

[Translation]

Quarterly Report

(The Third Quarter of 47th Business Term)

From October 1, 2019 to December 31, 2019

NIDEC CORPORATION

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

In this document, the terms “we”, “us”, “our” and “NIDEC” refer to Nidec Corporation and consolidated subsidiaries or, as the context may require, Nidec Corporation on a non-consolidated basis and the “Company” refers to Nidec Corporation on a non-consolidated basis.

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

(Yen in millions, unless otherwise indicated)

	For the nine months ended December 31,		For the year ended March 31, 2019
	2018	2019	
Net sales	1,122,413 [366,966]	1,159,608 [408,331]	1,475,436
Profit before income taxes	126,223	94,600	130,515
Profit attributable to owners of the parent	102,842 [24,414]	50,507 [23,020]	110,427
Comprehensive income attributable to owners of the parent	108,738	33,409	118,904
Total equity attributable to owners of the parent	985,117	996,216	997,258
Total assets	1,890,478	2,200,975	1,882,694
Earnings per share attributable to owners of the parent - basic (yen)	348.64 [82.96]	171.62 [78.22]	374.57
Earnings per share attributable to owners of the parent - diluted (yen)	-	-	-
Ratio of total equity attributable to owners of the parent to total assets (%)	52.1	45.3	53.0
Net cash provided by operating activities	137,510	132,227	170,233
Net cash used in investing activities	(118,625)	(301,662)	(160,844)
Net cash provided by (used in) financing activities	(19,805)	156,672	(32,683)
Cash and cash equivalents at end of period	261,861	219,814	242,267

(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. "Net sales" do not include consumption taxes.
5. "Earnings per share attributable to owners of the parent - basic" and "Earnings per share attributable to owners of the parent - diluted" have been calculated based on figures of "Profit attributable to owners of the parent". "Earnings per share attributable to owners of the parent - diluted" are not presented because there were no securities with dilutive effect.
6. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the nine months ended December 31, 2019. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination. Details regarding for the nine months ended December 31, 2019 are stated in "IV. Condensed Quarterly Consolidated Financial Statements and Other Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes to Condensed Quarterly Consolidated Financial Statements, 7. Business combination and loss of control".
7. From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations. The result for the previous year is also reclassified similarly.

2. Description of Business

There were no significant changes in NIDEC's businesses during the nine months ended December 31, 2019. A change in principal subsidiaries and associates is as follows:

Nidec Motor segment

Secop that used to be a consolidated subsidiary was excluded from consolidation due to loss of control in the three months ended June 30, 2019.

NIDEC has partially changed its operating segment classification in the three months ended June 30, 2019. This was due to reviews of the report materials by NIDEC's chief operating decision maker. All of Nidec Seimitsu group except Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. that were previously included in Others segment are currently included in Nidec Copal segment from the three months ended June 30, 2019. Nidec Copal segment after the change is as follows:

Name of segment	Outline of segment	Principal companies
Nidec Copal	The Nidec Copal segment comprises Nidec Copal Corporation, a subsidiary in Japan, and other subsidiaries, which primarily produce and sell electronic and optical components, machinery and other small precision motors.	Nidec Copal Corporation, Nidec Seimitsu Corporation

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the nine months ended December 31, 2019. There were no material changes in the risk factors stated in the annual securities report for the previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan.

2. Management Analysis of Financial Position, Operating Results and Cash Flows

Forward-looking statements below were determined as of December 31, 2019.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the nine months ended December 31, 2019. Condensed quarterly consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations. The result for the same period of the previous year is also reclassified similarly. Details are stated in “IV. Condensed Quarterly Consolidated Financial Statements and Other Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes to Condensed Quarterly Consolidated Financial Statements, 6. Discontinued Operations”.

