

[Translation]

# **Quarterly Report**

(The Third Quarter of 44th Business Term)  
From October 1, 2016 to December 31, 2016

**NIDEC CORPORATION**

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[Cover]

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| [Applicable Law]                              | Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan                        |
| [Filed with]                                  | Director, Kanto Local Finance Bureau  |
| [Filing Date]                                 | February 13, 2017   |
| [Fiscal Year]                                 | The Third Quarter of 44th Business Term (from October 1, 2016 to December 31, 2016)                       |
| [Company Name]                                | Nihon Densan Kabushiki Kaisha   |
| [Company Name in English]                     | NIDEC CORPORATION   |
| [Title and Name of Representative]            | Shigenobu Nagamori, Chairman of the Board, President, Chief Executive Officer and Representative Director |
| [Address of Head Office]                      | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto   |
| [Phone No.]                                   | 075-922-1111  |
| [Contact Person]                              | Tomohiko Hatori, General Manager, Accounting Department   |
| [Contact Address]                             | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto   |
| [Phone No.]                                   | 075-922-1111  |
| [Contact Person]                              | Tomohiko Hatori, General Manager, Accounting Department   |
| [Place Where Available for Public Inspection] | Tokyo Stock Exchange, Inc.<br>(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)                                 |

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

Unless the context indicates otherwise, the term “Company” refers to Nidec Corporation and the term “NIDEC” refers to the Company and its consolidated subsidiaries.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

## Part I Information on the Company

### I. Overview of the Company

#### 1. Key Financial Data

Consolidated financial data, etc.

*(Yen in millions, unless otherwise stated)*

|  | Nine months ended<br>December 31, 2015 | Nine months ended<br>December 31, 2016 | Year ended<br>March 31, 2016 |
|--|--|--|------------------------------|
| Net Sales  | 895,353<br>[308,001]                   | 868,228<br>[304,198]                   | 1,178,290                    |
| Profit before income taxes   | 92,467                                 | 107,771                                | 117,164                      |
| Profit attributable to owners of<br>the parent                                       | 69,526<br>[22,669]                     | 81,638<br>[31,528]                     | 89,945                       |
| Comprehensive income<br>attributable to owners of the<br>parent                      | 53,513                                 | 94,069                                 | 30,983                       |
| Total equity attributable to<br>owners of the parent                                 | 797,673                                | 833,337                                | 763,023                      |
| Total assets   | 1,452,311                              | 1,491,335                              | 1,376,636                    |
| Earnings per share attributable<br>to owners of the parent-<br>Basic (yen)           | 234.19<br>[76.04]                      | 275.25<br>[106.30]                     | 303.04                       |
| Earnings per share attributable<br>to owners of the<br>parent-Diluted (yen)          | 233.05                                 | 275.25                                 | 301.93                       |
| Ratio of total equity attributable<br>to owners of the parent to<br>total assets (%) | 54.9                                   | 55.9                                   | 55.4                         |
| Net cash provided by operating<br>activities   | 113,480                                | 102,996                                | 147,659                      |
| Net cash used in investing<br>activities   | (79,337)                               | (56,929)                               | (95,377)                     |
| Net cash provided by (used in)<br>financing activities                               | 27,773                                 | (40,975)                               | 7,775                        |
| Cash and cash equivalents at<br>end of period  | 324,931                                | 314,813                                | 305,942                      |

- (Notes) 1. The financial data above are based on the condensed quarterly consolidated financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).
2. As the Company prepares its condensed quarterly consolidated financial statements, its non-consolidated financial data are not presented.
3. Figures shown in yen in millions are rounded to the nearest million.
4. Sales do not include consumption taxes.
5. During the three months ended September 30, 2016, NIDEC (Nidec Corporation and its consolidated subsidiaries) finalized the provisional accounting treatment for business combinations. As a result, figures as of nine months ended December 31, 2015 and year ended March 31, 2016

reflect the revision of the initially allocated amounts of acquisition price. Details are stated in “6.Business combinations” of “Notes to Condensed Quarterly Consolidated Financial Statements” incorporated in this Quarterly Report.

6. The figures of “Net sales”, “Profit attributable to owners of the parent” and “Earnings per share attributable to owners of the parent- Basic” in square bracket are those for the three months ended December 31, 2015 and 2016, respectively.

## **2. Description of Business**

There were no significant changes in NIDEC’s businesses during the nine months ended December 31, 2016. Moreover, there were no changes in principal subsidiaries and associates.

## **II. Business Overview**

### **1. Risk Factors**

There were no new risk factors recognized during the nine months ended December 31, 2016. There were no material changes in the risk factors stated in the Annual Securities Report for the 43rd business term pursuant to the Financial Instruments and Exchange Act of Japan.

### **2. Material Agreements, etc.**

The material agreement executed during the three months ended December 31, 2016 is as follows:

#### Share purchase and transfer agreement

The Company entered into a share purchase and transfer agreement and acquired 100% of the shares of Canton Elevator, Inc. (“Canton”) from its shareholders through the Company’s subsidiary, Nidec Motor Corporation and completed the share acquisition on December 5, 2016. (the “Transaction”)

#### 1. Purpose of the Transaction

Canton designs, manufactures and sales of commercial, residential, and freight elevator systems and components. The Transaction enables NIDEC’s Elevator & Drive Systems (“EDS”) business of its appliance, commercial and industrial motor businesses on which NIDEC provides particular focus to accelerate growth of its elevator business in North America by providing a broader range of Canton’s customers with suitable elevator solutions combining Canton’s competitive elevator packages with existing products in its EDS business.

#### 2. Considerations for the Transaction

Cash

#### 3. Information on Canton

Company Name: Canton Elevator, Inc.  
Headquarters: North Canton, Ohio, U.S.  
Businesses: Designing, manufacturing and sales of commercial, residential, and freight elevator systems and components

#### 4. Execution date of the share purchase and transfer agreement

December 5, 2016

#### 5. Date of the completion of the share acquisition

December 5, 2016

### 3. Analysis of Consolidated Financial Position, Operating Results and Cash Flows

NIDEC adopts IFRS for its consolidated financial statements from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the consolidated financial statements for the nine months ended December 31, 2015 and those for the fiscal year ended March 31, 2016 are also presented in accordance with IFRS.

#### (1) Operating Results

The U.S. economy continued to expand moderately for the nine months ended December 31, 2016, and Donald J. Trump's electoral win to be the next President of the United States in November raised expectations for a fiscal stimulus package by the Trump Administration and for the future of the American economy. In addition, a concurrent global stock market rally known as the "Trump rally" in major developed nations led to a slow economic recovery in Japan and Europe. On the other hand, close monitoring is required for the economic prospect of China and other emerging economies, which may be affected by the United States' trade policy, as well as for national elections slated for 2017 in Europe and Italian financial institutions' financial crisis, both of which may trigger a financial unrest in the continent.

Under such a business environment, NIDEC 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 nine months ended December 31, 2016 the highest nine-month operating profit, profit before income taxes and profit for the period in our history.

The following table sets forth consolidated operating results for the nine months ended December 31, 2016:

*(Yen in millions)*

|   | Nine months ended December 31, 2015 | Nine months ended December 31, 2016 | Increase or decrease | Increase or decrease ratio |
|---|-------------------------------------|-------------------------------------|----------------------|----------------------------|
| Net sales                                   | 895,353                             | 868,228                             | (27,125)             | (3.0)%                     |
| Operating profit                            | 90,286                              | 106,197                             | 15,911               | 17.6%                      |
| Profit before income taxes                  | 92,467                              | 107,771                             | 15,304               | 16.6%                      |
| Profit attributable to owners of the parent | 69,526                              | 81,638                              | 12,112               | 17.4%                      |

Consolidated net sales decreased 3.0% to ¥868,228 million for this nine-month period compared to the same period of the prior year due to a rapid appreciation of the Japanese yen. On the other hand, operating profit increased 17.6% to ¥106,197 million for this nine-month period compared to the same period of the prior year, achieving the highest operating profit for nine-month period in our history.

Profit before income taxes increased 16.6% to ¥107,771 million for this nine-month period compared to the same period of the prior year and profit attributable to owners of the parent increased 17.4% to ¥81,638 million for this nine-month period compared to the same period of the prior year, respectively achieving the highest profit for nine-month period in our history.

The following table sets forth operating results by segment:

*(Yen in millions)*

|                                 | For the nine months ended December 31 |           |                            |                  |          |                            |
|---------------------------------|---------------------------------------|-----------|----------------------------|------------------|----------|----------------------------|
|                                 | Net sales                             |           |                            | Operating profit |          |                            |
|                                 | 2015                                  | 2016      | Increase<br>or<br>decrease | 2015             | 2016     | Increase<br>or<br>decrease |
| Nidec Corporation               | 183,389                               | 168,775   | (14,614)                   | 13,644           | 12,021   | (1,623)                    |
| Nidec Electronics<br>(Thailand) | 101,164                               | 95,791    | (5,373)                    | 14,818           | 14,579   | (239)                      |
| Nidec Singapore                 | 55,381                                | 41,638    | (13,743)                   | 823              | 616      | (207)                      |
| Nidec (H.K.)                    | 91,396                                | 102,519   | 11,123                     | 830              | 1,137    | 307                        |
| Nidec Sankyo                    | 97,814                                | 99,995    | 2,181                      | 11,664           | 14,812   | 3,148                      |
| Nidec Copal                     | 45,454                                | 34,486    | (10,968)                   | 1,152            | 3,787    | 2,635                      |
| Nidec Techno Motor              | 46,577                                | 48,512    | 1,935                      | 3,984            | 6,276    | 2,292                      |
| Nidec Motor                     | 166,141                               | 165,369   | (772)                      | 10,505           | 14,822   | 4,317                      |
| Nidec Motors &<br>Actuators     | 201,824                               | 194,189   | (7,635)                    | 18,067           | 21,383   | 3,316                      |
| All Others                      | 273,197                               | 256,177   | (17,020)                   | 25,612           | 29,087   | 3,475                      |
| Adjustments                     | (366,984)                             | (339,223) | 27,761                     | (10,813)         | (12,323) | (1,510)                    |
| Consolidated total              | 895,353                               | 868,228   | (27,125)                   | 90,286           | 106,197  | 15,911                     |

(Note) Net sales are the total of sales to external customers and sales to other operating segments.

Net sales of Nidec Corporation decreased 8.0% to ¥168,775 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the negative effect of the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales of other small precision motors. Operating profit of Nidec Corporation decreased 11.9% to ¥12,021 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the decrease in sales, despite a decrease in research and development expenses.

Net sales of Nidec Electronics (Thailand) decreased 5.3% to ¥95,791 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the negative effects of the appreciation of Japanese yen against the Thai baht and the U.S. dollar, despite an increase in sales caused by changes of product distribution for hard disk drives spindle motors. Operating profit of Nidec Electronics (Thailand) decreased 1.6% to ¥14,579 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the decrease in sales.

Net sales of Nidec Singapore decreased 24.8% to ¥41,638 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors, the negative effect of change of product distribution for hard disk drives spindle motors and the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Singapore decreased 25.2% to ¥616 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the decrease in sales.

Net sales of Nidec (H.K.) increased 12.2% to ¥102,519 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to an increase in demands for other small precision motors and hard disk drives spindle motors, despite the negative effect of the appreciation of the Japanese yen against the Hong Kong dollar. Operating profit of Nidec (H.K.) increased 37.0% to ¥1,137 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to the increase in sales, despite changes in the product mix.

Sales of Nidec Sankyo increased 2.2% to ¥99,995million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to an increase in sales of LCD panel handling robots and Organic EL transfer robots, despite the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Sankyo increased 27.0% to ¥14,812million for the nine months ended December 31 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to cost reduction, in addition to the increase in sales.

Net sales of Nidec Copal decreased 24.1% to ¥34,486 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to a decrease in sales of other small precision motors and the negative effects of the appreciation of the Japanese yen against the Thai baht and other currencies. However, operating profit of Nidec Copal increased 228.7% to ¥3,787 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to cost reduction and changes in the product mix, despite the decrease in sales.

Sales of Nidec Techno Motor increased 4.2% to ¥48,512 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to an increase in demand for motors for air conditioning equipment in China, despite the negative effect of the appreciation of the Japanese yen against the Chinese yuan. Operating profit of Nidec Techno Motor increased 57.5% to ¥6,276 million for the nine months ended December 31 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to cost reduction, in addition to the increase in sales.

Net sales of Nidec Motor decreased 0.5% to ¥165,369 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the negative effect of the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales through our “Three-new Strategy” (new products, new markets and new clients). However, operating profit of Nidec Motor increased 41.1% to ¥14,822 million for nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to the changes in the product mix caused by the increase in sales through our “Three-new Strategy”.

Net sales of Nidec Motors & Actuators decreased 3.8% to ¥194,189 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to the negative effects of the appreciation of the Japanese yen against the U.S. dollar and the Euro, despite an increase in sales for automotive motors such as electric power steering motors and products of control valves at the Nidec Tosok Corporation. However, operating profit of Nidec Motors & Actuators increased 18.4% to ¥21,383 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to cost reduction and changes in product mix.

With respect to the All Others segment, net sales decreased 6.2% to ¥256,177 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This decrease was primarily due to a decrease in sales caused by changes of product distribution for hard disk drives spindle motors and a decrease in demand for other small precision motors, in addition to the negative effect of the appreciation of the Japanese yen against the U.S. dollar. However, operating profit increased 13.6% to ¥29,087 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. This increase was primarily due to cost reduction and changes in product mix.

