ✓ Economic downturn caused by re-expansion of COVID-19 in China and economic shrink in Europe through prolonged Russian invasion of Ukraine
- ✓ **Polarization caused by technological innovation** exists at the bottom

<Drastic measures>

Technological strength = Cost competitiveness
(Technology creates cost competitiveness)

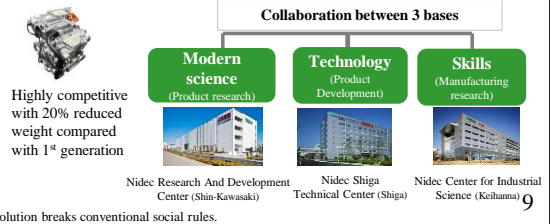
- ✓ **Expedite development of products that can overwhelm competitors with our technology**
- ✓ Implement structural reform to reduce fixed costs through automation with our technologies and streamlining operations

<Polarization that stems from technological innovations>
<Ex.> Negative consequences on various workplaces coming from the development of AI* (AI and robots replace human labor)



<Develop overwhelmingly competitive products>

<Ex.> Development of Nidec's 2nd generation E-Axle



*AI : Artificial Intelligence

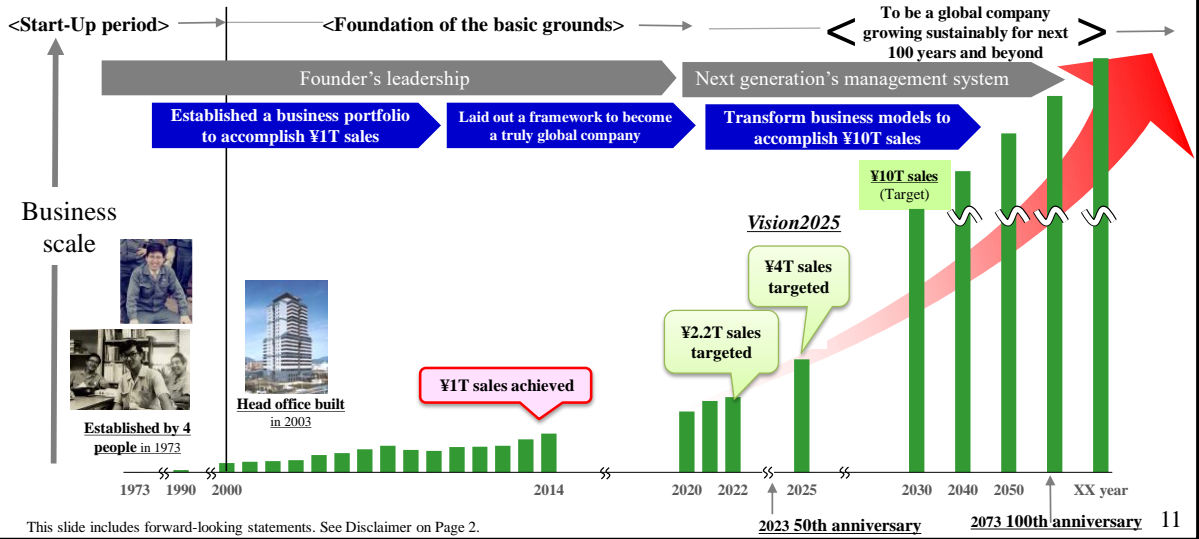
**Singularity : Technological singularity. Future point when technological evolution breaks conventional social rules.

Mid-Term Strategic Goal
Vision2025

Vision2025: Further Innovative Changes, Management to Realize the Visions



The next generation management system gets launched on the basic grounds formed by the founder's leadership



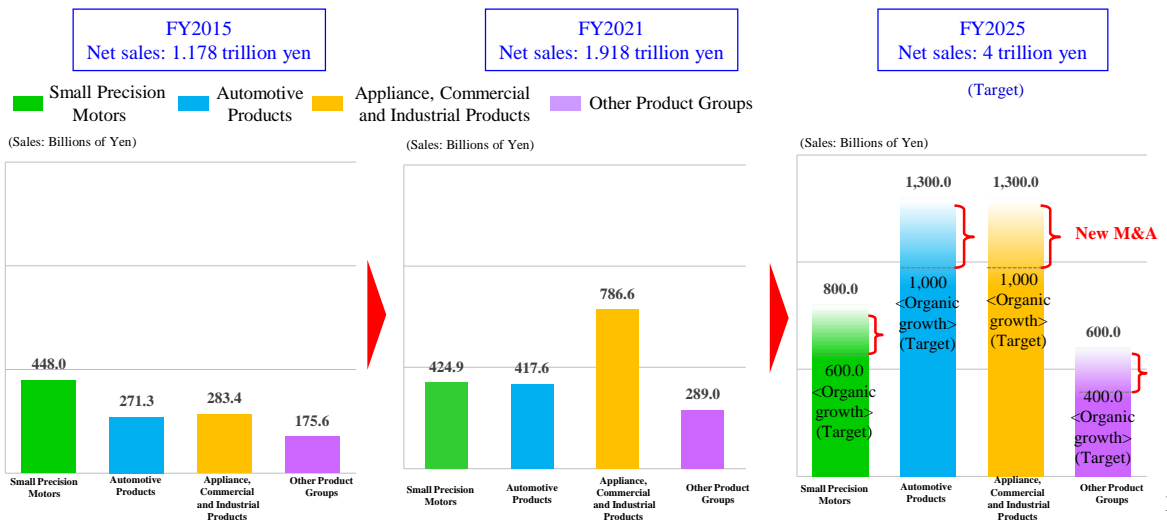
Vision2025 Framework for the New Mid-Term Strategic Goals:



Business Portfolio Management

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

Achieve high growth with aggressive investment in key growth areas



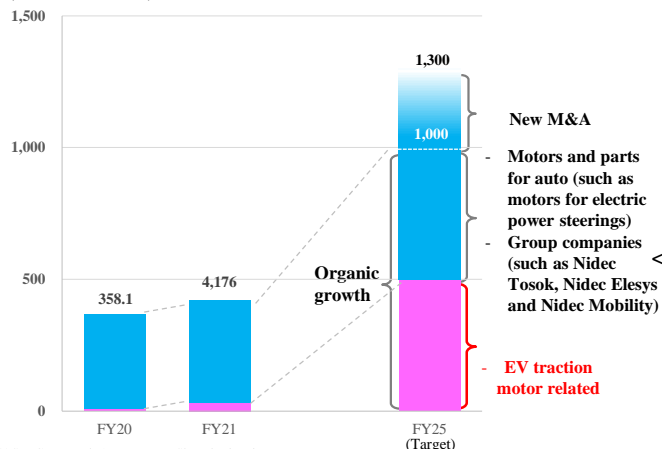
Automotive: Strategy for High Growth

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

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

<Vision 2025 in Automotive>

(Sales: Billions of Yen)



* CASE: Connected, Autonomous, Shared, Electric

<Businesses related to EV traction motors>

- Mass production of E-Axles by the joint venture with Stellantis started in September 2022. Orders are increasing with the strengthened environmental regulations in Europe as tailwind.
- In China, in addition to the two existing major customers, we are going to focus our resources on the five customers including the three new ones. Nidec is receiving new orders.
- **Increasing orders of EV/HEV parts (motors and inverters, etc.) for the European and the US markets.**

<Motors and parts for auto>

- The market environment after Q4/FY22 will recover gradually.
- On the other hand, assuming the raw material price hike will continue, we are accelerating improvement of profit structure through reflection of high raw material price to selling price and reduction of manufacturing cost.

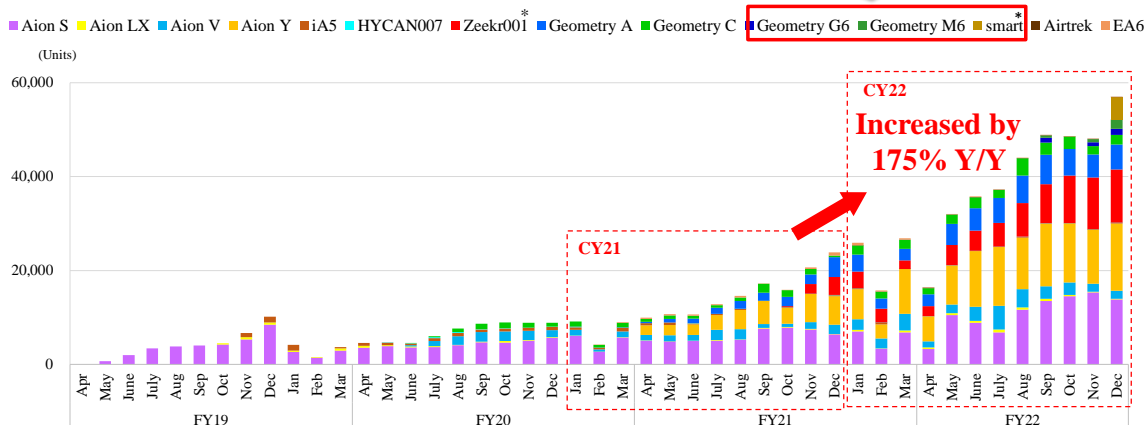
Automotive: Sales of Vehicles with Nidec's E-Axle

Annual sales of vehicles using our E-Axle grew 175% in CY2022

<Auto sales of cars adopting Nidec's E-Axle>

3 new models

(Source: Marklines)



*Zeekr001 and smart use Nidec's E-Axles partially.