(1) Operating results

During the nine months ended December 31, 2019, the global economy saw the U.S. economy continue its expansion for the longest time in the post-World War II period, though decelerating after peaking in the middle of 2018. While the ongoing U.S.-China trade friction has calmed down temporarily after, among other factors, the partial agreement out of consideration to the U.S. economy ahead of the November 2020 presidential election in the U.S., geopolitical risks are on the rise as the country’s confrontation with Iran continues. In the meantime, the Chinese economy is slowing down. Though it seems to have already hit the bottom after recent economic stimulus measures, the country’s problems with excessive debts, non-performing loans, and human rights issues in Hong Kong and the Xinjiang Uighur Autonomous Region among others are making the country’s economic outlook uncertain. Europe, susceptible to the Chinese economy, is showing signs of recovery after the Britain’s secession from the European Union (the Brexit) has once settled, while the Japanese economy, though on a modest recovery, continues to be plagued with an uncertain future outlook, among other factors, the impact of the ongoing U.S.-China trade friction and concerns over the yen’s appreciation due to heightened geopolitical risks.

In addition, NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of Embraco by European Commission. In accordance with this order, in April 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on condensed quarterly consolidated statements of income. In September 2019, NIDEC completed share transfer of Secop and there was ¥19,131 million of the loss from discontinued operations for the nine months ended December 31, 2019.

The following table sets forth consolidated operating results for the nine months ended December 31, 2019:

(Yen in millions)

	For the nine months ended December 31,		Increase or decrease	Ratio of change
	2018	2019		
Net sales	1,122,413	1,159,608	37,195	3.3%
Operating profit	124,522	94,754	(29,768)	(23.9)%
Operating profit ratio	11.1 %	8.2%	-	-
Profit before income taxes	126,223	94,600	(31,623)	(25.1)%
Profit for the period from continuing operations	99,370	71,044	(28,326)	(28.5)%
Profit (loss) for the period from discontinued operations	4,114	(19,131)	(23,245)	-
Profit attributable to owners of the parent	102,842	50,507	(52,335)	(50.9)%

Consolidated net sales from continuing operations increased 3.3% to ¥1,159,608 million for the nine months ended December 31, 2019 (“this nine-month period”), compared to the nine months ended December 31, 2018 (“the same period of the prior year”), despite lower sales by approximately ¥32,800 million due to the impact of foreign exchange fluctuations. Net sales from continuing operations for this nine-month period renewed the highest record of the nine-month consolidated accounting period. Operating profit decreased 23.9% to ¥94,754 million compared to the same period of the prior year mainly due to the decrease in profit of approximately ¥7,900 million by the impact of foreign exchange fluctuations, the additional expenses of approximately ¥12,000 million as the upfront investment cost for the development and launch of products including traction motor systems (E-Axle) of which demand is rapidly expanding, and approximately ¥3,000 million of the additional temporary cost of acquisition. Profit before income taxes decreased 25.1% to ¥94,600 million and profit for the period from continuing operations decreased 28.5% to ¥71,044 million compared to the same period of the prior year, respectively.

Profit attributable to owners of the parent, including profit (loss) for the period from discontinued operations, decreased 50.9% to ¥50,507 million, due to the loss of ¥19,131 million as sales of the business of compressor for refrigerator of Secop and others.

The following table sets forth operating results by segment:

(Yen in millions)

	For the nine months ended December 31,					
	Net sales			Operating profit		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Nidec Corporation	173,234	139,101	(34,133)	16,881	1,623	(15,258)
Nidec Electronics (Thailand)	98,661	84,636	(14,025)	13,726	10,762	(2,964)
Nidec Singapore	37,612	22,853	(14,759)	617	364	(253)
Nidec (H.K.)	99,829	99,189	(640)	782	690	(92)
Nidec Sankyo	118,030	106,323	(11,707)	13,704	7,591	(6,113)
Nidec Copal	41,253	39,696	(1,557)	(314)	2,350	2,664
Nidec Techno Motor	63,883	60,853	(3,030)	7,808	9,008	1,200
Nidec Motor	311,216	359,434	48,218	23,257	18,579	(4,678)
Nidec Motors & Actuators	229,673	234,338	4,665	29,519	27,781	(1,738)
Others	304,226	315,156	10,930	35,520	28,940	(6,580)
Elimination/corporate	(355,204)	(301,971)	53,233	(16,978)	(12,934)	4,044
Consolidated total	1,122,413	1,159,608	37,195	124,522	94,754	(29,768)

(Notes) 1. Net sales are the total of sales to external customers and sales to other operating segments.