## (2) Cash Flows

### (Cash Flows from Operating Activities)

Net cash provided by operating activities decreased ¥10,484 million to ¥102,996 million for the nine months ended December 31, 2016 compared to the nine months December 31, 2015. This decrease in net cash provided by operating activities was mainly due to net negative impacts of ¥41,746 million of a change in accounts receivable, although there were increases of ¥31,266 million in account payable and ¥11,774 million of profit for the period.

For the nine months ended December 31, 2016, NIDEC had ¥102,996 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥82,337 million and an increase in accounts payable of ¥42,103 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥54,456 million. Accounts payable and accounts receivable increased as of December 31, 2016 compared to March 31, 2016 primarily due to an increase in customers demand except for the effect of exchange rate changes.

For the nine months ended December 31, 2015, NIDEC had ¥113,480 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥70,563 million and positively impacted by an increase in accounts payable of ¥10,837 million. However, net cash provided by operating activities was negatively impacted by an increase in inventories of ¥13,971 million and an increase in accounts receivable of ¥12,710 million. Accounts receivable and inventories increased as of December 31, 2015 compared to March 31, 2015 primarily due to an increase in sales.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities decreased ¥22,408 million to ¥56,929 million for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015. The decrease in net cash used in investing activities was mainly due to a decrease in additions to property, plant and equipment of ¥19,351 million.

For the nine months ended December 31, 2016, NIDEC had ¥56,929 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥47,505 million.

For the nine months ended December 31, 2015, NIDEC had ¥79,337 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥66,856 million.

#### (Cash Flows from Financing Activities)

Net cash used in financing activities was ¥40,975 million for the nine months ended December 31, 2016, while net cash provided by financing activities was ¥27,773 million for the nine months ended December 31, 2015.

For the nine months ended December 31, 2016, NIDEC had ¥40,975 million of net cash outflows from financing activities mainly due to a redemption of corporate bonds of ¥50,000 million, dividends paid to the owner of the parent of ¥23,728 million and a decrease in short term borrowings of ¥15,148 million, partially offset by inflow from proceeds from issuance of corporate bonds of ¥50,001 million.

For the nine months ended December 31, 2015, NIDEC had ¥27,773 million of net cash inflows from financing activities mainly due to an increase in short term borrowings of ¥69,182 million partially offset by repayments of long term debt of ¥23,818 million and dividends paid to the owner of the parent of ¥23,690 million.

As a result of the foregoing factors and the effect of exchange rate changes, NIDEC's total outstanding balance of cash and cash equivalents increased ¥8,871 million from ¥305,942 million as of March 31, 2016 to ¥314,813 million as of December 31, 2016.

NIDEC holds its cash and cash equivalents primarily in U.S. dollars, Chinese yuan, Japanese yen, Thai baht and Euros.

#### (3) Issues to address on business and finance

There were no material changes in the issues for NIDEC to address during the nine months ended December 31, 2016.

#### (4) Research and Development

NIDEC's research and development expenses for the nine months ended December 31, 2016 were ¥38,760 million. There were no significant changes in research and development activities for the period.

### **III. Information on the Company**

#### ***1. Information on the Company's Stock, etc.***

##### (1) Total number of shares, etc.

###### 1) Total Number of Shares

| Class        | Total number of shares authorized to be issued (shares) |
|--------------|---|
| Common stock | 960,000,000   |
| Total        | 960,000,000   |

###### 2) Issued Shares

| Class        | Number of shares issued as of the end of third quarter (shares) (December 31, 2016) | Number of shares issued as of the filing date (shares) (February 13, 2017) | Stock exchange on which the Company is listed  | Description   |
|--------------|---|--|--|---|
| Common stock | 298,142,234   | 298,142,234  | Tokyo Stock Exchange, Inc. (the first section) | This is our standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares. |
| Total        | 298,142,234   | 298,142,234  | -  | -   |

##### (2) Information on the stock acquisition rights, etc.

Not applicable.

##### (3) Information on moving strike convertible bonds, etc.

Not applicable.

##### (4) Information on shareholder right plans

Not applicable.

##### (5) Changes in the total number of issued shares and the amount of common stock and other

| Date                                      | Change in the total number of issued shares (shares) | Balance of the total number of issued shares (shares) | Changes in common stock (Yen in millions) | Balance of common stock (Yen in millions) | Changes in capital reserve (Yen in millions) | Balance of capital reserve (Yen in millions) |
|---|--|---|---|---|--|--|
| From October 1, 2016 to December 31, 2016 | -  | 298,142,234   | -   | 87,784                                    | -  | 92,005                                       |

##### (6) Major shareholders

Not applicable.

### (7) Information on voting rights

Information on voting rights as of September 30, 2016 is stated in this item because the Company does not identify the number of voting rights as of December 31, 2016 due to the lack of information on the details entered in the shareholders registry as of December 31, 2016.

#### 1) Issued shares

(As of December 31, 2016)

| Classification  | Number of shares (shares) | Number of voting rights | Description |
|---|---------------------------|-------------------------|-------------|
| Shares without voting right                                 | -                         | -                       | -           |
| Shares with restricted voting rights (treasury stock, etc.) | -                         | -                       | -           |
| Shares with restricted voting rights (others)               | -                         | -                       | -           |
| Shares with full voting right (treasury stock, etc.)        | Common stock 1,542,400    | -                       | -           |
| Shares with full voting right (others)                      | Common stock 296,062,900  | 2,960,629               | -           |
| Shares less than one unit                                   | Common stock 536,934      | -                       | -           |
| Number of issued shares                                     | 298,142,234               | -                       | -           |
| Total number of voting rights                               | -                         | 2,960,629               | -           |

(Notes) 1. The “Shares with full voting right (others)” column includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and 355 voting rights for those shares. The “Shares with full voting right (others)” column includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares of stocks that were not registered when the shares were exchanged with the Company on October 1, 2003) and two voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (two voting rights) registered in its name.

2. Common stock in the “Shares less than one unit” column includes 54 shares of the Company’s treasury stock.

#### 2) Treasury stock, etc.

(As of December 31, 2016)

| Name of shareholder | Address                                 | Number of shares held under own name (shares) | Number of shares held under the name of others (shares) | Total shares held (shares) | Ownership percentage to the total number of issued shares (%) |
|---------------------|---|---|---|----------------------------|---|
| Nidec Corporation   | 338 Kuzetonoshiro-cho, Minami-ku, Kyoto | 1,542,400                                     | -   | 1,542,400                  | 0.51  |
| Total               | -                                       | 1,542,400                                     | -   | 1,542,400                  | 0.51  |

(Note) As of December 31, 2016, the number of shares held under own name (except shares of less than one unit) is 1,543,600.

## **2. Changes in Directors and Senior Management**

Changes in the Members of the Board of Directors and the Members of the Audit & Supervisory Board of Nidec Corporation from the filing date of the Annual Securities Report for the 43rd business term pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2016 are as follows:

Changes in positions and responsibilities

| New position   | New responsibility  | Former position  | Former responsibility  | Name             | Effective date |
|--|---|--|--|------------------|----------------|
| Member of the Board of Directors                             | Executive Vice President<br>Adviser to President (Small Precision Motor & Solutions (SPMS) Business Unit (BU));<br>Executive General Manager, SPMS Business Unit; in charge of supervising BU-wide Business Planning; First Senior General Manager, General Application Motor & Solutions Business Group; and<br>Member of the Board of Directors and Chairman, Nidec (Zhejiang) Corporation and Nidec Philippines Corporation  | Member of the Board of Directors                             | Executive Vice President<br>Adviser to President (Fluid Dynamic Bearing Motor (FDBM) and General Application Motor & Solutions (GAMS) Business Units);<br>Executive General Manager, GAMS Business Unit; and<br>Member of the Board of Directors and Chairman, Nidec (Zhejiang) Corporation and Nidec Philippines Corporation  | Toshihiko Miyabe | July 1, 2016   |
| Representative Director and Member of the Board of Directors | Vice Chairman<br>Chief Technology Officer, Adviser to President (New Business Development Unit, Nidec Research and Development Center, Japan, Nidec Center for Industrial Science, and Production Engineering Center); Executive General Manager, New Business Development Unit; in charge of managing Intellectual Property Department; Member of the Board of Directors and Chairman, Nidec India Private Limited; and<br>Representative Director, Member of the Board of Directors and Chairman, Nidec Techno Motor Corporation, Nidec Copal Corporation, and Nidec Seimitsu Corporation | Representative Director and Member of the Board of Directors | Vice Chairman<br>Chief Technology Officer, Adviser to President (Nidec Research and Development Center, Japan, Nidec Center for Industrial Science, and Production Engineering Center); in charge of managing Intellectual Property Department, New Business Administration Department, Strategic Technology and Business Planning Department, and New Business Development Department; Member of the Board of Directors and Chairman, Nidec India Private Limited; and<br>Representative Director, Member of the Board of Directors and Chairman, Nidec Techno Motor Corporation, Nidec Copal Corporation, and Nidec Seimitsu Corporation | Mikio Katayama   | July 11, 2016  |

|                                  |   |                                  |  |            |                    |
|----------------------------------|---|----------------------------------|--|------------|--------------------|
| Member of the Board of Directors | Executive Vice President<br>Chief Financial Officer,<br>Adviser to President<br>(Global PMI Promotion<br>Division, Corporate<br>Strategy Office, Group<br>Companies Management<br>Department, and Finance<br>Department); in charge of<br>managing CFO Strategy<br>Department, Accounting<br>Department, Global Tax<br>Planning Department, and<br>CSR Promotion Office;<br>Member of the Board of<br>Directors and Chairman,<br>Nidec Management<br>Shanghai Corporation,<br>and Nidec Americas<br>Holding Corporation; and<br>Member of the Board of<br>Directors and President,<br>Green Sun Insurance, Inc. | Member of the Board of Directors | Executive Vice President<br>Chief Financial Officer,<br>Adviser to President<br>(Global PMI Promotion<br>Division, Corporate<br>Strategy Office, Affiliates<br>Administration<br>Department, and Finance<br>Department); in charge of<br>managing CFO Strategy<br>Department, Accounting<br>Department, Global Tax<br>Planning Department, and<br>CSR Promotion Office;<br>Member of the Board of<br>Directors and Chairman,<br>Nidec Management<br>Shanghai Corporation,<br>and Nidec Americas<br>Holding Corporation; and<br>Member of the Board of<br>Directors and President,<br>Green Sun Insurance, Inc. | Akira Sato | October 1,<br>2016 |
|----------------------------------|---|----------------------------------|--|------------|--------------------|

#### **IV. Financial Information**

##### ***1. Condensed Quarterly Consolidated Financial Statements***

Refer to the condensed quarterly consolidated financial statements incorporated in this Quarterly Report.

##### ***2. Other***

On October 24, 2016, the Company's Board of Directors resolved to pay cash dividends to shareholders as of September 30, 2016 as follows:

|  |                  |
|--|------------------|
| (1) Total amount of dividends .....                                    | ¥11,864 million  |
| (2) Amount per share .....   | ¥40.00           |
| (3) Effective Date of Claim of Payment and Start Date of Payment ..... | December 1, 2016 |

#### **Part II Information on Guarantors, etc. for the Company**

Not applicable.

# 1. Condensed Quarterly Consolidated Financial Statements

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

(Yen in millions)

|  | Note | The date of<br>transition to<br>IFRS<br>(April 1, 2015) | March 31,<br>2016 | December 31,<br>2016 |
|--|------|---|-------------------|----------------------|
| <b>Assets</b>  |      |   |                   |                      |
| Current assets                                       |      |   |                   |                      |
| Cash and cash equivalents                            |      | 269,902   | 305,942           | 314,813              |
| Trade and other receivables                          |      | 255,470   | 251,310           | 315,523              |
| Other financial assets                               | 11   | 262   | 2,010             | 5,241                |
| Income tax receivables                               |      | 1,551   | 2,063             | 2,756                |
| Inventories  |      | 170,880   | 170,874           | 184,901              |
| Other current assets                                 |      | 20,018  | 22,892            | 25,966               |
| Total current assets                                 |      | 718,083   | 755,091           | 849,200              |
| Non-current assets                                   |      |   |                   |                      |
| Property, plant, and equipment                       |      | 342,556   | 346,932           | 364,074              |
| Goodwill   | 7    | 162,959   | 162,043           | 164,300              |
| Intangible assets                                    | 7    | 83,931  | 77,049            | 74,811               |
| Investments accounted for using<br>the equity method |      | 2,167   | 1,896             | 1,137                |
| Other investments                                    | 11   | 21,507  | 15,998            | 19,276               |
| Other financial assets                               | 11   | 2,274   | 1,804             | 3,030                |
| Deferred tax assets                                  |      | 10,749  | 11,545            | 10,718               |
| Other non-current assets                             |      | 5,646   | 4,278             | 4,789                |
| Total non-current assets                             |      | 631,789   | 621,545           | 642,135              |
| Total assets   |      | 1,349,872   | 1,376,636         | 1,491,335            |

