All for dreams

For press conference

Report on the progress after the release of Nidec’s Letter of Intent and on Nidec’s opinion

February 26, 2025

Nidec Corporation

-Disclaimer Regarding Forward-looking Statements-

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

1. Process after release of the Letter of Intent

Meeting with special committee (once); First meeting with management scheduled for early March

Date	Nidec	Makino
December 27	Submitted Letter of Intent and announced it.	
January 10		Makino announced establishment of Special Committee. Makino requested us to explaint to Special Committee.
January 15		Special Committee sent **Request Letter (1st)** to us (Contents: Request for timing and planned number of shares for Tender Offer).
January 17	Held meeting with Special Committee **(10:00-11:15am).**	
	Submitted Answer for **Request Letter (1st).**	
January 22	Completed procedure required under US antitrust law and announced it.	Special Committee sent **Request Letter (2nd)** to us. (Contents: Request for timing and planned number of shares for Tender Offer and to cease actions detering counter-proposals)
January 23	Explained significance of Transaction at press conference for financial result announcement	
January 27	Submitted Answer for **Request Letter (2nd)**, requesting meeting with Makino's management. Requested to view, copy, etc. for shareholder registry to Makino.	
January 28		Makino sent **Questionnaire (1st)** to us. Makino announced review system for Transaction.
January 31	Submitted Answer for **Questionnaire (1st)**, requesting meeting with Makino's management.	Makino's board sent **Request Letter (3rd)** to our board.
February 5	Submitted Answer for **Request Letter (3rd)**, requesting meeting with Makino's management.	
February 6	Received shareholder registry from Makino.	
February 7		Makino sent **Questionnaire (2nd)** to us.
February 12		Makino announced notice regarding formulation of business plan
February 13	Obtained notice from JFTC not implementing cease and disit orders.	
February 14	Submitted Answer for **Questionnaire (2nd)**, requesting meeting with Makino's management.	
February 21		Makino's management requested us meeting in early March.

2. Nidec’s use of a very fair method in this case

(1) By ensuring "transparency" for stakeholders, centered around shareholders, and providing appropriate selling opportunities to shareholders, it is possible to avoid opportunity cost

- If a takeover offer is made prior to the public announcement, the target company is not legally obligated to make a public announcement of the receipt of the takeover offer.

- We surmise that in some cases, information about takeover offers is not disclosed, resulting to depriving shareholders of an appropriate opportunity to sell their shares by the decision of management or some of its members. The "Guidelines for Corporate Takeovers" published by the Ministry of Economy, Trade and Industry (METI) also points out the possibility of damage to corporate value and shareholder interests when acquisitions are made without providing the target company and its shareholders with the necessary time and information.

- The “Guidelines for Corporate Takeovers” published by the METI states that “In principle, upon receipt of a takeover offer to acquire control of a company, the company should promptly submit a proposal or report to the board of directors”, and the code of conduct for the board of directors requires that the company should sincerely consider the offer and disclose information useful to shareholders in their decision making in an appropriate and proactive manner to ensure that shareholders have reasonable opportunities to make decisions.

- This approach allows shareholders, the most important stakeholder, to know from the outset that the company have received a takeover offer and also makes transparent the process, showing how the management, entrusted by the shareholders, decide on the offer. This will ultimately provide shareholders with a basis for deciding whether the takeover offer is the best option for them or not. On the other hand, if this process is not made visible, shareholders will never know that such a sale opportunity existed, risking potential opportunity costs.

- By ensuring transparency to stakeholders other than shareholders and announcing it, the acquirer is able to see the reaction of each stakeholder and to consider PMI (post-acquisition integration process) measures at an early stage. It is expected that appropriate collaboration with each stakeholder can be achieved at an early stage after the acquisition.

(2) Enables early provision of important information for shareholders to make appropriate decisions

- If the conditions of the acquisition are first disclosed at the start of the TOB, the period for shareholders to consider them are only the TOB period (typically about 30 business days)

  ➔ **Under the approach we used, shareholders are able to know the conditions proposed by the acquirer at the time of the takeover offer (in this case, December 27, 2024) and sufficient time are provided for shareholders to consider whether such conditions serve the common interests of all shareholders, compared to the situations where the conditions of the acquisition are first announced at the time the TOB is commenced.**

- As stated in the Guidelines for Corporate Takeovers that “shareholders can make informed judgments by enhancing the disclosure of information from the target company when an acquisition to acquire management control is implemented and by providing important decision-making information that contribute to the shareholders’ decision on whether the conditions are reasonable or not, etc.”, the management entrusted by the shareholders, based on the code of conduct, is expected to provide the necessary information for shareholders to decide which to accept the TOB or to continue holding their shares.