2. From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop, which was included in Nidec Motor segment, has been classified as discontinued operations.

3. All of Nidec Seimitsu group except Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. that were previously included in Others segment are currently included in Nidec Copal segment from the three months ended June 30, 2019.

Net sales of Nidec Corporation decreased ¥34,133 million to ¥139,101 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales of hard disk drives spindle motors and other small precision motors. Operating profit decreased ¥15,258 million to ¥1,623 million for this nine-month period compared to the same period of the prior year. This decrease was due to the decrease in sales and an increase in development cost for traction motor systems (E-Axle) and others.

Net sales of Nidec Electronics (Thailand) decreased ¥14,025 million to ¥84,636 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales of hard disk drives spindle motors. Operating profit decreased ¥2,964 million to ¥10,762 million for this nine-month period compared to the same period of the prior year. This decrease was due to the decrease in sales.

Net sales of Nidec Singapore decreased ¥14,759 million to ¥22,853 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales for hard disk drives spindle motors. Operating profit decreased ¥253 million to ¥364 million for this nine-month period compared to the same period of the prior year. This decrease was due to the decrease in sales.

Net sales of Nidec (H.K.) decreased ¥640 million to ¥99,189 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales for hard disk drives spindle motors and other small precision motors. Operating profit decreased ¥92 million to ¥690 million for this nine-month period compared to the same period of the prior year. This decrease was due to the negative effect of the changes in the product mix.

Net sales of Nidec Sankyo decreased ¥11,707 million to ¥106,323 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales for LCD panel handling robots. Operating profit decreased ¥6,113 million to ¥7,591 million for this nine-month period compared to the same period of the prior year. This decrease was due to the decrease in sales.

Net sales of Nidec Copal decreased ¥1,557 million to ¥39,696 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales for electronic and optical components, despite an increase in sales for other small precision motors. However, operating profit increased ¥2,664 million to ¥2,350 million for this nine-month period compared to the same period of the prior year. This increase was due to cost improvement.

Net sales of Nidec Techno Motor decreased ¥3,030 million to ¥60,853 million for this nine-month period compared to the same period of the prior year. This decrease was due to a decrease in sales of motors for air conditioning equipment in China and the impact of unfavorable foreign exchange rates. However, operating profit increased ¥1,200 million to ¥9,008 million for this nine-month period compared to the same period of the prior year. This increase was due to a decrease in material price, despite the decrease in sales.

Net sales of Nidec Motor increased ¥48,218 million to ¥359,434 million for this nine-month period compared to the same period of the prior year. This increase was due to the impact of the acquisition of Embraco. However, operating profit decreased ¥4,678 million to ¥18,579 million for this nine-month period compared to the same period of the prior year. This decrease was due to having recognized such additional temporary expenses as the acquisition cost of Embraco to promote our modularization strategy and other factors.

Net sales of Nidec Motors & Actuators increased ¥4,665 million to ¥234,338 million for this nine-month period compared to the same period of the prior year. This increase was due to an increase in sales of products including traction motors, despite the impact of unfavorable foreign exchange rates. However, operating profit decreased ¥1,738 million to ¥27,781 million for this nine-month period compared to the same period of the prior year. This decrease was due to an additional upfront investment cost for the development and launch of products including traction motors and the impact of unfavorable foreign exchange rates.

With respect to the Others segment, net sales increased ¥10,930 million to ¥315,156 million for this nine-month period compared to the same period of the prior year. This increase was due to the impact of newly consolidated subsidiaries, despite a decrease in sales of other small precision motors and other products. However, operating profit decreased ¥6,580 million to ¥28,940 million for this nine-month period compared to the same period of the prior year. This decrease was due to the negative effect of the changes in the product mix, despite the impact of newly consolidated subsidiaries.