*(Yen in millions)*

|  | Note | The date of<br>transition to<br>IFRS<br>(April 1, 2015) | March 31,<br>2016 | December 31,<br>2016 |
|--|------|---|-------------------|----------------------|
| <b>Liabilities</b>   |      |   |                   |                      |
| <b>Current liabilities</b>                                   |      |   |                   |                      |
| Short term borrowings  | 11   | 52,401  | 81,092            | 61,919               |
| Long term debt due within one year                           | 11   | 45,432  | 82,777            | 102,618              |
| Trade and other payables                                     |      | 204,372   | 186,990           | 238,486              |
| Other financial liabilities                                  | 11   | 2,941   | 3,192             | 4,436                |
| Income tax payables  |      | 5,913   | 5,831             | 6,109                |
| Provisions   |      | 18,583  | 18,886            | 16,448               |
| Other current liabilities                                    |      | 31,151  | 40,891            | 45,531               |
| <b>Total current liabilities</b>                             |      | <b>360,793</b>  | <b>419,659</b>    | <b>475,547</b>       |
| <b>Non-current liabilities</b>                               |      |   |                   |                      |
| Long term debt   | 11   | 184,432   | 136,798           | 116,457              |
| Other financial liabilities                                  | 11   | 569   | 1,029             | 931                  |
| Retirement benefit liabilities                               |      | 19,834  | 19,488            | 19,665               |
| Provisions   |      | 2,904   | 3,337             | 3,355                |
| Deferred tax liabilities                                     |      | 23,467  | 22,641            | 30,963               |
| Other non-current liabilities                                |      | 3,126   | 2,315             | 2,103                |
| <b>Total non-current liabilities</b>                         |      | <b>234,332</b>  | <b>185,608</b>    | <b>173,474</b>       |
| <b>Total liabilities</b>                                     |      | <b>595,125</b>  | <b>605,267</b>    | <b>649,021</b>       |
| <b>Equity</b>  |      |   |                   |                      |
| Common stock   |      | 77,071  | 87,784            | 87,784               |
| Additional paid-in capital                                   |      | 107,732   | 118,341           | 118,336              |
| Retained earnings  |      | 562,787   | 625,168           | 685,272              |
| Other components of equity                                   |      | (1,072)   | (56,159)          | (45,921)             |
| Treasury stock   |      | (27)  | (12,111)          | (12,134)             |
| <b>Total equity attributable to owners<br/>of the parent</b> |      | <b>746,491</b>  | <b>763,023</b>    | <b>833,337</b>       |
| Non-controlling interests                                    |      | 8,256   | 8,346             | 8,977                |
| <b>Total equity</b>  |      | <b>754,747</b>  | <b>771,369</b>    | <b>842,314</b>       |
| <b>Total liabilities and equity</b>                          |      | <b>1,349,872</b>  | <b>1,376,636</b>  | <b>1,491,335</b>     |

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

For the nine months ended December 31, 2015 and 2016

Condensed Quarterly Consolidated Statements of Income

*(Yen in millions)*

|   | Note | For the nine months ended December 31 |           |
|---|------|---------------------------------------|-----------|
|   |      | 2015                                  | 2016      |
| Net Sales   | 5    | 895,353                               | 868,228   |
| Cost of sales   |      | (691,924)                             | (658,992) |
| Gross profit  |      | 203,429                               | 209,236   |
| Selling, general and administrative expenses            |      | (73,436)                              | (64,279)  |
| Research and development expenses                       |      | (39,707)                              | (38,760)  |
| Operating profit  | 5    | 90,286                                | 106,197   |
| Financial income  |      | 1,307                                 | 2,276     |
| Financial expenses                                      |      | (1,301)                               | (1,811)   |
| Derivative gain   |      | 161                                   | 1,246     |
| Foreign exchange differences                            |      | 2,010                                 | 405       |
| Equity in net income (loss) of associates               |      | 4                                     | (542)     |
| Profit before income taxes                              |      | 92,467                                | 107,771   |
| Income tax expenses                                     |      | (21,904)                              | (25,434)  |
| Profit for the period                                   |      | 70,563                                | 82,337    |
| Profit attributable to:                                 |      |                                       |           |
| Owners of the parent                                    |      | 69,526                                | 81,638    |
| Non-controlling interests                               |      | 1,037                                 | 699       |
| Profit for the period                                   |      | 70,563                                | 82,337    |
| Earnings per share attributable to owners of the parent | 10   |                                       |           |
| Basic (yen)   |      | 234.19                                | 275.25    |
| Diluted (yen)   |      | 233.05                                | 275.25    |

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

|  | Note | For the nine months ended December 31 |        |
|--|------|---------------------------------------|--------|
|  |      | 2015                                  | 2016   |
| Profit for the period  |      | 70,563                                | 82,337 |
| Other comprehensive income, net of taxation                        |      |                                       |        |
| Items that will not be reclassified to net profit or loss:         |      |                                       |        |
| Remeasurement of defined benefit plans                             |      | 8                                     | (182)  |
| Fair value movements on FVTOCI equity financial assets             |      | (1,161)                               | 2,367  |
| Items that may be reclassified to net profit or loss:              |      |                                       |        |
| Foreign currency translation adjustments                           |      | (14,645)                              | 9,896  |
| Effective portion of net changes in fair value of cash flow hedges |      | (579)                                 | 194    |
| Fair value movements on FVTOCI debt financial assets               |      | (8)                                   | (2)    |
| Other comprehensive income for the period, net of taxation         |      | (16,385)                              | 12,273 |
| Comprehensive income for the period                                |      | 54,178                                | 94,610 |
| Comprehensive income attributable to:                              |      |                                       |        |
| Owners of the parent   |      | 53,513                                | 94,069 |
| Non-controlling interests  |      | 665                                   | 541    |
| Comprehensive income for the period                                |      | 54,178                                | 94,610 |

For the three months ended December 31, 2015 and 2016  
Condensed Quarterly Consolidated Statements of Income

*(Yen in millions)*

|   | Note | For the three months ended December 31 |           |
|---|------|--|-----------|
|   |      | 2015                                   | 2016      |
| Net Sales   | 5    | 308,001                                | 304,198   |
| Cost of sales   |      | (238,560)                              | (230,445) |
| Gross profit  |      | 69,441                                 | 73,753    |
| Selling, general and administrative expenses            |      | (24,472)                               | (23,402)  |
| Research and development expenses                       |      | (14,286)                               | (13,158)  |
| Operating profit  | 5    | 30,683                                 | 37,193    |
| Financial income  |      | 410                                    | 944       |
| Financial expenses                                      |      | (406)                                  | (653)     |
| Derivative gain   |      | 46                                     | 3,941     |
| Foreign exchange differences                            |      | (412)                                  | 578       |
| Equity in net loss of associates                        |      | (1)                                    | (525)     |
| Profit before income taxes                              |      | 30,320                                 | 41,478    |
| Income tax expenses                                     |      | (7,176)                                | (9,657)   |
| Profit for the period                                   |      | 23,144                                 | 31,821    |
| Profit attributable to:                                 |      |  |           |
| Owners of the parent                                    |      | 22,669                                 | 31,528    |
| Non-controlling interests                               |      | 475                                    | 293       |
| Profit for the period                                   |      | 23,144                                 | 31,821    |
| Earnings per share attributable to owners of the parent | 10   |  |           |
| Basic (yen)   |      | 76.04                                  | 106.30    |
| Diluted (yen)   |      | 76.04                                  | 106.30    |

Condensed Quarterly Consolidated Statements of Comprehensive Income

*(Yen in millions)*

|  | Note | For the three months ended December 31 |         |
|--|------|--|---------|
|  |      | 2015                                   | 2016    |
| Profit for the period  |      | 23,144                                 | 31,821  |
| Other comprehensive income, net of taxation                        |      |  |         |
| Items that will not be reclassified to net profit or loss:         |      |  |         |
| Remeasurement of defined benefit plans                             |      | 80                                     | (72)    |
| Fair value movements on FVTOCI equity financial assets             |      | 675                                    | 2,022   |
| Items that may be reclassified to net profit or loss:              |      |  |         |
| Foreign currency translation adjustments                           |      | 140                                    | 86,754  |
| Effective portion of net changes in fair value of cash flow hedges |      | 62                                     | 73      |
| Fair value movements on FVTOCI debt financial assets               |      | 4                                      | (3)     |
| Other comprehensive income for the period, net of taxation         |      | 961                                    | 88,774  |
| Comprehensive income for the period                                |      | 24,105                                 | 120,595 |
| Comprehensive income attributable to:                              |      |  |         |
| Owners of the parent   |      | 23,513                                 | 119,780 |
| Non-controlling interests  |      | 592                                    | 815     |
| Comprehensive income for the period                                |      | 24,105                                 | 120,595 |

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2015

(Yen in millions)

|   | Note | 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, 2015                                     |      | 77,071  | 107,732                    | 562,787           | (1,072)                    | (27)           | 746,491  | 8,256                     | 754,747      |
| Comprehensive income                                    |      |   |                            |                   |                            |                |          |                           |              |
| Profit for the period                                   |      |   |                            | 69,526            |                            |                | 69,526   | 1,037                     | 70,563       |
| Other comprehensive income                              |      |   |                            |                   | (16,013)                   |                | (16,013) | (372)                     | (16,385)     |
| Total comprehensive income                              |      |   |                            |                   |                            |                | 53,513   | 665                       | 54,178       |
| Transactions with owners directly recognized in equity: |      |   |                            |                   |                            |                |          |                           |              |
| Purchase of treasury stock                              |      |   |                            |                   |                            | (34)           | (34)     | -                         | (34)         |
| Conversion of convertible bonds                         |      | 10,713  | 10,620                     |                   |                            | 23             | 21,356   | -                         | 21,356       |
| Dividends paid to the owners of the parent              | 9    |   |                            | (23,690)          |                            |                | (23,690) | -                         | (23,690)     |
| Dividends paid to non-controlling interests             |      |   |                            |                   |                            |                | -        | (67)                      | (67)         |
| Transfer to retained earnings                           |      |   |                            | (1,179)           | 1,179                      |                | -        | -                         | -            |
| Other   |      |   | 39                         |                   | (1)                        | (1)            | 37       | (151)                     | (114)        |
| As of December 31, 2015                                 |      | 87,784  | 118,391                    | 607,444           | (15,907)                   | (39)           | 797,673  | 8,703                     | 806,376      |

For the nine months ended December 31, 2016

(Yen in millions)

|   | Note | 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                                   |      |   |                            | 81,638            |                            |                | 81,638   | 699                       | 82,337       |
| Other comprehensive income                              |      |   |                            |                   | 12,431                     |                | 12,431   | (158)                     | 12,273       |
| Total comprehensive income                              |      |   |                            |                   |                            |                | 94,069   | 541                       | 94,610       |
| Transactions with owners directly recognized in equity: |      |   |                            |                   |                            |                |          |                           |              |
| Purchase of treasury stock                              |      |   |                            |                   |                            | (23)           | (23)     | -                         | (23)         |
| Dividends paid to the owners of the parent              | 9    |   |                            | (23,728)          |                            |                | (23,728) | -                         | (23,728)     |
| Dividends paid to non-controlling interests             |      |   |                            |                   |                            |                | -        | (18)                      | (18)         |
| Transfer to retained earnings                           |      |   |                            | 2,194             | (2,194)                    |                | -        | -                         | -            |
| Other   |      |   | (5)                        |                   | 1                          |                | (4)      | 108                       | 104          |
| As of December 31, 2016                                 |      | 87,784  | 118,336                    | 685,272           | (45,921)                   | (12,134)       | 833,337  | 8,977                     | 842,314      |

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

For the nine months ended December 31

|   | Note | 2015           | 2016           |
|---|------|----------------|----------------|
| <b>Cash flows from operating activities:</b>  |      |                |                |
| Profit for the period   |      | 70,563         | 82,337         |
| Adjustments to reconcile profit for the period to net cash provided by operating activities |      |                |                |
| Depreciation and amortization   |      | 50,651         | 44,368         |
| Gain from sales, disposal or impairment of property, plant and equipment                    |      | (355)          | (1,263)        |
| Financial income  |      | (50)           | (504)          |
| Equity in net (income) loss of associates   |      | (4)            | 542            |
| Deferred income taxes   |      | 3,850          | 5,933          |
| Current income taxes  |      | 18,054         | 19,501         |
| Foreign currency adjustments  |      | 983            | (346)          |
| (Decrease) increase in retirement benefit liability   |      | (111)          | 283            |
| Increase in accounts receivable   |      | (12,710)       | (54,456)       |
| Increase in inventories   |      | (13,971)       | (11,834)       |
| Increase in accounts payable  |      | 10,837         | 42,103         |
| Other, net  |      | 4,625          | (3,904)        |
| Interests and dividends received  |      | 1,333          | 2,064          |
| Interests paid  |      | (1,196)        | (1,846)        |
| Income taxes paid   |      | (19,019)       | (19,982)       |
| <b>Net cash provided by operating activities</b>  |      | <b>113,480</b> | <b>102,996</b> |

For the nine months ended December 31

|   | Note | 2015            | 2016            |
|---|------|-----------------|-----------------|
| <b>Cash flows from investing activities:</b>                        |      |                 |                 |
| Additions to property, plant and equipment                          |      | (66,856)        | (47,505)        |
| Proceeds from sales of property, plant and equipment                |      | 1,184           | 1,423           |
| Proceeds from sales or redemption of marketable securities          |      | 1,313           | 224             |
| Acquisitions of business, net of cash acquired                      |      | (9,711)         | (5,703)         |
| Other, net  |      | (5,267)         | (5,368)         |
| <b>Net cash used in investing activities</b>                        |      | <b>(79,337)</b> | <b>(56,929)</b> |
| <b>Cash flows from financing activities:</b>                        |      |                 |                 |
| Increase (decrease) in short term borrowings                        |      | 69,182          | (15,148)        |
| Repayments of long term debt  |      | (23,818)        | (2,404)         |
| Proceeds from issuance of corporate bonds                           |      | -               | 50,001          |
| Redemption of corporate bonds                                       |      | -               | (50,000)        |
| Purchase of treasury stock  |      | (34)            | (23)            |
| Dividends paid to the owner of the parent                           | 9    | (23,690)        | (23,728)        |
| Other, net  |      | 6,133           | 327             |
| <b>Net cash provided by (used in) financing activities</b>          |      | <b>27,773</b>   | <b>(40,975)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> |      | <b>(6,887)</b>  | <b>3,779</b>    |
| <b>Net increase in cash and cash equivalents</b>                    |      | <b>55,029</b>   | <b>8,871</b>    |
| <b>Cash and cash equivalents at beginning of period</b>             |      | <b>269,902</b>  | <b>305,942</b>  |
| <b>Cash and cash equivalents at end of period</b>                   |      | <b>324,931</b>  | <b>314,813</b>  |

## **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 December 31, 2016 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 includes automotive motors and components, home appliance, commercial and industrial motors and related products.
- iii. Machinery, which includes industrial robots, card readers, test systems, pressing 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.