  ➔ **Under the approach we used, the target company is also expected to provide information at an early stage, and even if the target company expresses its opinion in favor or against the Letter of Intent just before the end of the consideration period, the process of discussions between the acquirer and the target company's management (and the special committee) is expected to be transparent from an early stage during the sufficient period available for the consideration.**

2. Nidec's use of an extremely fair approach for this case

Nidec

(3) Proposals without prior consultation has no hostile overtones

- It is possible that if a takeover bid is announced after it has been rejected, as in the case of a takeover bid that is announced after a takeover bid has been rejected, it may appear vis-a-vis general shareholders and stakeholders who are only aware of the takeover bid through the announcement that the takeover bid is a proposal based on the premise of a hostile takeover
- This is a kind of public love letter, and it is not a proposal that assumes hostility with the management of the target company
- Although the decision on whether or not to accept our proposal and the final decision will be made by the management and shareholders of the target company, our approach this time is to have the target company accurately understand the contents of the Letter of Intent and then together consider measures that will contribute to the friendly enhancement of corporate value

(4) Provide an opportunity to reevaluate whether the current management policy will lead to an increase in corporate value

- Our approach gives general shareholders the opportunity to objectively examine the current management policies and situation of the target company and to re-examine "whether they will lead to an increase in corporate value in the future". It can also contribute to the opportunity to "Brush Up" the management policies of the target company
- In particular, the announcement of a specific acquisition price makes it possible to make a quantitative comparison with the current management policy and the market share price based on that policy, and it provides the best opportunity for ordinary shareholders to check the management policy, management strategy and management results of the current management team

(5) It has the effect of reducing waste in the M&A process, stimulating capital markets, and speeding up industrial restructuring.

- From the time a takeover bid is made behind the scenes until the time it is put on the negotiating table, it often takes a very long time, and it is also thought that there are some target companies that cannot make a decision quickly, but with this method, it is possible to avoid unnecessary time passing, and it is also possible to encourage early and sincere consideration on "Go or Not Go". In the midst of calls for speeding up corporate actions such as management decisions in order to survive in international competition, it is thought that this method will contribute to speeding up industrial restructuring

In order to achieve returns for shareholders (share price appreciation, shareholder return (dividends)) that exceeds our offer price, Makino must ensure that the following hurdles are overcome

① The revised business plan must be implemented and achieved

② The fact that the revised business plan has been achieved must be quickly reflected in the market share price, leading to a share price increase

③ Even if shareholder return measures are implemented, sufficient funds must be secured separately to achieve the business plan

Even if the target company continues to operate independently in the future, there are many uncertainties in achieving a share price increase that exceeds our proposed price, so we believe that the best option is to return our proposed price to shareholders in cash without fail.

(1) Uncertainty about the possibility of achieving the target company's revised business plan

- The viability of each of the strategies in the revised business plan is not certain.

(2) Achievement of the revised business plan is not necessarily reflected in the target stock price.

- The corporate valuation of the target company the revised business plan will vary greatly depending on the feasibility of achieving the revised business plan
- Even if the revised business plan is achieved, it does not necessarily translate directly into higher stock prices.
- It is difficult to forecast stock prices because corporate performance is affected by external factors such as the future economic environment and global conditions
- The evaluation of the revised business plan may differ from one shareholder to another and from one prospective investor to another.
- Compared to the closing price on February 12, immediately prior to the announcement of the revised business plan, the share price of the target company was minus 0.3% on February 13, the next day, and minus 0.8% on February 19, one week later

➔This may indicate that there are at least some investors who have doubts about the feasibility and certainty of the revised business plan at this stage

(3) Effectiveness of shareholder return measures

- Since the shareholder return measures indicated in the revised business plan is based on the assumption that the revised business plan will be achieved, failure to achieve it will mean that the source of the shareholder return measures will decrease.
- Earlier implementation of shareholder return measures would reduce cash available for capital expenditures and R&D, limiting investment for corporate growth

➔ While the amount of shareholder return measures targeted this time is increasing, <u>the plan is for the average annual capital expenditure to decrease</u>