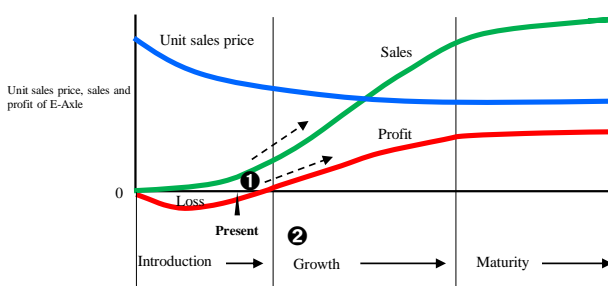
Automotive: Nidec's Marketing Strategy

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



The number of competitors is increasing in the growing Chinese market as expected.
We are going into the profit growth stage following sales expansion.

<Product Life Cycle of Nidec's E-Axle>



Sales	Slow growth	② Rapid growth	High level
Investment	③ High level	③ High level → Gradual decrease	Low level
Profit	Low level/ Negative	② Increase	High level
Competitors	A few	② Increase	A lot
Nidec's strategy	Sales promotion	③ Lateral deployment/ Speed	Differentiation

- ① E-Axle market in China is about to enter the growth stage on a full scale.
- ② The number of market entrants including OEMs who self-manufacture motors increases as the market grows fast. Increase in the number of competitors in such growth stage is within our expectation at the time of strategy creation.
- ③ Our strategies for such market:
 - Countermeasures for market expansion: speedy implementation of large-scale capital expenditure before the demands arrive.
 - Expansion of customer base and geographical market area: targeting 5 major customers in China (2 existing and 3 new customers) and acquiring new orders from European and US OEMs.

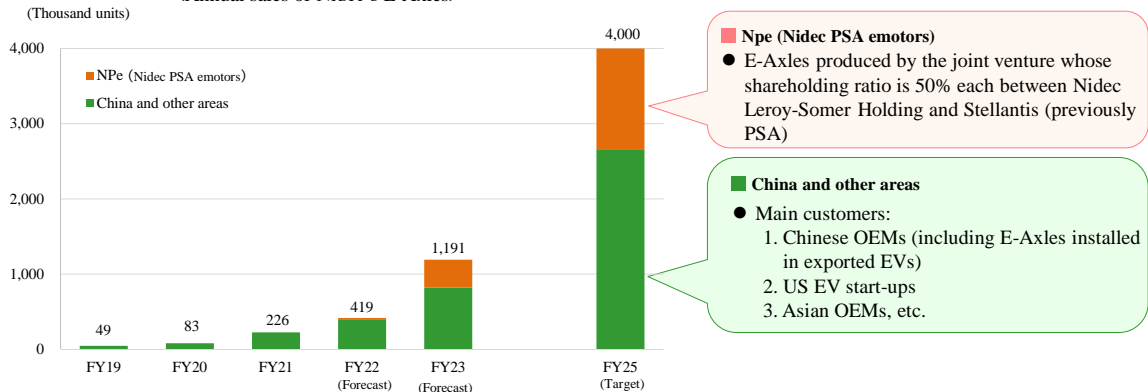
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Automotive: Annual Sales Volume of Our E-Axles



Global sales volume of our E-Axles is expected to continue to increase at a pace that exceeds the growth rate of the BEV market

<Annual sales of Nidec's E-Axles>



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

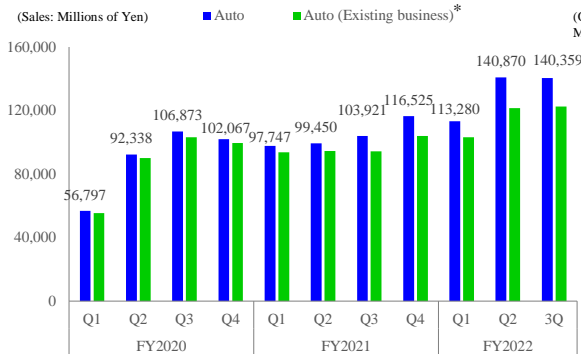
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Automotive: Quarterly Results

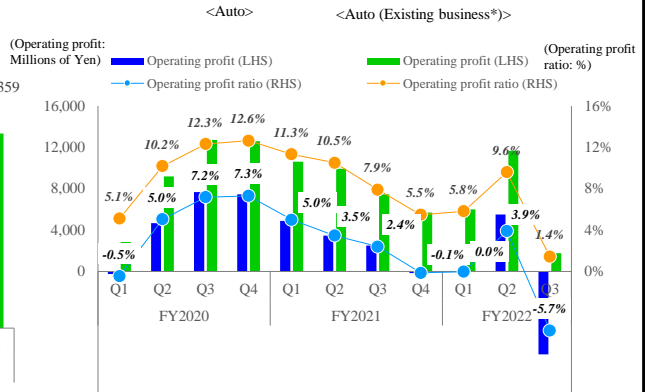


Preparing for a V-shaped recovery in FY2023 by posting large structural reform expenses