NIDEC adopts IFRS for the first time this financial year (commencing on April 1, 2016 and ending on March 31, 2017), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of NIDEC to IFRS is April 1, 2015. Explanations of how the first time adoption of, and the transition to, IFRS have affected NIDEC's financial position, business results and cash flows are provided in "Note 15. First-Time Adoption of IFRS".

#### **(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, except as otherwise indicated.

#### **(4) Early adoption of new IFRS standards**

NIDEC has early adopted IFRS 9 "Financial instruments" (amended in July 2014).

### **3. Significant accounting policies**

Significant accounting policies are applied to all periods mentioned in the condensed quarterly consolidated financial statements, including the consolidated statement of financial position on the transition date of IFRS.

Significant accounting policies are stated in notes to NIDEC's condensed quarterly consolidated financial statements for the three months ended June 30, 2016.

#### 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 first quarter of the current fiscal year, covering the period from April 1, 2016 to June 30, 2016.

#### 5. Segment Information

(Operating segment information)

The operating segments reported below are defined as components of an enterprise for which separate financial information is available and regularly reviewed by management. Companies and company groups which are the current profit management unit are identified as reporting segments.

NIDEC's operating segments are as follows;

| Name                            | Components and basic information   |
|---------------------------------|--|
| 1. Nidec Corporation            | Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors and automotive products.  |
| 2. Nidec Electronics (Thailand) | Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.  |
| 3. Nidec Singapore              | Nidec Singapore Pte. Ltd., a subsidiary in Singapore, and its consolidated subsidiary, which primarily sell hard disk drives spindle motors and other small precision motors.  |
| 4. Nidec (H.K.)                 | Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors.   |
| 5. Nidec Sankyo                 | Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic parts and other small precision motors.  |
| 6. Nidec Copal                  | Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts, machinery and other small precision motors.  |
| 7. Nidec Techno Motor           | Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.   |
| 8. Nidec Motor                  | Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. |
| 9. Nidec Motors & Actuators     | Nidec Motors & Actuators (Germany) GmbH in Germany and other subsidiaries in Europe, North America, Latin America, Japan and Asia, which primarily produce and sell automotive products.   |
| 10. Others                      | Subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.   |

The following tables show net sales to external customers and other financial information by operating segment:

Net sales to external customers:

*(Yen in millions)*

| Name                         | For the nine months ended December 31 |         |
|------------------------------|---------------------------------------|---------|
|                              | 2015                                  | 2016    |
| Nidec Corporation            | 23,417                                | 24,474  |
| Nidec Electronics (Thailand) | 67,689                                | 65,975  |
| Nidec Singapore              | 54,735                                | 41,164  |
| Nidec (H.K.)                 | 90,367                                | 98,435  |
| Nidec Sankyo                 | 97,547                                | 99,720  |
| Nidec Copal                  | 31,259                                | 26,886  |
| Nidec Techno Motor           | 42,859                                | 44,616  |
| Nidec Motor                  | 165,221                               | 165,221 |
| Nidec Motors & Actuators     | 184,930                               | 177,896 |
| Others                       | 137,329                               | 123,841 |
| Consolidated total           | 895,353                               | 868,228 |

*(Yen in millions)*

| Name                         | For the three months ended December 31 |         |
|------------------------------|--|---------|
|                              | 2015                                   | 2016    |
| Nidec Corporation            | 7,733                                  | 7,436   |
| Nidec Electronics (Thailand) | 24,011                                 | 25,275  |
| Nidec Singapore              | 18,959                                 | 15,294  |
| Nidec (H.K.)                 | 43,345                                 | 37,185  |
| Nidec Sankyo                 | 31,903                                 | 35,660  |
| Nidec Copal                  | 8,820                                  | 9,501   |
| Nidec Techno Motor           | 12,955                                 | 14,684  |
| Nidec Motor                  | 55,097                                 | 53,577  |
| Nidec Motors & Actuators     | 61,542                                 | 61,948  |
| Others                       | 43,636                                 | 43,638  |
| Consolidated total           | 308,001                                | 304,198 |

Net sales to other operating segments:

*(Yen in millions)*

| Name                         | For the nine months ended December 31 |           |
|------------------------------|---------------------------------------|-----------|
|                              | 2015                                  | 2016      |
| Nidec Corporation            | 159,972                               | 144,301   |
| Nidec Electronics (Thailand) | 33,475                                | 29,816    |
| Nidec Singapore              | 646                                   | 474       |
| Nidec (H.K.)                 | 1,029                                 | 4,084     |
| Nidec Sankyo                 | 267                                   | 275       |
| Nidec Copal                  | 14,195                                | 7,600     |
| Nidec Techno Motor           | 3,718                                 | 3,896     |
| Nidec Motor                  | 920                                   | 148       |
| Nidec Motors & Actuators     | 16,894                                | 16,293    |
| Others                       | 135,868                               | 132,336   |
| Total                        | 366,984                               | 339,223   |
| Intersegment elimination     | (366,984)                             | (339,223) |
| Consolidated total           | -                                     | -         |

*(Yen in millions)*

| Name                         | For the three months ended December 31 |           |
|------------------------------|--|-----------|
|                              | 2015                                   | 2016      |
| Nidec Corporation            | 70,843                                 | 55,764    |
| Nidec Electronics (Thailand) | 11,143                                 | 10,354    |
| Nidec Singapore              | 174                                    | 146       |
| Nidec (H.K.)                 | 333                                    | 316       |
| Nidec Sankyo                 | 96                                     | 118       |
| Nidec Copal                  | 8,763                                  | 2,820     |
| Nidec Techno Motor           | 1,434                                  | 1,485     |
| Nidec Motor                  | 387                                    | 41        |
| Nidec Motors & Actuators     | 5,431                                  | 6,220     |
| Others                       | 54,297                                 | 52,355    |
| Total                        | 152,901                                | 129,619   |
| Intersegment elimination     | (152,901)                              | (129,619) |
| Consolidated total           | -                                      | -         |

Segment income (loss):*(Yen in millions)*

| Name                                      | For the nine months ended December 31 |          |
|---|---------------------------------------|----------|
|   | 2015                                  | 2016     |
| Nidec Corporation                         | 13,644                                | 12,021   |
| Nidec Electronics (Thailand)              | 14,818                                | 14,579   |
| Nidec Singapore                           | 823                                   | 616      |
| Nidec (H.K.)                              | 830                                   | 1,137    |
| Nidec Sankyo                              | 11,664                                | 14,812   |
| Nidec Copal                               | 1,152                                 | 3,787    |
| Nidec Techno Motor                        | 3,984                                 | 6,276    |
| Nidec Motor                               | 10,505                                | 14,822   |
| Nidec Motors & Actuators                  | 18,067                                | 21,383   |
| Others                                    | 25,612                                | 29,087   |
| Total                                     | 101,099                               | 118,520  |
| Elimination and Corporate (Note)          | (10,813)                              | (12,323) |
| Operating profit (loss)                   | 90,286                                | 106,197  |
| Financial income (loss)                   | 6                                     | 465      |
| Derivative gain                           | 161                                   | 1,246    |
| Foreign exchange differences              | 2,010                                 | 405      |
| Equity in net income (loss) of associates | 4                                     | (542)    |
| Profit before income taxes                | 92,467                                | 107,771  |

(Note) Elimination and Corporate includes corporate expenses, which do not belong to any operating segment, of ¥11,691 million and ¥10,142 million for the nine months ended December 31, 2016 and 2015, respectively. The corporate expenses include basic research expenses and head office expenses.

(Yen in millions)

| Name                                      | For the three months ended December 31 |         |
|---|--|---------|
|   | 2015                                   | 2016    |
| Nidec Corporation                         | 6,330                                  | 5,168   |
| Nidec Electronics (Thailand)              | 4,704                                  | 5,350   |
| Nidec Singapore                           | 269                                    | 224     |
| Nidec (H.K.)                              | 398                                    | (110)   |
| Nidec Sankyo                              | 3,726                                  | 4,973   |
| Nidec Copal                               | (247)                                  | 1,354   |
| Nidec Techno Motor                        | 1,060                                  | 1,949   |
| Nidec Motor                               | 3,357                                  | 4,286   |
| Nidec Motors & Actuators                  | 6,720                                  | 8,249   |
| Others                                    | 8,143                                  | 10,941  |
| Total                                     | 34,460                                 | 42,384  |
| Elimination and Corporate (Note)          | (3,777)                                | (5,191) |
| Operating profit (loss)                   | 30,683                                 | 37,193  |
| Financial income (loss)                   | 4                                      | 291     |
| Derivative gain                           | 46                                     | 3,941   |
| Foreign exchange differences              | (412)                                  | 578     |
| Equity in net income (loss) of associates | (1)                                    | (525)   |
| Profit before income taxes                | 30,320                                 | 41,478  |

(Note) Elimination and Corporate includes corporate expenses, which do not belong to any operating segment, of ¥4,431 million and ¥3,444 million for the three months ended December 31, 2016 and 2015, respectively. The corporate expenses include basic research expenses and head office expenses.

(Supplemental Information)

Sales by type of product

Sales by type of product are as follows:

*(Yen in millions)*

| Type of product   | For the nine months ended December 31 |         |
|---|---------------------------------------|---------|
|   | 2015                                  | 2016    |
| Small precision motors:                                   |                                       |         |
| Hard disk drives spindle motors                           | 162,454                               | 144,040 |
| Other small precision motors                              | 189,623                               | 186,826 |
| Sub-total   | 352,077                               | 330,866 |
| Automotive, appliance, commercial and industrial products | 411,031                               | 400,709 |
| Machinery   | 80,245                                | 86,610  |
| Electronic and optical components                         | 49,264                                | 47,307  |
| Others  | 2,736                                 | 2,736   |
| Consolidated Total  | 895,353                               | 868,228 |

*(Yen in millions)*

| Type of product   | For the three months ended December 31 |         |
|---|--|---------|
|   | 2015                                   | 2016    |
| Small precision motors:                                   |  |         |
| Hard disk drives spindle motors                           | 55,648                                 | 53,674  |
| Other small precision motors                              | 73,916                                 | 65,476  |
| Sub-total   | 129,564                                | 119,150 |
| Automotive, appliance, commercial and industrial products | 134,846                                | 135,064 |
| Machinery   | 25,886                                 | 32,726  |
| Electronic and optical components                         | 16,736                                 | 16,275  |
| Others  | 969                                    | 983     |
| Consolidated Total  | 308,001                                | 304,198 |

(Note) The “Small precision motors” group of products consists of “Hard disk drives spindle motors” and “Other small precision motors”. The “Other small precision motors” group of products consists of brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.

The “Automotive, appliance, commercial and industrial products” group of products consists of automotive motors and components, home appliance, commercial and industrial motors and related products.

The “Machinery” group of products consists of industrial robots, card readers, test systems, pressing machines and power transmission drives, etc.

The “Electronic and optical components” group of products consists of switches, trimmer potentiometers, lens units and camera shutters, etc.

“Others” consists of services, etc.

## 6. Business combinations

On May 20, 2016, NIDEC acquired all of the voting rights in E.C.E. S.r.l., an Italian company from the shareholders for cash of ¥675 million. Its business is design, manufacturing and sales of hoists for building constructions. Through this acquisition, NIDEC expects to expand its sales in the building construction machines market mainly in the Middle East and North Africa. This acquisition did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On May 31, 2016, NIDEC acquired approximately 94.8% of the voting rights in ANA IMEP S.A. (present Nidec Motor Corporation Romania), a Romanian company from its major shareholder for cash of ¥2,285 million. Its business is development, manufacturing and sales of washing machine and drying machine motors. Through this acquisition, NIDEC not only expects to enhance the competitiveness of its appliance motor business in the European market but also intends to build up Nidec Motor Corporation Romania as a major manufacturing base for NIDEC's appliance, commercial and industrial motors business. This acquisition did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On December 5, 2016, NIDEC acquired all of the voting rights in Canton Elevator, Inc., a US company from the shareholders for cash of ¥3,677 million. Its business is design, manufacture and sales of commercial, residential, and freight elevator systems and components. This acquisition will enable NIDEC to provide a broader range of Canton Elevator, Inc.'s customers with comprehensive elevator solutions by adding Canton Elevator, Inc.'s competitive elevator packages to NIDEC's existing product line-up and, accelerate the growth of NIDEC's business of Elevator & Drive Systems in North America. It did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

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.) Consolidated financial statements for the previous fiscal year and condensed quarterly consolidated financial statements for the nine months ended December 31, 2015 reflect 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 nine months ended December 31, 2016. The assets and liabilities which are currently under evaluation have been recorded on NIDEC's consolidated statement of financial position based on preliminary management estimation as of December 31, 2016. These evaluations do not have material impacts on NIDEC's consolidated financial position, results of operations or liquidity.