4. Nidec's proposed price

Tender Offeror	Nidec Corporation
Target of Tender Offer	Makino Milling Machine Co., Ltd. (Stock code 6135, Tokyo Stock Exchange Prime Market)
Tender offer period (planned)	Scheduled to commence on April 4, 2025 (the tender offer period is scheduled to be 31 to 41 business days in principle (can be extended up to 60 business days (approximately 3 months))
Price of Tender Offer	11,000 yen per share
Premium	The Tender Offer Price is based on the closing price of the Target Company's Stock on the TSE Prime Market on December 26, 2024 (the base date) : 7,750 yen 41.94% 1-month average: 7,112 yen 54.67% 3-month average: 6,552 yen 67.89% 6-month average: 6,313 yen 74.24%
Lower limit of No. of shared to be purchased	50.00%
Upper limit of No. of shared to be purchased	None

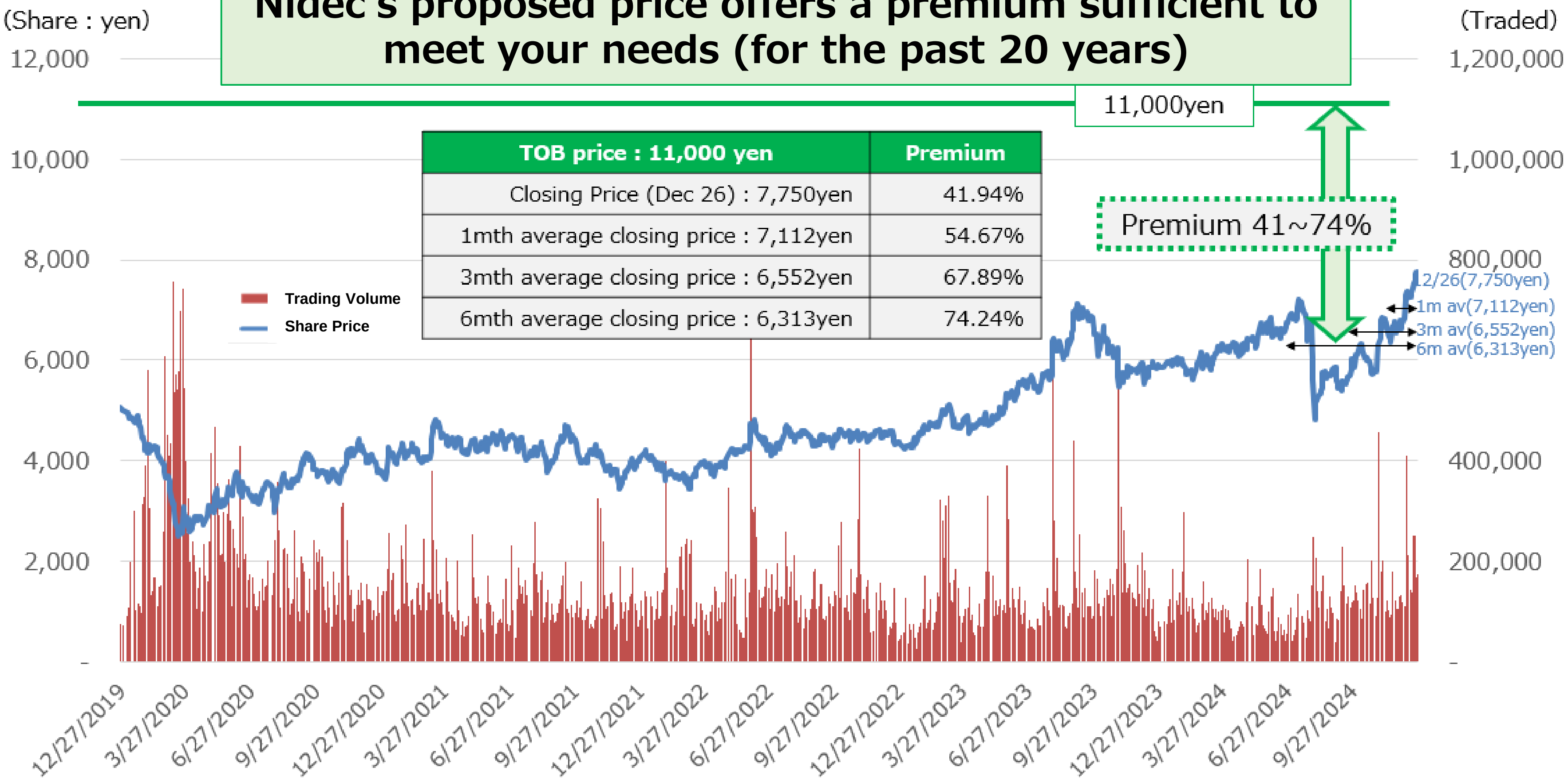
Our offer price is:

- a price that will not result in a capital loss for all shareholders of Makino during the past 20 years retroactively from December 27, 2024, the date of the public announcement of the submission of the Letter of Intent
- believed to be in a necessary and sufficient level, and at this stage we have no plan to raise the TOB price, even if any shareholder requests a price increase or if a competing proposal by white knight or other parties offers a price above this level

4. Nidec's proposed price

Nidec's proposed price offers a premium sufficient to meet your needs (for the past 20 years)

TOB price : 11,000 yen	Premium
Closing Price (Dec 26) : 7,750yen	41.94%
1mth average closing price : 7,112yen	54.67%
3mth average closing price : 6,552yen	67.89%
6mth average closing price : 6,313yen	74.24%



5. Status of Antitrust Clearance

- Obtained U.S. antitrust clearance on January 22, 2025

- Obtained Japanese antitrust clearance on February 13, 2025

- Significance of obtaining Japanese antitrust clearance

✓ Under Japan's Antimonopoly Act, for cases that could have a significant impact on competition, the Japan Fair Trade Commission (JFTC) typically issues a notice to the notifying company and conducts a procedure to gather opinions from customers and competitors. However, in this case, no such notice was issued to our company by the JFTC, and the review was completed earlier than the statutory waiting period.

✓ This indicates that, at the very least, the JFTC did not determine that this transaction would result in a restriction of competition. It also serves as evidence that they determined that no adverse effects on customers are expected to arise from the implementation of this transaction.

✓ Fundamentally, this outcome demonstrates that the products of both companies are complementary, with minimal overlap, and suggests that the risk of cannibalization(*) is minimal.

(*) Cannibalization refers to the phenomenon where a company's own products, which offer similar value to customers, compete against each other, leading to a reduction in sales for one or both products..

Appendix

Nidec's M&A

- **Embodying sustainable growth while emphasizing each company's unique management style**
- **Emphasizing communication with executives and employees to encourage sound and proactive management decisions**

1. <u>Commitment to Independence</u>

-While striving to realize synergies in sales, procurement, development, and production with other Nidec Group companies, acquired companies will **retain their independence** (i.e., there will be no centralization of functions such as sales, procurement, or development at Nidec headquarters).