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>



*Existing business: Excluding impact of traction motor related business from Auto business

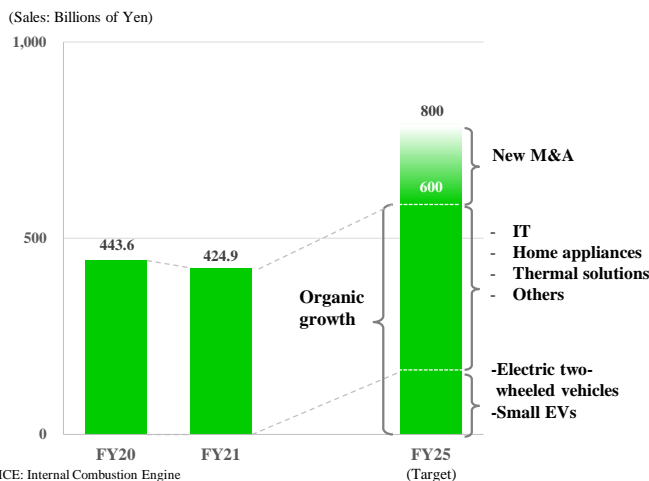
Small Precision Motors: Acceleration of Business Portfolio Transformation in the Segment



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

- ✓ Paradigm shift from ICE* vehicles to electric ones is also rapidly accelerated in two wheels and small cars
- ✓ Order intake steadily increasing

<Vision 2025 in Small Precision Motors>

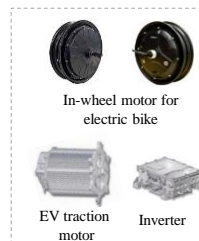


*ICE: Internal Combustion Engine

<Electric two-wheeled vehicles and small EVs >

- Focusing on two major markets, India and China
- Planning mass production in FY22 for 11 projects
 - 6 projects related to electric two-wheeled vehicles*
 - 5 projects related to small EVs

<Major products>



<Mass-production factory>



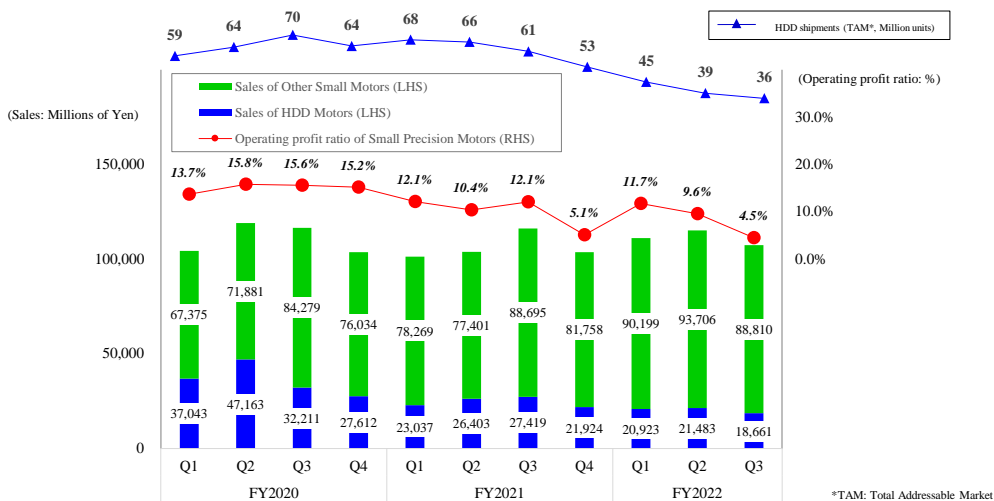
Transformed from HDD motor production line

Floor area planned to be doubled

*6 projects include the mass production for Yadea's Huan Dian Shou 01 which started in the second half of FY21, and business cases for major Indian local two-wheeler companies

Small Precision Motor: Quarterly Results

Implementing business portfolio transformation amid HDD motor market structural change