## 7. Goodwill and intangible assets

The changes in the carrying amount of goodwill are as follows:

*(Yen in millions)*

|  | For the nine months ended December 31 |         |
|--|---------------------------------------|---------|
|  | 2015                                  | 2016    |
| Balance at the beginning of the period |                                       |         |
| Goodwill                               | 162,959                               | 162,043 |
| Acquisition                            | 4,402                                 | 1,729   |
| Translation adjustments and others     | 137                                   | 528     |
| Balance at the end of the period       |                                       |         |
| Goodwill                               | 167,498                               | 164,300 |

Intangible assets subject to amortization are as follows:

*(Yen in millions)*

|                        | The date of transition to IFRS (April 1, 2015) |                          |                  |
|------------------------|--|--------------------------|------------------|
|                        | Gross carrying amounts                         | Accumulated amortization | Carrying amounts |
| Proprietary technology | 15,652   | (3,485)                  | 12,167           |
| Customer relationships | 58,881   | (13,934)                 | 44,947           |
| Software               | 21,660   | (10,979)                 | 10,681           |
| Other                  | 7,608  | (3,734)                  | 3,874            |
| Total                  | 103,801  | (32,132)                 | 71,669           |

*(Yen in millions)*

|                        | March 31, 2016         |                          |                  |
|------------------------|------------------------|--------------------------|------------------|
|                        | Gross carrying amounts | Accumulated amortization | Carrying amounts |
| Proprietary technology | 15,182                 | (4,444)                  | 10,738           |
| Customer relationships | 56,428                 | (16,908)                 | 39,520           |
| Software               | 24,021                 | (12,593)                 | 11,428           |
| Other                  | 7,218                  | (3,887)                  | 3,331            |
| Total                  | 102,849                | (37,832)                 | 65,017           |

*(Yen in millions)*

|                        | December 31, 2016      |                          |                  |
|------------------------|------------------------|--------------------------|------------------|
|                        | Gross carrying amounts | Accumulated amortization | Carrying amounts |
| Proprietary technology | 15,121                 | (5,105)                  | 10,016           |
| Customer relationships | 57,969                 | (19,679)                 | 38,290           |
| Software               | 25,248                 | (14,172)                 | 11,076           |
| Other                  | 7,316                  | (4,084)                  | 3,232            |
| Total                  | 105,654                | (43,040)                 | 62,614           |

Total amortization of intangible assets for the years ended March 31, 2016 and for the nine months ended December 31, 2016 amounted to ¥8,303 million and ¥5,765 million, respectively. Total indefinite lived intangible assets amounted to ¥12,262 million, ¥12,032 million and ¥12,197 million as of April 1, 2015, March 31, 2016 and December 31, 2016, respectively.

## 8. Employee Benefits

The amounts of net periodic benefit cost in pension and severance plans for the nine months ended December 31, 2015 and 2016 are as follows:

*(Yen in millions)*

|  | For the nine months ended December 31 |       |
|--|---------------------------------------|-------|
|  | 2015                                  | 2016  |
| Net periodic pension cost for defined benefit plans: |                                       |       |
| Current service cost                                 | 1,211                                 | 1,335 |
| Net interest cost                                    | 139                                   | 221   |
| Net periodic pension cost for defined benefit plans  | 1,350                                 | 1,556 |
| Payments to multiemployer pension plans              | 109                                   | 36    |
| Payments to defined contribution plans               | 2,444                                 | 2,195 |

## 9. Dividends

Dividends declared and paid to the common stock holders are as follows:

For the nine months ended December 31, 2015

| Resolution                                     | Stock Category | Dividend Amounts<br>(Yen in millions) | Dividends per share<br>(Yen) | Record Date        | Effective Date    |
|--|----------------|---------------------------------------|------------------------------|--------------------|-------------------|
| May 27, 2015<br>Board of directors meeting     | Common Stock   | 11,764                                | 40                           | March 31, 2015     | June 3, 2015      |
| October 21, 2015<br>Board of directors meeting | Common Stock   | 11,925                                | 40                           | September 30, 2015 | November 30, 2015 |

For the nine months ended December 31, 2016

| Resolution                                     | Stock Category | Dividend Amounts<br>(Yen in millions) | Dividends per share<br>(Yen) | Record Date        | Effective Date   |
|--|----------------|---------------------------------------|------------------------------|--------------------|------------------|
| May 25, 2016<br>Board of directors meeting     | Common Stock   | 11,864                                | 40                           | March 31, 2016     | June 2, 2016     |
| October 24, 2016<br>Board of directors meeting | Common Stock   | 11,864                                | 40                           | September 30, 2016 | December 1, 2016 |

## 10. Earnings per Share

For the nine months ended December 31, 2015

|   | Profit attributable to owners of the parent<br>(Yen in millions) | Weighted average shares<br>(Thousands of shares) | Earnings per share attributable to owners of the parent (Yen) |
|---|--|--|---|
| Earnings per share attributable to owners of the parent -Basic:   |  |  |   |
| Profit attributable to owners of the parent                       | 69,526   | 296,877  | 234.19  |
| Effect of dilutive securities:                                    |  |  |   |
| Convertible bonds   | (3)  | 1,441  |   |
| Earnings per share attributable to owners of the parent -Diluted: |  |  |   |
| Profit attributable to owners of the parent                       | 69,523   | 298,318  | 233.05  |

For the nine months ended December 31, 2016

|   | Profit attributable to owners of the parent<br>(Yen in millions) | Weighted average shares<br>(Thousands of shares) | Earnings per share attributable to owners of the parent (Yen) |
|---|--|--|---|
| Earnings per share attributable to owners of the parent -Basic:   |  |  |   |
| Profit attributable to owners of the parent                       | 81,638   | 296,600  | 275.25  |
| Effect of dilutive securities:                                    |  |  |   |
| Convertible bonds   | -  | -  |   |
| Earnings per share attributable to owners of the parent -Diluted: |  |  |   |
| Profit attributable to owners of the parent                       | 81,638   | 296,600  | 275.25  |

For the three months ended December 31, 2015

|   | Profit attributable to owners of the parent<br>(Yen in millions) | Weighted average shares<br>(Thousands of shares) | Earnings per share attributable to owners of the parent (Yen) |
|---|--|--|---|
| Earnings per share attributable to owners of the parent -Basic:   |  |  |   |
| Profit attributable to owners of the parent                       | 22,669   | 298,132  | 76.04   |
| Effect of dilutive securities:                                    |  |  |   |
| Convertible bonds   | -  | -  |   |
| Earnings per share attributable to owners of the parent -Diluted: |  |  |   |
| Profit attributable to owners of the parent                       | 22,669   | 298,132  | 76.04   |

For the three months ended December 31, 2016

|   | Profit attributable to owners of the parent<br>(Yen in millions) | Weighted average shares<br>(Thousands of shares) | Earnings per share attributable to owners of the parent (Yen) |
|---|--|--|---|
| Earnings per share attributable to owners of the parent -Basic:   |  |  |   |
| Profit attributable to owners of the parent                       | 31,528   | 296,599  | 106.30  |
| Effect of dilutive securities:                                    |  |  |   |
| Convertible bonds   | -  | -  |   |
| Earnings per share attributable to owners of the parent -Diluted: |  |  |   |
| Profit attributable to owners of the parent                       | 31,528   | 296,599  | 106.30  |

## 11. Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The levels of the fair value hierarchy are as follows:

- Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measured using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3: Fair value measured using significant unobservable inputs for the assets or liabilities.

### Financial instruments measured at amortized cost.

(Yen in millions)

|   | The date of transition to IFRS (April 1, 2015) |            | March 31, 2016 |            | December 31, 2016 |            |
|---|--|------------|----------------|------------|-------------------|------------|
|   | Book value                                     | Fair value | Book value     | Fair value | Book value        | Fair value |
| Short term investments  | 2  | 2          | 1,947          | 1,947      | 3,792             | 3,792      |
| Long term investments   | 160  | 160        | 38             | 38         | -                 | -          |
| Short term loan receivable  | 171  | 171        | 49             | 49         | 40                | 40         |
| Long term loan receivable   | 42   | 41         | 134            | 135        | 122               | 120        |
| Short term borrowings   | (52,401)                                       | (52,401)   | (81,092)       | (81,092)   | (61,919)          | (61,919)   |
| Long term debt (including the current portion and excluding capital lease obligation and bonds) | (55,161)                                       | (55,099)   | (60,941)       | (61,066)   | (61,800)          | (61,881)   |
| Bonds (including the current portion)   | (171,222)                                      | (183,687)  | (149,886)      | (151,541)  | (149,933)         | (151,158)  |

The following are explanatory notes relating to fair value estimation of the financial instruments.

(1) Short term investments, short term loan receivable and short term borrowings

In the normal course of business, substantially all short term investments (time deposits), short term loan receivable and short term borrowings are highly liquid and are carried at amounts that approximate their fair values.

(2) Long term investments

NIDEC's long term investments are mainly time deposits which are due over one year from December 31, 2016 to their original maturity dates and are classified as Level 2. The fair value of long term investments is estimated by discounting expected future cash flows.

(3) Long term loan receivable

The fair value of long term loan receivable is estimated by discounting expected future cash flows and classified as Level 2.

(4) Long term debt

The fair value of long term debt (including the current portion and excluding the capital lease obligation and bonds) is estimated based on the discounted amounts of future cash flows using NIDEC's current incremental borrowing rates for similar liabilities and classified as Level 2.

(5) Bonds

The fair value of bonds (including the current portion) issued by NIDEC is estimated based on the quoted market price for the NIDEC's bonds in markets that are not active and classified as Level 2.

The carrying amounts of "Cash and cash equivalents", "Trade and other receivable" and "Trade and other payable" approximate their fair values because of the short maturity of these instruments. The table described above excludes these financial instruments.

Breakdown of financial instruments measured at fair value on a recurring basis based on the levels of the fair value hierarchy

The following is an analysis of financial instruments measured at fair value after they are initially recognized.

The breakdown of financial assets or liabilities categorized to the levels of the fair value hierarchy used in the analysis is as follows:

The date of transition to IFRS (April 1, 2015)

*(Yen in millions)*

|  | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| Assets                                     |         |         |         |        |
| Marketable securities and other securities |         |         |         |        |
| FVTOCI equity financial assets             | 19,053  | -       | 1,724   | 20,777 |
| FVTOCI debt financial assets               | -       | 330     | -       | 330    |
| Derivatives                                | 47      | 8       | -       | 55     |
| Total financial assets                     | 19,100  | 338     | 1,724   | 21,162 |
| Liabilities                                |         |         |         |        |
| Derivatives                                | 324     | 1,738   | -       | 2,062  |
| Total financial liabilities                | 324     | 1,738   | -       | 2,062  |

March 31, 2016

(Yen in millions)

|  | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| Assets                                     |         |         |         |        |
| Marketable securities and other securities |         |         |         |        |
| FVTOCI equity financial assets             | 13,227  | -       | 1,589   | 14,816 |
| FVTOCI debt financial assets               | -       | 281     | -       | 281    |
| Derivatives                                | 48      | 55      | -       | 103    |
| Total financial assets                     | 13,275  | 336     | 1,589   | 15,200 |
| Liabilities                                |         |         |         |        |
| Derivatives                                | 254     | 1,156   | -       | 1,410  |
| Total financial liabilities                | 254     | 1,156   | -       | 1,410  |

December 31, 2016

(Yen in millions)

|  | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| Assets                                     |         |         |         |        |
| Marketable securities and other securities |         |         |         |        |
| FVTOCI equity financial assets             | 16,624  | -       | 1,711   | 18,335 |
| FVTOCI debt financial assets               | -       | 240     | -       | 240    |
| Derivatives                                | 636     | 1,326   | -       | 1,962  |
| Total financial assets                     | 17,260  | 1,566   | 1,711   | 20,537 |
| Liabilities                                |         |         |         |        |
| Derivatives                                | 173     | 1,502   | -       | 1,675  |
| Total financial liabilities                | 173     | 1,502   | -       | 1,675  |

Level 1 securities and derivatives including commodity futures are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 securities are valued using non-active market prices for identical assets. Level 2 derivatives including foreign exchange contracts are valued using quotes obtained from counterparties or third parties, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates, and interest rates.

Level 3 securities are composed mainly of unlisted equity shares. Fair values of those unlisted equity shares are calculated by discounted cash flow method and others. For securities of level 3, no significant changes in fair value are expected to occur as a result of changing unobservable inputs to other alternative assumptions that are considered reasonable.

The movement of fair value of financial instruments categorized within Level 3 of the fair value hierarchy is as follows:

*(Yen in millions)*

|   | For the nine months ended December 31 |       |
|---|---------------------------------------|-------|
|   | 2015                                  | 2016  |
| Balance at the beginning of the period        | 1,724                                 | 1,589 |
| Gains or losses                               |                                       |       |
| Recognized in other comprehensive income (*1) | (5)                                   | 124   |
| Purchases                                     | -                                     | -     |
| Sales   | (30)                                  | (2)   |
| Transfers to/from Level 3                     | -                                     | -     |
| Balance at the end of the period              | 1,689                                 | 1,711 |

\*1 Those are included in “Fair value movements on FVTOCI equity financial assets” and “Foreign currency translation adjustments” in the condensed quarterly consolidated statements of comprehensive income.

## 12. Commitments

Commitments for expenditures after the closing date are as follows:

*(Yen in millions)*

|  | The date of transition to IFRS (April 1, 2015) | March 31, 2016 | December 31, 2016 |
|--|--|----------------|-------------------|
| Property, plant and equipment and other assets | 3,356  | 6,101          | 9,256             |

## 13. Events after the Reporting Period

### (1) Own share repurchase

On January 24, 2017, the Company's Board of Directors resolved to repurchase its own shares according to the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1, Item 1 of the Company Law of Japan.