2. <u>Emphasis on Communication with Management and Employees</u>

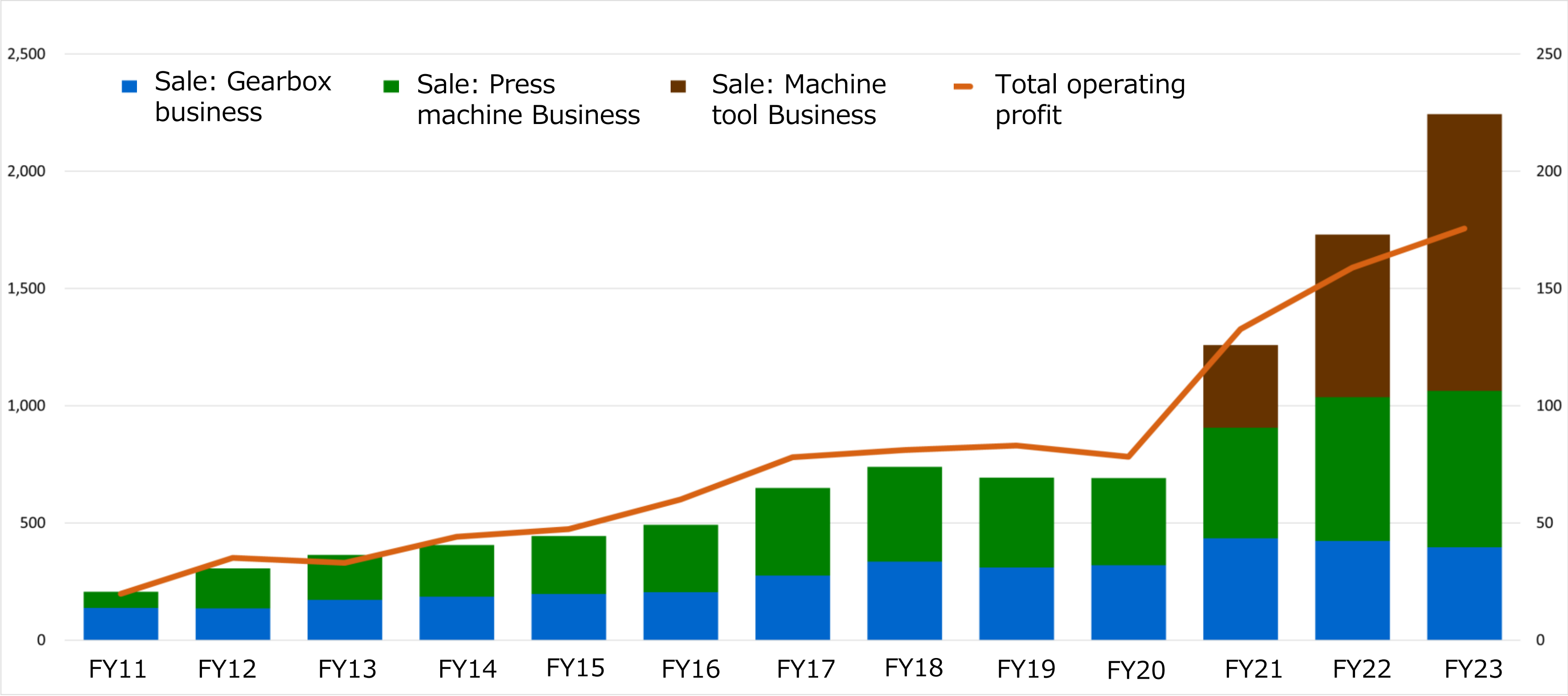
-Close communication with management, executives, employees (and labor unions) to actively listen to opinions on challenges and growth opportunities. Engaging in discussions with management to develop strategies for overcoming challenges and achieving further growth, and swiftly implementing necessary measures.

3. <u>Enhancing Profitability and Supporting Essential Investments</u>

-For a company to achieve sustainable growth, it is crucial to maintain a sound and sufficient level of profitability. To this end, improving profit margins, enhancing salaries and incentives for high-performing employees and executives, and boosting morale are essential. Investment decisions for promising markets should be made with meticulous planning, bold execution, and swift action.

Nidec Machinery & Automation Business Unit Performance Trends

Sales (Unit: 0.1 billion yen/ Oku- yen) Operating profit



*1 Nidec OKK February and March figures only
*2 PAMA February and March figures only

Machinery & Automation Business Unit
Growth through active M&A and Globalization

Former owner owned company (flower mark)

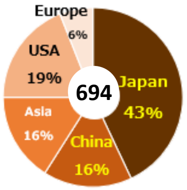
Date	Company / Business	Former owner owned
November 2023	TAKISAWA Lathe(Japan)	
February 2023	PAMA Large general-purpose machine (Italy)	✿
February 2022	OKK (current: Nidec OKK) Machining centers (Japan)	
August 2021	Mitsubishi Heavy Industries Machine Tool (current: Nidec Machine Tool)Gear Machinery (Japan)	
March 2019	DESCH Large gear reducers (Germany)	✿ OLAF DESCH
August 2018	GRAESSNER Compact right-angle gear reducers (Germany)	✿
October 2024	Linear Transfer Automation Transfer, Automation (Canada)	✿ Rama Jayaweera
July 2023	Automatic Feed Feeder, Leveler(U.S.)	✿ NATHAN WEAKS
February 2019	SYS High-speed feeder (Germany)	✿
March 2017	VAMCO High-speed feeder (U.S.)	✿ VAUGHN MARTIN
August 2015	ARISA Ultra Large Servo Press Automotive Parts (Spain)	✿ DIEGO ARIZNAVARRETA
April 2012	MINSTER Large mechanical press Beverage cans, motors, batteries (U.S.)	✿ DAVID WINCH

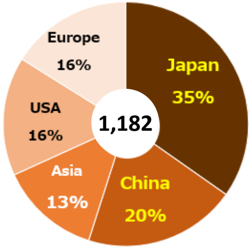




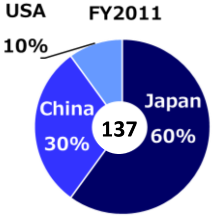

Sales by Business and Region (Unit: 0.1 bi-yen /Oku-yen)