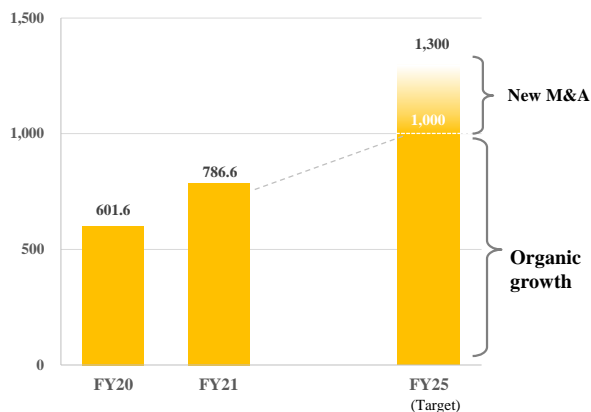
Appliance, Commercial and Industrial: Strategy for High Growth

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

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

<Vision 2025 in Appliance, Commercial and Industrial>

(Sales: Billions of Yen)



<Business environment in FY22>

- Gain market share outside Europe* shaken by the conflict, and accelerate Three-New Strategy* in the fields of generator, battery energy storage system, battery charger for EV, etc.
- Air conditioning market expands globally mainly for industrial use.
- Assuming higher raw material cost continues for the time being the same as in auto business, we will accelerate improvement of profit structure through passing that on to selling price and reducing manufacturing cost.

<Growth drivers>



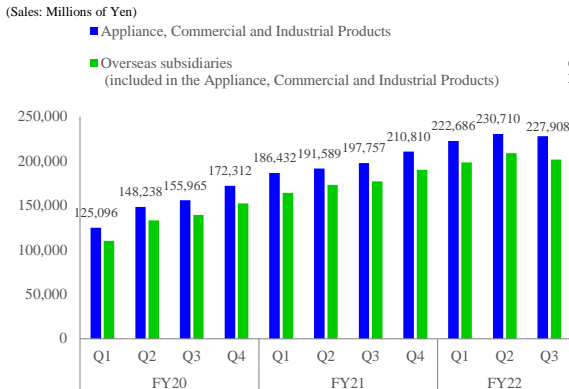
*Three-New Strategy: initiatives to proactively explore new products, markets and customers.

Appliance, Commercial & Industrial: Quarterly Results

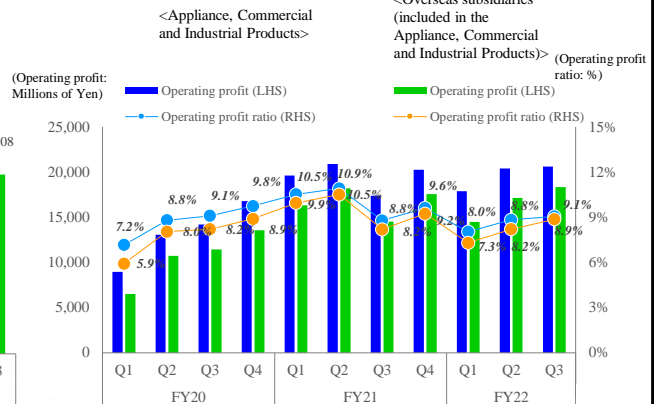


Pursuing profitability improvement amid continued slowdown
in the appliance and commercial area

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>

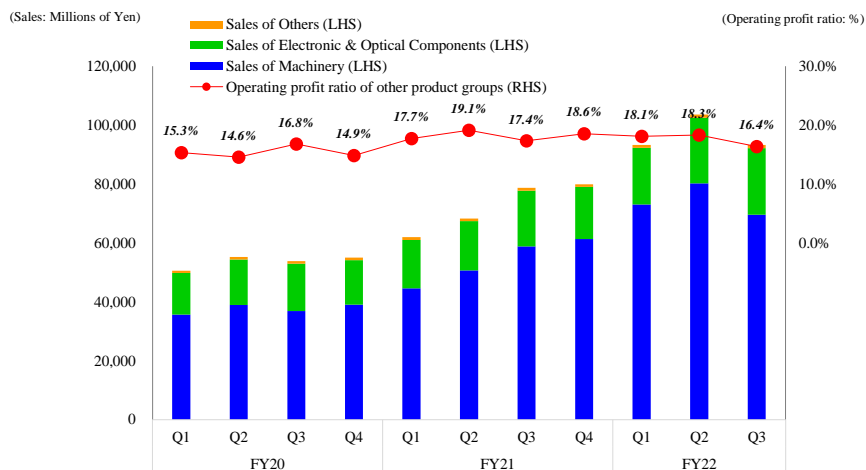


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Other Product Groups: Quarterly Results



Operating profit ratio of Other Product Groups remains stable at a high level of over 15% since FY21



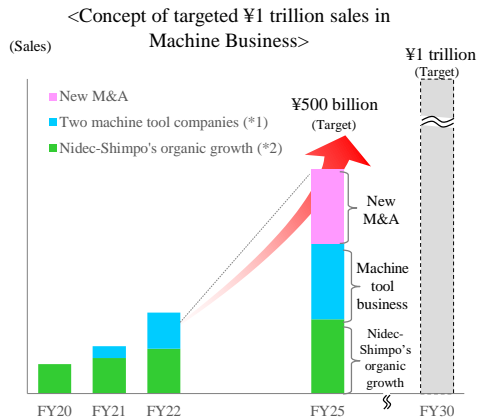
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Other Product Group: Nidec-Shimpo (Machine Business)