This resolution is a part of efforts to ensure agile capital management highly responsive to the changing business environment. The details of the share repurchase are as follows:

|  |   |
|--|---|
| 1. Class of shares:                          | Common stock  |
| 2. Total number of shares to be repurchased: | Up to 5,000,000 shares<br>(1.69% of total number of shares issued excluding treasury stock) |
| 3. Total repurchase amount:                  | Up to 50 billion yen  |
| 4. Period of repurchase:                     | From January 27, 2017 to January 26, 2018   |

### (2) Completion of Acquisition of Emerson Electric Co.’s Motors, Drives and Electric Power Generation Businesses

The Company completed the acquisition of the motors, drives and electric power generation businesses (the “Acquired Business”) of Emerson Electric Co. (“Emerson”) (the “Transaction”) on January 31, 2017, US time. The

fair value of the consideration paid is \$1,253 million. Since the initial accounting for the business combination has not been completed at the time of the approval of the condensed quarterly financial statement, further details have not yet been disclosed.

|                                       |   |
|---------------------------------------|---|
| 1. Purpose                            | <p>The Emerson's Acquired Business develops, manufactures and sells motors, drives and alternators. The Transaction enables NIDEC to further enhance its appliance, commercial, and industrial motor businesses on which NIDEC provides particular focus and significantly grow its presence in the market.</p> <p>The Acquired Business has a strong brand and solid business foundation and an excellent customer base, particularly in Europe and North America. With the Transaction executed, NIDEC expects a complementary product fit with its full lineup of industrial products, geographic complementation of business foundation in Europe and North America, and enhancement of proposal to customers by combining the Acquired Business's drives with NIDEC's existing products.</p> |
| 2. Considerations for the Transaction | <p>Borrowings and debts from financial institutions</p> <p>For the Transaction, the company borrowed \$1,300 million as of January 31, 2017.</p>  |

#### **14. Authorization of condensed quarterly consolidated financial statements**

NIDEC's condensed quarterly consolidated financial statements were authorised for issue on February 13, 2017 by Shigenobu Nagamori, Representative Director, Member of the Board of Directors, Chairman of the Board, President and Chief Executive Officer, and Akira Sato, Member of the Board of Directors, Executive Vice President and Chief Financial Officer.

#### **15. First-Time Adoption of IFRS**

NIDEC discloses the consolidated financial statements under IFRS for the first time for the fiscal year ending March 31, 2017. The latest consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP") were prepared for the fiscal year ended March 31, 2016 and the date of transition to IFRS is April 1, 2015.

##### **(1) Exemptions to retrospective application of IFRS**

IFRS 1 stipulates that an entity adopting IFRS for the first time shall apply IFRS retrospectively to prior periods. However, IFRS 1 allows certain exemptions from the retrospective application of certain aspects of IFRS, and accordingly NIDEC has applied the following exemptions:

##### Business combinations:

IFRS 1 permits an entity not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred prior to the date of transition to IFRS. NIDEC elected to apply this exemption and did not apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS. As a result, the goodwill recognized prior to the transition date is recorded based on the U.S. GAAP book value of the transition date. NIDEC performed an impairment test on goodwill at the date of transition to IFRS regardless of whether there was any indication that the goodwill may be impaired.

##### Use of fair value as deemed cost:

IFRS 1 permits an entity to measure items of property, plant and equipment, investment property or intangible assets at the date of transition to IFRS at its fair value and use that fair value as deemed cost at that date. NIDEC elected to use the fair value at the date of transition to IFRS as deemed cost at the date of transition to IFRS for certain items of property, plant and equipment. Further, NIDEC elected to use the cost model for items of property, plant and equipment and intangible assets under IFRS, thus the revaluation model is not applied.

##### Exchange differences on translating foreign operations:

IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS.

##### **(2) Reconciliations**

The reconciliations required to be disclosed in the first IFRS financial statements are described in the reconciliations below. "Re-classification" includes items that do not affect retained earnings and comprehensive income, while "Recognition and measurement, etc." includes items that affect retained earnings and comprehensive income.

## (i) Reconciliation of equity as of the date of transition to IFRS (April 1, 2015)

*(Yen in millions)*

| U.S. GAAP   | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS           | Note | IFRS   |
|---|-----------|-----------------------|---|----------------|------|--|
| Assets  |           |                       |   | Assets         |      |  |
| Current assets  |           |                       |   | Current assets |      |  |
| Cash and cash equivalents                                 | 269,902   | -                     | -   | 269,902        |      | Cash and cash equivalents                            |
|   | -         | 255,470               | -   | 255,470        |      | Trade and other receivables                          |
| Trade note receivable                                     | 15,221    | (15,221)              | -   | -              |      |  |
| Trade accounts receivable                                 | 222,396   | (222,396)             | -   | -              |      |  |
|   | -         | 262                   | -   | 262            | D    | Other financial assets                               |
|   | -         | 1,551                 | -   | 1,551          |      | Income tax receivables                               |
| Inventories   | 170,874   | -                     | 6   | 170,880        |      | Inventories  |
| Other current assets                                      | 50,622    | (30,180)              | (424)   | 20,018         |      | Other current assets                                 |
| Total current assets                                      | 729,015   | (10,514)              | (418)   | 718,083        |      | Total current assets                                 |
|   | -         | 342,122               | 434   | 342,556        |      | Non-current assets                                   |
|   | -         | 342,122               | 434   | 342,556        |      | Property, plant, and equipment                       |
| Land  | 47,427    | (47,427)              | -   | -              |      |  |
| Buildings   | 189,742   | (189,742)             | -   | -              |      |  |
| Machinery and equipment                                   | 430,019   | (430,019)             | -   | -              |      |  |
| Construction in progress                                  | 33,831    | (33,831)              | -   | -              |      |  |
| Accumulated depreciation                                  | (358,897) | 358,897               | -   | -              |      |  |
| Goodwill  | 162,959   | -                     | -   | 162,959        |      | Goodwill   |
|   | -         | 83,931                | -   | 83,931         |      | Intangible assets                                    |
|   | -         | 2,167                 | -   | 2,167          |      | Investments accounted for using<br>the equity method |
|   | -         | 21,507                | -   | 21,507         |      | Other investments                                    |
| Marketable securities and<br>other securities investments | 21,516    | (21,516)              | -   | -              |      |  |
| Investments in and<br>advances to affiliated<br>companies | 2,167     | (2,167)               | -   | -              |      |  |
|   | -         | 2,274                 | -   | 2,274          | D    | Other financial assets                               |
|   | -         | 13,869                | (3,120)   | 10,749         | B    | Deferred tax assets                                  |
|   | -         | 10,010                | (4,364)   | 5,646          |      | Other non-current assets                             |
| Other tangible assets                                     | 99,561    | (99,561)              | -   | -              |      |  |
| Total non-current assets                                  | 628,325   | 10,514                | (7,050)   | 631,789        |      | Total non-current assets                             |
| Total assets  | 1,357,340 | -                     | (7,468)   | 1,349,872      |      | Total assets   |

(Yen in millions)

| U.S. GAAP                                    | U.S. GAAP | Re-<br>classification | Recognition<br>and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS  |
|--|-----------|-----------------------|--|-----------|------|---|
| Liabilities and equity                       |           |                       |  |           |      | Liabilities and equity                            |
| Liabilities                                  |           |                       |  |           |      | Liabilities                                       |
| Current liabilities                          |           |                       |  |           |      | Current liabilities                               |
| Short-term borrowings                        | 52,401    | -                     | -  | 52,401    |      | Short term borrowings                             |
| Current portion of long-term debt            | 45,485    | -                     | (53)   | 45,432    |      | Long term debt due within one year                |
|  | -         | 204,328               | 44   | 204,372   |      | Trade and other payables                          |
| Trade notes and accounts payable             | 194,998   | (194,998)             | -  | -         |      |   |
|  | -         | 2,941                 | -  | 2,941     |      | Other financial liabilities                       |
|  | -         | 5,855                 | 58   | 5,913     |      | Income tax payables                               |
|  | -         | 18,583                | -  | 18,583    |      | Provisions  |
| Accrued expenses                             | 33,375    | (33,375)              | -  | -         |      |   |
| Other current liabilities                    | 36,689    | (5,538)               | -  | 31,151    |      | Other current liabilities                         |
| Total current liabilities                    | 362,948   | (2,204)               | 49   | 360,793   |      | Total current liabilities                         |
| Long term liabilities                        |           |                       |  |           |      | Non-current liabilities                           |
| Long-term debt                               | 184,612   | -                     | (180)  | 184,432   |      | Long term debt                                    |
|  | -         | 569                   | -  | 569       |      | Other financial liabilities                       |
|  | -         | 19,565                | 269  | 19,834    | A    | Retirement benefit liabilities                    |
| Accrued pension and severance costs          | 19,576    | (19,576)              | -  | -         |      |   |
|  | -         | 2,904                 | -  | 2,904     |      | Provisions  |
|  | -         | 32,721                | (9,254)  | 23,467    | B    | Deferred tax liabilities                          |
|  | -         | 3,126                 | -  | 3,126     |      | Other non-current liabilities                     |
| Other long term liabilities                  | 37,105    | (37,105)              | -  | -         |      |   |
| Total long term liabilities                  | 241,293   | 2,204                 | (9,165)  | 234,332   |      | Total non-current liabilities                     |
| Total liabilities                            | 604,241   | -                     | (9,116)  | 595,125   |      | Total liabilities                                 |
| Equity                                       |           |                       |  |           |      | Equity  |
| Common stock                                 | 77,071    | -                     | -  | 77,071    |      | Common stock                                      |
| Additional paid-in capital                   | 105,459   | -                     | 2,273  | 107,732   |      | Additional paid-in capital                        |
| Retained earnings                            | 427,641   | -                     | 135,146  | 562,787   | C    | Retained earnings                                 |
|  | -         | 134,828               | (135,900)  | (1,072)   | A    | Other components of equity                        |
| Accumulated other comprehensive income       | 134,828   | (134,828)             | -  | -         | C    |   |
| Treasury stock                               | (27)      | -                     | -  | (27)      |      | Treasury stock                                    |
| Total Nidec Corporation shareholders' equity | 744,972   | -                     | 1,519  | 746,491   |      | Total equity attributable to owners of the parent |
| Noncontrolling interests                     | 8,127     | -                     | 129  | 8,256     |      | Non-controlling interests                         |
| Total equity                                 | 753,099   | -                     | 1,648  | 754,747   |      | Total equity                                      |
| Total liabilities and equity                 | 1,357,340 | -                     | (7,468)  | 1,349,872 |      | Total liabilities and equity                      |

## Notes to reconciliation of equity as of the date of transition to IFRS (April 1, 2015)

The major items of the reconciliation of equity as of the date of transition to IFRS are as follows:

### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in “Retained earnings” at the IFRS transition date was ¥2,844 million.

### B. Deferred tax

- (a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥4,185 million). Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers’ tax rates.
- (b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.
- (c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥6,134 million at the date of transition to IFRS.

### C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, translation adjustments reclassified from accumulated other comprehensive income to “Retained earnings” was ¥131,332 million at the date of transition to IFRS.

### D. Reclassification on the consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows:

- (a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.
- (b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

## (ii) Reconciliation of equity as of December 31, 2015

*(Yen in millions)*

| U.S. GAAP   | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Assets  |           |                       |   |           |      | Assets   |
| Current assets  |           |                       |   |           |      | Current assets                                       |
| Cash and cash equivalents                                 | 324,931   | -                     | -   | 324,931   |      | Cash and cash equivalents                            |
|   | -         | 269,303               | 104   | 269,407   |      | Trade and other receivables                          |
| Trade note receivable                                     | 21,827    | (21,827)              | -   | -         |      |  |
| Trade accounts receivable                                 | 230,017   | (230,017)             | -   | -         |      |  |
|   | -         | 336                   | -   | 336       | D    | Other financial assets                               |
|   | -         | 2,827                 | -   | 2,827     |      | Income tax receivables                               |
| Inventories   | 186,360   | -                     | 165   | 186,525   |      | Inventories  |
| Other current assets                                      | 51,972    | (32,195)              | 178   | 19,955    |      | Other current assets                                 |
| Total current assets                                      | 815,107   | (11,573)              | 447   | 803,981   |      | Total current assets                                 |
|   | -         | 358,822               | 599   | 359,421   |      | Non-current assets                                   |
|   | -         | 358,822               | 599   | 359,421   |      | Property, plant, and equipment                       |
| Land  | 47,903    | (47,903)              | -   | -         |      |  |
| Buildings   | 194,286   | (194,286)             | -   | -         |      |  |
| Machinery and equipment                                   | 464,419   | (464,419)             | -   | -         |      |  |
| Construction in progress                                  | 34,154    | (34,154)              | -   | -         |      |  |
| Accumulated depreciation                                  | (381,940) | 381,940               | -   | -         |      |  |
| Goodwill  | 168,483   | -                     | (985)   | 167,498   | E    | Goodwill   |
|   | -         | 81,073                | 211   | 81,284    | E    | Intangible assets                                    |
|   | -         | 1,937                 | -   | 1,937     |      | Investments accounted for using<br>the equity method |
|   | -         | 18,721                | -   | 18,721    |      | Other investments                                    |
| Marketable securities and<br>other securities investments | 18,727    | (18,727)              | -   | -         |      |  |
| Investments in and<br>advances to affiliated<br>companies | 1,937     | (1,937)               | -   | -         |      |  |
|   | -         | 1,736                 | -   | 1,736     | D    | Other financial assets                               |
|   | -         | 14,694                | (3,488)   | 11,206    | B    | Deferred tax assets                                  |
|   | -         | 10,973                | (4,446)   | 6,527     |      | Other non-current assets                             |
| Other tangible assets                                     | 96,897    | (96,897)              | -   | -         |      |  |
| Total non-current assets                                  | 644,866   | 11,573                | (8,109)   | 648,330   |      | Total non-current assets                             |
| Total assets  | 1,459,973 | -                     | (7,662)   | 1,452,311 |      | Total assets   |