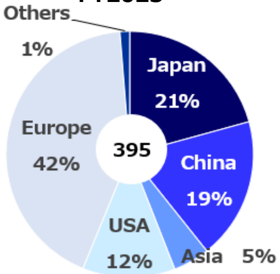
Machine Tool



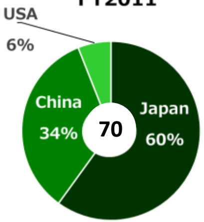


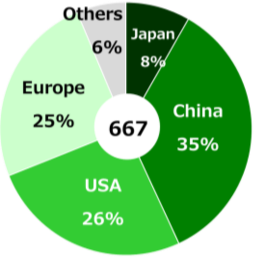
Gearbox





Press Machine



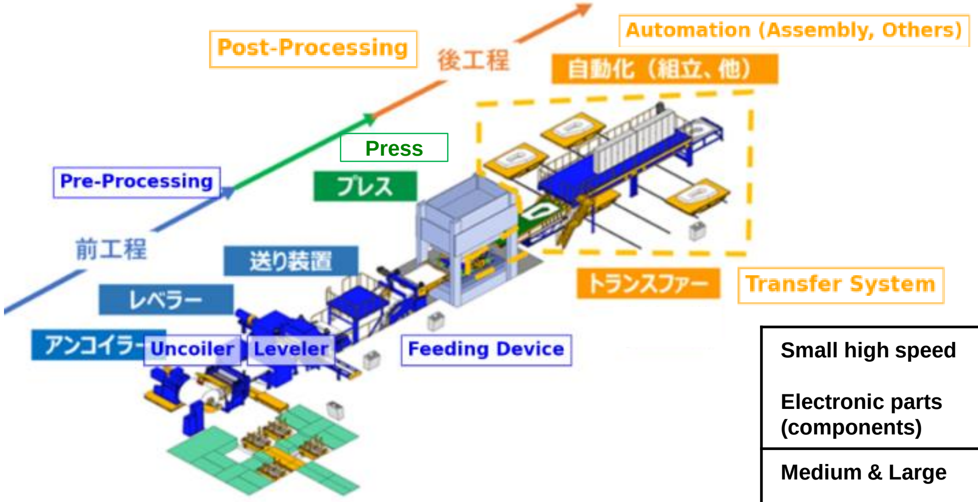


Press Machine Business

Complete line of high-precision press machines can be proposed

Nidec

High-precision press line configuration



	Pre-processing			Post-Processing
	Uncoiler Leveler	Feeding Device	Press	Transfer System
Small high speed **Electronic parts (components)**	**NA**	**VAMCO (2017), SYS (2019)**	**KYORI (2012)**	NA
Medium & Large **Motor core Batteries Can manufacturing Small and medium-sized automotive parts**	**CHS (2020), ARISA (2015)**	**VAMCO (2017), CHS (2020), ARISA (2015)**	**MINSTER (2012), ARISA (2015) KYORI (2012)**	**Linear Transfer Automation (2024)**
Extra-large **Large Automotive Parts**	**Automatic Feed Company (2023)**		**ARISA (2015)**	

*Figures in parentheses indicate the year of joining the Nidec Group.
For KYORI, the year of integration with Nidec Drive Technology Corporation

Disclaimer for Overseas Shareholders

[Restrictions on solicitation] This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase, any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

[Future Forecasts] This press release may contain forward-looking statements, including those related to the future business of Nidec Corporation (the “Tender Offeror” or the “Offeror”) and other companies, such as “anticipate,” “expect,” “intend,” “plan,” “believe,” and “assume.” Such statements are based on the Tender Offeror's current business prospects and may change as a result of future developments. The Tender Offeror is under no obligation to update any forward-looking statements in this information to reflect actual business performance or changes in various circumstances or conditions. This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as “forward-looking statements” due to known or unknown risks, uncertainties or other factors. None of the Offeror or its affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. "Forward-looking statements" contained herein were prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither Tender Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

[U.S. Regulations] The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; “Securities Exchange Act”) or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release is equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and Makino Milling Machine Co., Ltd. (“the Target”) are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court. □ The financial advisors of the Offeror or Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers’ accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner. All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

[Other Countries] Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

Nidec

All for dreams