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



Expand and improve product portfolio through steady organic growth and M&A, and realize high growth of the Machinery business



*1 Two machine tool companies: Nidec Machine Tool Corporation + Nidec OKK Corporation

*2 Nidec-Shimpo's organic growth: Reducer business + Press machine business

1 Expand machine tool business (Organic growth + M&A)

- M&A to expand product line-ups of machine tools and explore overseas markets
- Support overseas sales expansion of Nidec Machine Tool and Nidec OKK by acquiring PAMA in Italy which has strong sales network in highly growing markets such as China, etc.

2 Expand press machine business

(Strengthen production and sales through collaboration among our major brands)

- Orders for machines of cans and EV related parts (motor core/ battery, etc.) manufacturing are increasing, especially.

3 Expand reducer business (Gain market share of reducers for 6-axis robot)

- We are launching Komagane business facilities in Japan with an aim to increase supply capacity of high-precision reducers and planetary reducers for the domestic market.



Nidec-Shimpo's Komagane office (Previously, Nidec Nagano Technical Center)

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M&A: Executing a Share Transfer Agreement with PAMA and the Affiliates



- Wide product range in large machine tools, particularly horizontal boring-milling machines
- Strong sales and networks in Europe, China, the US and India

<Outline of PAMA>

Company Name	PAMA S.p.A.
Headquarter	Trentino, Italy
Foundation	1926
Director	Alessandro Batisti, General Manager (who will continue to serve as such after the Stock Acquisition)
Production bases	Italy, China
Principal businesses	Manufacturing and sale of machine tools (boring and milling machines, and machining centers, among others)
Number of employees	Approximately 430
Sales	Fiscal year ended December 31, 2021 118.3 million euro (approximately 17.2 billion yen)

<PAMA's main products>

SPEEDMAT

T-type boring and milling center



VERTIRAM

Gantry machining center



SPEEDRAM

Floor type horizontal boring and milling machine



SPEEDMAT VM

Vertical machining center



<Nidec's product lineup of machine tools>

OKK: Nidec OKK Machine Tool: Nidec Machine Tool
PAMA: PAMA S.p.A.





Product	Product lineup		
	OKK	Machine Tool	PAMA
Vertical machining center	✓	✓	
Horizontal machining center	Small/Medium	✓	
	Large (4 axis)	✓	(Compound type) ✓
	Large (5 axis)		✓
Gantry machining center	Table type	✓	✓
	Gantry type		✓
Horizontal boring and milling machine	Table type	Small	✓
		Large	✓
	Floor Type	Small	✓
		Large	✓
Vertical multitasking machine center			✓

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ESG Management: Building Strong Corporate Governance System



Established the Nomination Committee as an advisory body to the Board of Directors following the Sustainability Committee

Internal directors	Outside directors	Ratio of outside directors	Ratio of female directors	Features
4 directors 	6 directors (1 male and 5 females) 	 60% (6 directors)	 50% (5 directors)	<ul style="list-style-type: none"> - Ratio of outside directors maintained over 50%. - The number of female directors (outside directors) increased by three compared with FY21 to ensure diversity in the Board (5 female directors in total)

Timeline		Initiatives
2008	Jun.	Introduce executive officer system
2010	Jun.	Appoint outside directors
2012	Jun.	Appoint female outside director for the first time in our history
2014	Jun.	Increase the number of outside director (3 outside directors)
2018	Jun.	Introduce the performance-linked share-based remuneration for the directors, etc. of the Nidec Group
2020	Jun.	Transfer to a company with an Audit and Supervisory Committee
2021	Feb.	Establish the Remuneration Committee
2022	Apr.	Commits to SBTi* and TCFD** Initiatives
	Aug.	Establish the Sustainability Committee
	Nov.	Establish the Nomination Committee

*SBTi: Science Based Targets initiative

** TCFD: Task Force on Climate-related Financial Disclosures

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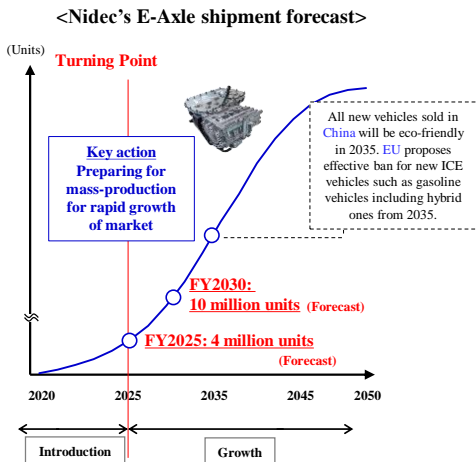
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Performance Trends & Product Group Overview