*(Yen in millions)*

| U.S. GAAP                                       | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Liabilities and equity                          |           |                       |   |           |      | Liabilities and equity                               |
| Liabilities                                     |           |                       |   |           |      | Liabilities  |
| Current liabilities                             |           |                       |   |           |      | Current liabilities                                  |
| Short-term borrowings                           | 121,937   | -                     | -   | 121,937   |      | Short term borrowings                                |
| Current portion of<br>long-term debt            | 52,495    | -                     | (24)  | 52,471    |      | Long term debt due within<br>one year                |
|   | -         | 214,638               | 45  | 214,683   |      | Trade and other payables                             |
| Trade notes and<br>accounts payable             | 203,190   | (203,190)             | -   | -         |      |  |
|   | -         | 5,477                 | -   | 5,477     |      | Other financial liabilities                          |
|   | -         | 6,243                 | -   | 6,243     |      | Income tax payable                                   |
|   | -         | 15,614                | 15  | 15,629    |      | Provisions   |
| Accrued expenses                                | 32,652    | (32,652)              | -   | -         |      |  |
| Other current liabilities                       | 46,149    | (8,714)               | 376   | 37,811    |      | Other current liabilities                            |
| Total current liabilities                       | 456,423   | (2,584)               | 412   | 454,251   |      | Total current liabilities                            |
| Long term liabilities                           |           |                       |   |           |      | Non-current liabilities                              |
| Long-term debt                                  | 139,328   | -                     | (105)   | 139,223   |      | Long term debt                                       |
|   | -         | 890                   | -   | 890       |      | Other financial liabilities                          |
|   | -         | 19,140                | 653   | 19,793    | A    | Retirement benefit liabilities                       |
| Accrued pension and<br>severance costs          | 19,151    | (19,151)              | -   | -         |      |  |
|   | -         | 2,920                 | 68  | 2,988     |      | Provisions   |
|   | -         | 35,002                | (9,333)   | 25,669    | B    | Deferred tax liabilities                             |
|   | -         | 3,121                 | -   | 3,121     |      | Other non-current liabilities                        |
| Other long term liabilities                     | 39,338    | (39,338)              | -   | -         |      |  |
| Total long term liabilities                     | 197,817   | 2,584                 | (8,717)   | 191,684   |      | Total non-current liabilities                        |
| Total liabilities                               | 654,240   | -                     | (8,305)   | 645,935   |      | Total liabilities                                    |
| Equity  |           |                       |   |           |      | Equity   |
| Common stock                                    | 87,784    | -                     | -   | 87,784    |      | Common stock   |
| Additional paid-in capital                      | 116,108   | -                     | 2,283   | 118,391   |      | Additional paid-in capital                           |
| Retained earnings                               | 474,879   | -                     | 132,565   | 607,444   | C    | Retained earnings                                    |
|   | -         | 118,407               | (134,314)   | (15,907)  | A    | Other components of equity                           |
| Accumulated other<br>comprehensive income       | 118,407   | (118,407)             | -   | -         | C    |  |
| Treasury stock                                  | (39)      | -                     | -   | (39)      |      | Treasury stock                                       |
| Total Nidec Corporation<br>shareholders' equity | 797,139   | -                     | 534   | 797,673   |      | Total equity attributable to<br>owners of the parent |
| Noncontrolling interests                        | 8,594     | -                     | 109   | 8,703     |      | Non-controlling interests                            |
| Total equity                                    | 805,733   | -                     | 643   | 806,376   |      | Total equity   |
| Total liabilities and equity                    | 1,459,973 | -                     | (7,662)   | 1,452,311 |      | Total liabilities and equity                         |

## Notes to reconciliation of equity as of December 31, 2015

The major items of the reconciliation of equity as of December 31, 2015 are as follows:

### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in “Retained earnings” as of December 31, 2015 was ¥2,791 million.

### B. Deferred tax

- (a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥4,264 million). Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers’ tax rates.
- (b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.
- (c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥5,845 million as of December 31, 2015.

### C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, translation adjustments reclassified from accumulated other comprehensive income to “Retained earnings” was ¥131,332 million at the date of transition to IFRS.

### D. Reclassification on the consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows:

- (a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.
- (b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

### E. Retrospective adjustment on business combinations

During the six months ended September 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

## (iii) Reconciliation of equity as of March 31, 2016

*(Yen in millions)*

| U.S. GAAP   | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Assets  |           |                       |   |           |      | Assets   |
| Current assets  |           |                       |   |           |      | Current assets                                       |
| Cash and cash equivalents                                 | 305,942   | -                     | -   | 305,942   |      | Cash and cash equivalents                            |
|   | -         | 251,209               | 101   | 251,310   |      | Trade and other receivables                          |
| Trade note receivable                                     | 16,589    | (16,589)              | -   | -         |      |  |
| Trade accounts receivables                                | 218,680   | (218,680)             | -   | -         |      |  |
|   | -         | 2,010                 | -   | 2,010     | D    | Other financial assets                               |
|   | -         | 2,063                 | -   | 2,063     |      | Income tax receivables                               |
| Inventories   | 170,951   | -                     | (77)  | 170,874   |      | Inventories  |
| Other current assets                                      | 53,150    | (30,380)              | 122   | 22,892    |      | Other current assets                                 |
| Total current assets                                      | 765,312   | (10,367)              | 146   | 755,091   |      | Total current assets                                 |
|   | -         | 347,729               | (797)   | 346,932   |      | Non-current assets                                   |
|   | -         | 347,729               | (797)   | 346,932   |      | Property, plant, and equipment                       |
| Land  | 47,477    | (47,477)              | -   | -         |      |  |
| Buildings   | 190,362   | (190,362)             | -   | -         |      |  |
| Machinery and equipment                                   | 450,860   | (450,860)             | -   | -         |      |  |
| Construction in progress                                  | 33,340    | (33,340)              | -   | -         |      |  |
| Accumulated depreciation                                  | (374,310) | 374,310               | -   | -         |      |  |
| Goodwill  | 162,963   | -                     | (920)   | 162,043   | E    | Goodwill   |
|   | -         | 76,859                | 190   | 77,049    | E    | Intangible assets                                    |
|   | -         | 1,896                 | -   | 1,896     |      | Investments accounted for using<br>the equity method |
|   | -         | 15,998                | -   | 15,998    |      | Other investments                                    |
| Marketable securities and<br>other securities investments | 16,004    | (16,004)              | -   | -         |      |  |
| Investments in and<br>advances to affiliated<br>companies | 1,896     | (1,896)               | -   | -         |      |  |
|   | -         | 1,804                 | -   | 1,804     | D    | Other financial assets                               |
|   | -         | 13,554                | (2,009)   | 11,545    | B    | Deferred tax assets                                  |
|   | -         | 8,724                 | (4,446)   | 4,278     |      | Other non-current assets                             |
| Other tangible assets                                     | 90,568    | (90,568)              | -   | -         |      |  |
| Total non-current assets                                  | 619,160   | 10,367                | (7,982)   | 621,545   |      | Total non-current assets                             |
| Total assets  | 1,384,472 | -                     | (7,836)   | 1,376,636 |      | Total assets   |

(Yen in millions)

| U.S. GAAP                                       | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Liabilities and equity                          |           |                       |   |           |      | Liabilities and equity                               |
| Liabilities                                     |           |                       |   |           |      | Liabilities  |
| Current liabilities                             |           |                       |   |           |      | Current liabilities                                  |
| Short-term borrowings                           | 81,092    | -                     | -   | 81,092    |      | Short term borrowings                                |
| Current portion of<br>long-term debt            | 82,796    | -                     | (19)  | 82,777    |      | Long term debt due within<br>one year                |
|   | -         | 186,946               | 44  | 186,990   |      | Trade and other payables                             |
| Trade notes and<br>accounts payable             | 177,254   | (177,254)             | -   | -         |      |  |
|   | -         | 3,192                 | -   | 3,192     |      | Other financial liabilities                          |
|   | -         | 5,831                 | -   | 5,831     |      | Income tax payable                                   |
|   | -         | 18,886                | -   | 18,886    |      | Provisions   |
| Accrued expenses                                | 34,948    | (34,948)              | -   | -         |      |  |
| Other current liabilities                       | 44,388    | (3,832)               | 335   | 40,891    |      | Other current liabilities                            |
| Total current liabilities                       | 420,478   | (1,179)               | 360   | 419,659   |      | Total current liabilities                            |
| Long term liabilities                           |           |                       |   |           |      | Non-current liabilities                              |
| Long-term debt                                  | 136,894   | -                     | (96)  | 136,798   |      | Long term debt                                       |
|   | -         | 1,029                 | -   | 1,029     |      | Other financial liabilities                          |
|   | -         | 19,158                | 330   | 19,488    | A    | Retirement benefit liabilities                       |
| Accrued pension and<br>severance costs          | 19,169    | (19,169)              | -   | -         |      |  |
|   | -         | 3,283                 | 54  | 3,337     |      | Provisions   |
|   | -         | 29,989                | (7,348)   | 22,641    | B    | Deferred tax liabilities                             |
|   | -         | 2,315                 | -   | 2,315     |      | Other non-current liabilities                        |
| Other long term liabilities                     | 35,426    | (35,426)              | -   | -         |      |  |
| Total long term liabilities                     | 191,489   | 1,179                 | (7,060)   | 185,608   |      | Total non-current liabilities                        |
| Total liabilities                               | 611,967   | -                     | (6,700)   | 605,267   |      | Total liabilities                                    |
| Equity  |           |                       |   |           |      | Equity   |
| Common stock                                    | 87,784    | -                     | -   | 87,784    |      | Common stock   |
| Additional paid-in capital                      | 116,058   | -                     | 2,283   | 118,341   |      | Additional paid-in capital                           |
| Retained earnings                               | 495,761   | -                     | 129,407   | 625,168   | C    | Retained earnings                                    |
|   | -         | 76,729                | (132,888)   | (56,159)  | A    | Other components of equity                           |
| Accumulated other<br>comprehensive income       | 76,729    | (76,729)              | -   | -         | C    |  |
| Treasury stock                                  | (12,111)  | -                     | -   | (12,111)  |      | Treasury stock                                       |
| Total Nidec Corporation<br>shareholders' equity | 764,221   | -                     | (1,198)   | 763,023   |      | Total equity attributable to<br>owners of the parent |
| Noncontrolling interests                        | 8,284     | -                     | 62  | 8,346     |      | Non-controlling interests                            |
| Total equity                                    | 772,505   | -                     | (1,136)   | 771,369   |      | Total equity   |
| Total liabilities and equity                    | 1,384,472 | -                     | (7,836)   | 1,376,636 |      | Total liabilities and equity                         |

## Notes to reconciliation of equity as of March 31, 2016

The major items of the reconciliation of equity as of March 31, 2016 are as follows:

### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in “Retained earnings” as of March 31, 2016 was ¥3,847 million.

### B. Deferred tax

- (a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥4,111 million). Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers’ tax rates.
- (b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.
- (c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥5,635 million as of March 31, 2016.

### C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, translation adjustments reclassified from accumulated other comprehensive income to “retained earnings” was ¥131,332 million at the date of transition to IFRS.

### D. Reclassification on the consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows:

- (a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.
- (b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

### E. Retrospective adjustment on business combinations

During the six months ended September 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

## (iv) Reconciliation of income and comprehensive income for the nine months ended December 31, 2015

*(Yen in millions)*

| U.S. GAAP                                       | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Quarterly consolidated<br>statement of income   |           |                       |   |           |      | Condensed quarterly<br>consolidated statement of<br>income |
| Net sales                                       | 895,353   | -                     | -   | 895,353   |      | Net sales  |
| Cost of products sold                           | (690,915) | (13)                  | (996)   | (691,924) | A,D  | Cost of sales  |
| Gross profit                                    | 204,438   | (13)                  | (996)   | 203,429   |      | Gross profit   |
| Selling, general and<br>administrative expenses | (70,741)  | (2,782)               | 87  | (73,436)  | A    | Selling, general and<br>administrative expenses            |
| Research and development<br>expenses            | (39,707)  | -                     | -   | (39,707)  |      | Research and development<br>expenses                       |
| Operating income                                | 93,990    | (2,795)               | (909)   | 90,286    |      | Operating profit   |
|   | -         | 2,253                 | (946)   | 1,307     | C    | Financial income   |
|   | -         | (1,262)               | (39)  | (1,301)   | C    | Financial expenses   |
|   | -         | 161                   | -   | 161       |      | Derivative gain  |
|   | -         | 2,010                 | -   | 2,010     |      | Foreign exchange differences                               |
|   | -         | 4                     | -   | 4         |      | Equity in net income (loss)<br>of associates               |
| Interest and dividend income                    | 1,303     | (1,303)               | -   | -         |      |  |
| Interest expense                                | (1,164)   | 1,164                 | -   | -         |      |  |
| Foreign exchange (loss) gain,<br>net            | 2,010     | (2,010)               | -   | -         |      |  |
| Gain on marketable<br>securities, net           | 946       | (946)                 | -   | -         | B    |  |
| Other, net                                      | (2,728)   | 2,728                 | -   | -         |      |  |
| Income before income tax                        | 94,357    | 4                     | (1,894)   | 92,467    |      | Profit before income taxes                                 |
| Income taxes                                    | (22,458)  | -                     | 554   | (21,904)  |      | Income tax expenses  |
| Equity in net income of<br>affiliated companies | 4         | (4)                   | -   | -         |      |  |
| Consolidated net income                         | 71,903    | -                     | (1,340)   | 70,563    |      | Profit for the period                                      |
| Net income attributable to:                     |           |                       |   |           |      | Profit attributable to:                                    |
| Nidec Corporation                               | 70,928    | -                     | (1,402)   | 69,526    |      | Owners of the parent                                       |
| Noncontrolling interests                        | 975       | -                     | 62  | 1,037     |      | Non-controlling interests                                  |