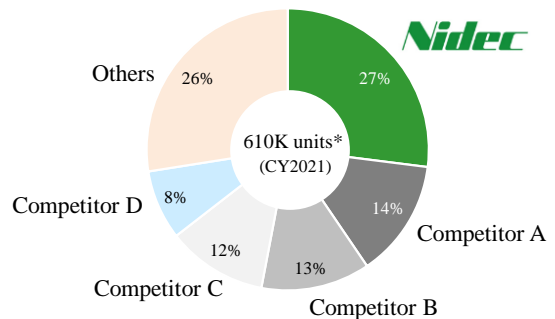
Automotive: Nidec's E-Axle Shipment Forecast and Competitive Position



Nidec ranked No.1 third party supplier of E-Axle in the Chinese BEV market



<Market share of third party E-Axle supplier in China >



(Nidec's estimates based on various sources.)

*2.91M BEVs were sold in China in CY21, of which we assume 1.45M BEVs were installed with E-Axles. We estimate 840K E-Axles were manufactured in-house by OEMs and 610K E-Axles were supplied by third-party suppliers.

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)

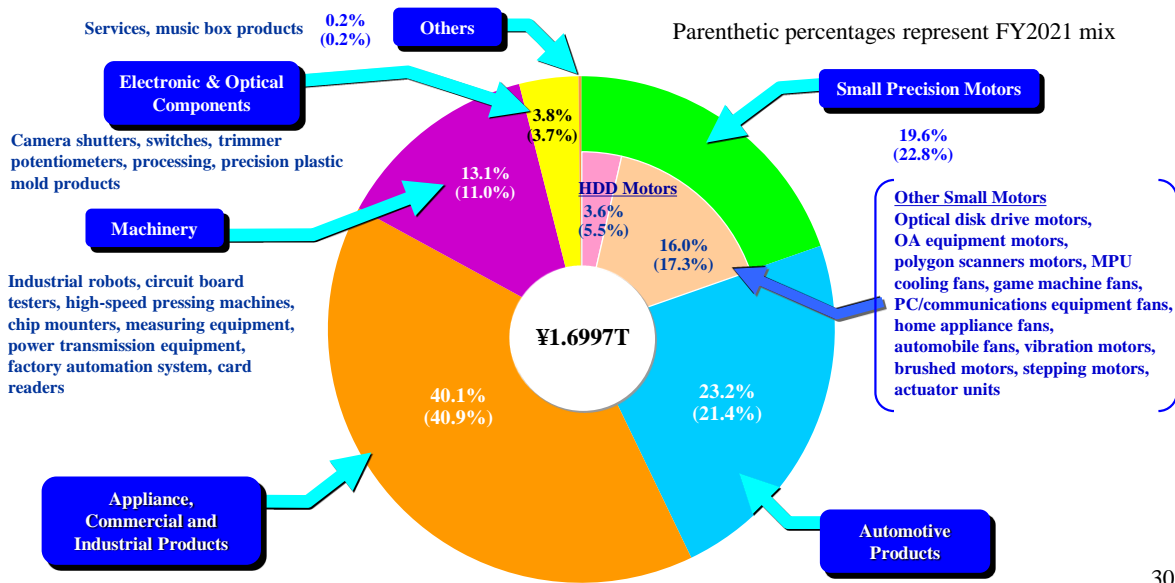
Manpower saving
(Keywords: Industrial robots, servicing robots and logistics)