(Yen in millions)

| U.S. GAAP  | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS     | Note | IFRS   |
|--|-----------|-----------------------|---|----------|------|--|
| Quarterly consolidated<br>statement of comprehensive<br>income             |           |                       |   |          |      | Condensed quarterly<br>consolidated statement of<br>comprehensive income |
| Consolidated net income  | 71,903    | -                     | (1,340)   | 70,563   |      | Profit for the period  |
| Pension liability<br>adjustments   | 78        | -                     | (70)  | 8        | A    | Remeasurement of defined<br>benefit plans                                |
| Net unrealized gains and<br>losses on securities                           | (1,874)   | 8                     | 705   | (1,161)  | B    | Fair value movements on<br>FVTOCI equity financial<br>assets             |
| Foreign currency<br>translation adjustments                                | (14,426)  | -                     | (219)   | (14,645) |      | Foreign currency<br>translation adjustments                              |
| Net gains and losses on<br>derivative instruments                          | (579)     | -                     | -   | (579)    |      | Effective portion of net<br>changes in fair value of<br>cash flow hedges |
|  | -         | (8)                   | -   | (8)      |      | Fair value movements on<br>FVTOCI debt financial<br>assets               |
| Total other comprehensive<br>income  | (16,801)  | -                     | 416   | (16,385) |      | Other comprehensive income<br>for the period, net of taxation            |
| Total comprehensive income   | 55,102    | -                     | (924)   | 54,178   |      | Comprehensive income for<br>the period                                   |
| (Breakdown)  |           |                       |   |          |      | Comprehensive income<br>attributable to:                                 |
| Comprehensive income<br>(loss) attributable to Nidec<br>Corporation        | 54,507    | -                     | (994)   | 53,513   |      | Owners of the parent   |
| Comprehensive income<br>(loss) attributable to<br>noncontrolling interests | 595       | -                     | 70  | 665      |      | Non-controlling interests  |

### Notes to reconciliation of income and comprehensive income for the nine months ended December 31, 2015

The major items of the reconciliation of income and comprehensive income for the nine months ended December 31, 2015 are as follows:

#### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥303 million on the condensed quarterly consolidated statement of income for the nine months ended December 31, 2015.

#### B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of equity financial assets designated as measured at fair value through other comprehensive income (“FVTOCI equity financial assets”) are recognized in other comprehensive income without reclassification.

C. Reclassifications on the consolidated statement of income

Certain reclassifications are made on the consolidated statement of income in order to comply with the IFRS provisions. The major reclassification on the condensed quarterly consolidated statement of income is as follows:

(a) Based on an IFRS provision concerning presentations, the financial income and financial expenses are presented separately.

D. Retrospective adjustment on business combinations

During the six months ended September 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

## (v) Reconciliation of income and comprehensive income for the three months ended December 31, 2015

*(Yen in millions)*

| U.S. GAAP                                       | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS   |
|---|-----------|-----------------------|---|-----------|------|--|
| Quarterly consolidated<br>statement of income   |           |                       |   |           |      | Condensed quarterly<br>consolidated statement of<br>income |
| Net sales                                       | 308,001   | -                     | -   | 308,001   |      | Net sales  |
| Cost of products sold                           | (237,857) | (7)                   | (696)   | (238,560) | A,D  | Cost of sales  |
| Gross profit                                    | 70,144    | (7)                   | (696)   | 69,441    |      | Gross profit   |
| Selling, general and<br>administrative expenses | (23,698)  | (847)                 | 73  | (24,472)  | A    | Selling, general and<br>administrative expenses            |
| Research and development<br>expenses            | (14,286)  | -                     | -   | (14,286)  |      | Research and development<br>expenses                       |
| Operating income                                | 32,160    | (854)                 | (623)   | 30,683    |      | Operating profit   |
|   | -         | 436                   | (26)  | 410       | C    | Financial income   |
|   | -         | (408)                 | 2   | (406)     | C    | Financial expenses   |
|   | -         | 46                    | -   | 46        |      | Derivative gain  |
|   | -         | (412)                 | -   | (412)     |      | Foreign exchange<br>differences                            |
|   | -         | (1)                   | -   | (1)       |      | Equity in net income (loss)<br>of associates               |
| Interest and dividend<br>income                 | 407       | (407)                 | -   | -         |      |  |
| Interest expense                                | (374)     | 374                   | -   | -         |      |  |
| Foreign exchange (loss)<br>gain, net            | (412)     | 412                   | -   | -         |      |  |
| Gain on marketable<br>securities, net           | 26        | (26)                  | -   | -         | B    |  |
| Other, net                                      | (839)     | 839                   | -   | -         |      |  |
| Income before income tax                        | 30,968    | (1)                   | (647)   | 30,320    |      | Profit before income taxes                                 |
| Income taxes                                    | (7,246)   | -                     | 70  | (7,176)   |      | Income tax expenses  |
| Equity in net income of<br>affiliated companies | (1)       | 1                     | -   | -         |      |  |
| Consolidated net income                         | 23,721    | -                     | (577)   | 23,144    |      | Profit for the period                                      |
| Net income attributable to:                     |           |                       |   |           |      | Profit attributable to:                                    |
| Nidec Corporation                               | 23,320    | -                     | (651)   | 22,669    |      | Owners of the parent                                       |
| Noncontrolling interests                        | 401       | -                     | 74  | 475       |      | Non-controlling interests                                  |

(Yen in millions)

| U.S. GAAP  | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS   | Note | IFRS   |
|--|-----------|-----------------------|---|--------|------|--|
| Quarterly consolidated<br>statement of comprehensive<br>income             |           |                       |   |        |      | Condensed quarterly<br>consolidated statement of<br>comprehensive income |
| Consolidated net income  | 23,721    | -                     | (577)   | 23,144 |      | Profit for the period  |
| Pension liability<br>adjustments   | 101       | -                     | (21)  | 80     | A    | Remeasurement of defined<br>benefit plans                                |
| Net unrealized gains and<br>losses on securities                           | 510       | (4)                   | 169   | 675    | B    | Fair value movements on<br>FVTOCI equity financial<br>assets             |
| Foreign currency<br>translation adjustments                                | 115       | -                     | 25  | 140    |      | Foreign currency<br>translation adjustments                              |
| Net gains and losses on<br>derivative instruments                          | 62        | -                     | -   | 62     |      | Effective portion of net<br>changes in fair value of<br>cash flow hedges |
|  | -         | 4                     | -   | 4      |      | Fair value movements on<br>FVTOCI debt financial<br>assets               |
| Total other comprehensive<br>income  | 788       | -                     | 173   | 961    |      | Other comprehensive income<br>for the period, net of taxation            |
| Total comprehensive income   | 24,509    | -                     | (404)   | 24,105 |      | Comprehensive income for<br>the period                                   |
| (Breakdown)  |           |                       |   |        |      | Comprehensive income<br>attributable to:                                 |
| Comprehensive income<br>(loss) attributable to Nidec<br>Corporation        | 23,999    | -                     | (486)   | 23,513 |      | Owners of the parent   |
| Comprehensive income<br>(loss) attributable to<br>noncontrolling interests | 510       | -                     | 82  | 592    |      | Non-controlling interests  |

### Notes to reconciliation of income and comprehensive income for the three months ended December 31, 2015

The major items of the reconciliation of income and comprehensive income for the three months ended December 31, 2015 are as follows:

#### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥92 million on the condensed quarterly consolidated statement of income for the three months ended December 31, 2015.

#### B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of equity financial assets designated as measured at fair value through other comprehensive income (“FVTOCI equity financial assets”) are recognized in other comprehensive income without reclassification.

C. Reclassifications on the consolidated statement of income

Certain reclassifications are made on the consolidated statement of income in order to comply with the IFRS provisions. The major reclassification on the condensed quarterly consolidated statement of income is as follows:

(a) Based on an IFRS provision concerning presentations, the financial income and financial expenses are presented separately.

D. Retrospective adjustment on business combinations

During the six months ended September 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

## (vi) Reconciliation of income and comprehensive income for the year ended March 31, 2016

*(Yen in millions)*

| U.S. GAAP                                       | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS      | Note | IFRS  |
|---|-----------|-----------------------|---|-----------|------|---|
| Consolidated statement of<br>income             |           |                       |   |           |      | Consolidated statement of<br>income             |
| Net sales                                       | 1,178,290 | -                     | -   | 1,178,290 |      | Net sales                                       |
| Cost of products sold                           | (908,311) | (131)                 | (1,511)   | (909,953) | A,D  | Cost of sales                                   |
| Gross profit                                    | 269,979   | (131)                 | (1,511)   | 268,337   |      | Gross profit                                    |
| Selling, general and<br>administrative expenses | (93,463)  | (5,580)               | 346   | (98,697)  | A    | Selling, general and<br>administrative expenses |
| Research and development<br>expenses            | (51,978)  | -                     | -   | (51,978)  |      | Research and development<br>expenses            |
| Operating income                                | 124,538   | (5,711)               | (1,165)   | 117,662   |      | Operating profit                                |
|   | -         | 2,859                 | (946)   | 1,913     | C    | Financial income                                |
|   | -         | (2,356)               | (54)  | (2,410)   | C    | Financial expenses                              |
|   | -         | 151                   | -   | 151       |      | Derivative gain                                 |
|   | -         | (153)                 | -   | (153)     |      | Foreign exchange<br>differences                 |
|   | -         | 1                     | -   | 1         |      | Equity in net income (loss)<br>of associates    |
| Interest and dividend<br>income                 | 1,913     | (1,913)               | -   | -         |      |   |
| Interest expense                                | (2,228)   | 2,228                 | -   | -         |      |   |
| Foreign exchange (loss)<br>gain, net            | (153)     | 153                   | -   | -         |      |   |
| Gain on marketable<br>securities, net           | 946       | (946)                 | -   | -         | B    |   |
| Other, net                                      | (5,688)   | 5,688                 | -   | -         |      |   |
| Income before income tax                        | 119,328   | 1                     | (2,165)   | 117,164   |      | Profit before income taxes                      |
| Income taxes                                    | (26,466)  | -                     | 300   | (26,166)  |      | Income tax expenses                             |
| Equity in net income of<br>affiliated companies | 1         | (1)                   | -   | -         |      |   |
| Consolidated net income                         | 92,863    | -                     | (1,865)   | 90,998    |      | Profit for the period                           |
| Net income attributable to:                     |           |                       |   |           |      | Profit attributable to:                         |
| Nidec Corporation                               | 91,810    | -                     | (1,865)   | 89,945    |      | Owners of the parent                            |
| Noncontrolling interests                        | 1,053     | -                     | -   | 1,053     |      | Non-controlling interests                       |

(Yen in millions)

| U.S. GAAP  | U.S. GAAP | Re-<br>classification | Recognition and<br>measurement<br>differences, etc. | IFRS     | Note | IFRS   |
|--|-----------|-----------------------|---|----------|------|--|
| Consolidated statement of comprehensive income                       |           |                       |   |          |      | Consolidated statement of comprehensive income                     |
| Consolidated net income  | 92,863    | -                     | (1,865)   | 90,998   |      | Profit for the period  |
| Pension liability adjustments  | (981)     | -                     | 40  | (941)    | A    | Remeasurement of defined benefit plans                             |
| Net unrealized gains and losses on securities                        | (3,714)   | -                     | 805   | (2,909)  | B    | Fair value movements on FVTOCI equity financial assets             |
| Foreign currency translation adjustments                             | (54,491)  | -                     | (1,699)   | (56,190) |      | Foreign currency translation adjustments                           |
| Net gains and losses on derivative instruments                       | 326       | -                     | -   | 326      |      | Effective portion of net changes in fair value of cash flow hedges |
|  | -         | -                     | (6)   | (6)      |      | Fair value movements on FVTOCI debt financial assets               |
| Total other comprehensive income                                     | (58,860)  | -                     | (860)   | (59,720) |      | Other comprehensive income for the period, net of taxation         |
| Total comprehensive income   | 34,003    | -                     | (2,725)   | 31,278   |      | Comprehensive income for the period                                |
| (Breakdown)  |           |                       |   |          |      | Comprehensive income attributable to:                              |
| Comprehensive income (loss) attributable to Nidec Corporation        | 33,711    | -                     | (2,728)   | 30,983   |      | Owners of the parent   |
| Comprehensive income (loss) attributable to noncontrolling interests | 292       | -                     | 3   | 295      |      | Non-controlling interests  |

### Notes to reconciliation of income and comprehensive income for the year ended March 31, 2016

The major items of the reconciliation of income and comprehensive income for the year ended March 31, 2016 are as follows:

#### A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥378 million on the consolidated statement of income for the year ended March 31, 2016.

#### B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of equity financial assets designated as measured at fair value through other comprehensive income (“FVTOCI equity financial assets”) are recognized in other comprehensive income without reclassification.

C. Reclassifications on the consolidated statement of income

Certain reclassifications are made on the consolidated statement of income in order to comply with the IFRS provisions. The major reclassification on the consolidated statement of income is as follows:

- (a) Based on an IFRS provision concerning presentations, the financial income and financial expenses are presented separately.

D. Retrospective adjustment on business combinations

During the six months ended September 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in "Recognition and measurement differences, etc."

(vii) Disclosure of material items of reconciliation of the consolidated statements of cash flows for the nine months ended December 31, 2015 and the year ended March 31, 2016

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under U.S. GAAP.