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

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

* GAFA: Google, Apple, Facebook and Amazon

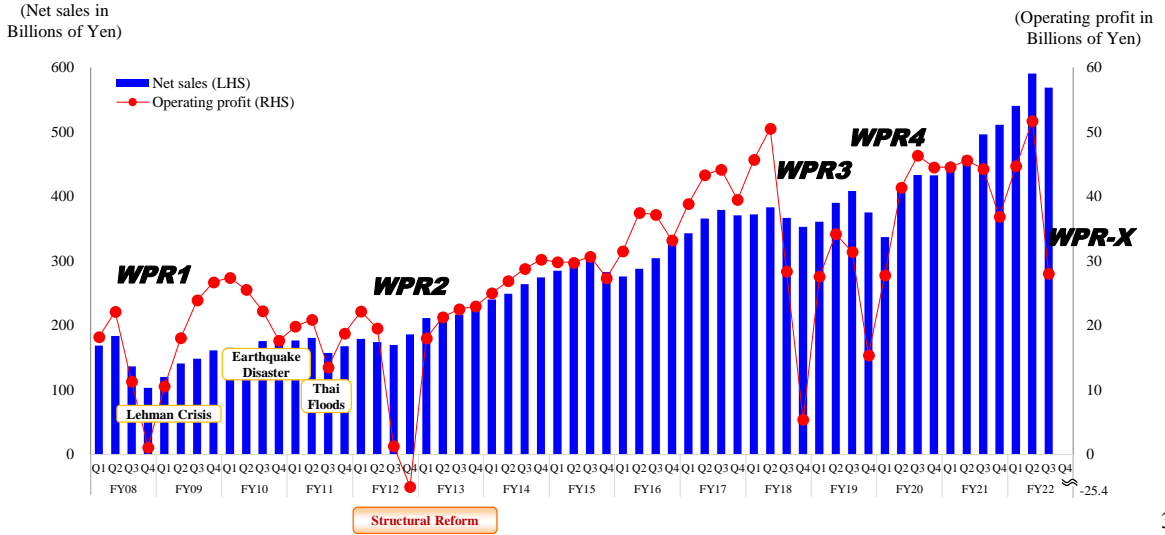
Sales by Product Group (Apr-Dec FY2022)



Consolidated Quarterly Net Sales and Operating Profit



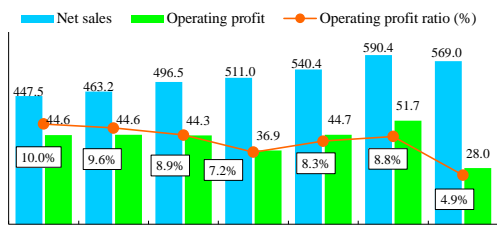
Implementing WPR-X to tackle recent deteriorations of market environments



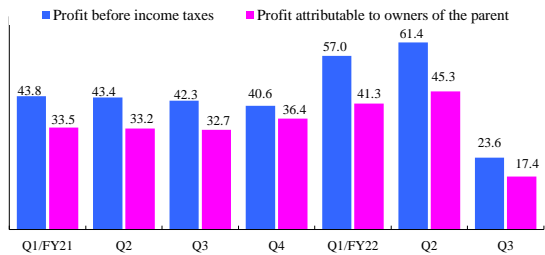
Financial Highlights



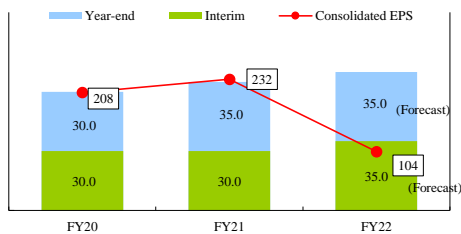
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



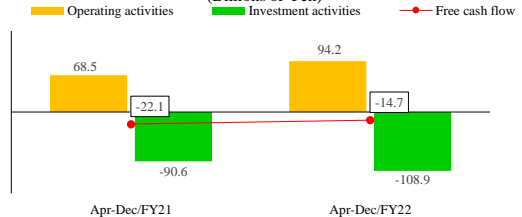
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)

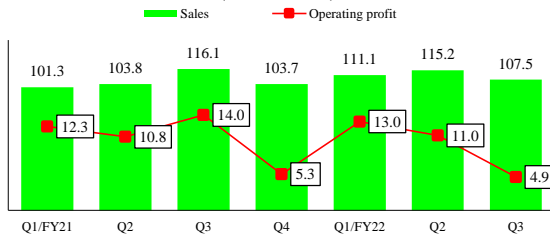


<Consolidated Cash Flow> (Billions of Yen)

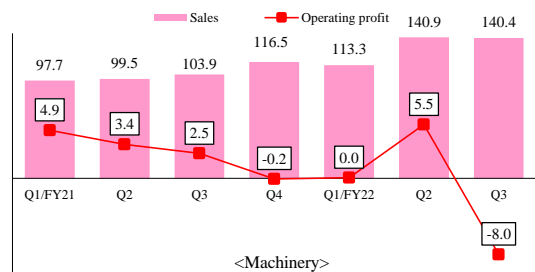


Product Group Overview

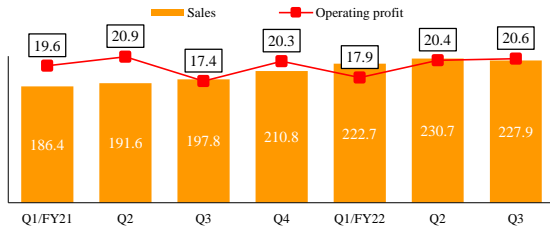
<Small Precision Motors>
(Billions of Yen)



<Automotive Products>
(Billions of Yen)



<Appliance, Commercial and Industrial Products>
(Billions of Yen)



<Machinery>
(Billions of Yen)