Operating results by product category are as follows:

(Yen in millions)

	For the nine months ended December 31,					
	Net sales			Operating profit		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Small precision motors	343,253	334,932	(8,321)	51,976	40,537	(11,439)
Automotive products	223,766	243,021	19,255	28,597	18,890	(9,707)
Appliance, commercial and industrial products	370,851	417,580	46,729	31,024	27,440	(3,584)
Machinery	124,946	115,213	(9,733)	21,414	17,487	(3,927)
Electronic and optical components	56,166	45,400	(10,766)	6,472	3,345	(3,127)
Other products	3,431	3,462	31	553	510	(43)
Elimination/corporate	-	-	-	(15,514)	(13,455)	2,059
Consolidated total	1,122,413	1,159,608	37,195	124,522	94,754	(29,768)

(Note) From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations in appliance, commercial and industrial products.

Net sales of small precision motors decreased 2.4% to ¥334,932 million for this nine-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥9,400 million for this nine-month period compared to the same period of the prior year. Net sales of spindle motors for HDDs decreased 17.6% to ¥117,185 million for this nine-month period compared to the same period of the prior year. The number of units sold of spindle motors for HDDs for this nine-month period decreased approximately 20.4% compared to the same period of the prior year. Net sales of other small precision motors increased 8.3% to ¥217,747 million compared to the same period of the prior year. Operating profit of small precision motors decreased 22.0% to ¥40,537 million for this nine-month period compared to the same period of the prior year, due to a decrease of the number of units of spindle motors for HDDs and other factors. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥5,600 million.

Net sales of automotive products increased 8.6% to ¥243,021 million compared to the same period of the previous year, due to the impact of the acquisition of OMRON Automotive Electronics Co. Ltd. (“NIDEC MOBILITY CORPORATION”), and the higher sales of products fully mass-produced traction motors at their plants. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥8,800 million for this nine-month period compared to the same period of the previous year. Operating profit of this category decreased 33.9% to ¥18,890 million compared to the same period of the prior year, mainly due to having recognized approximately ¥12,000 million of the additional upfront investment cost for the development and launch of products including traction motor systems (E-Axle) of which demand is rapidly expanding, and the negative impact of unfavorable foreign exchange rates of approximately ¥1,900 million.

Net sales of appliance, commercial and industrial products increased 12.6% to ¥417,580 million for this nine-month period compared to the same period of the prior year, primarily due to the impact of the acquisition of Embraco. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥9,900 million for this nine-month period compared to the same period of the previous year. Operating profit of this category decreased 11.6% to ¥27,440 million, due to having recognized approximately ¥3,500 million of additional temporary expenses for the acquisition cost of Embraco to promote our modularization strategy and other expenses. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥30 million for this nine-month period compared to the same period of the previous year.

Net sales of machinery decreased 7.8% to ¥115,213 million, due to lower sales in LCD panel handling robots and speed reducers and other factors, despite the impact of newly consolidated subsidiaries. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥2,700 million for this nine-month period compared to the same period of the previous year. Operating profit of this category decreased 18.3% to ¥17,487 million, mainly due to the lower sales. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥300 million for this nine-month period compared to the same period of the previous year.

Net sales of electronic and optical components decreased 19.2% to ¥45,400 million. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥2,000 million for this nine-month period compared to the same period of the previous year. Operating profit of this category decreased 48.3% to ¥3,345 million mainly due to the decrease in sales. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥100 million for this nine-month period compared to the same period of the previous year.

Net sales of other products increased 0.9% to ¥3,462 million and operating profit of this category decreased 7.8% to ¥510 million for this nine-month period compared to the same period of the prior year.

(2) Financial position

Total assets increased ¥318,281 million to ¥2,200,975 million as of December 31, 2019 compared to March 31, 2019. This was mainly due to increases of ¥126,204 million in goodwill, ¥115,629 million in property, plant and equipment, and ¥50,910 million in trade and other receivables.

Total liabilities increased ¥318,597 million to ¥1,181,199 million as of December 31, 2019 compared to March 31, 2019. This was mainly due to an increase of ¥235,461 million in interest-bearing debt. Specifically, short term borrowings increased ¥90,452 million to ¥107,846 million, long term debt due within one year decreased ¥9,530 million to ¥85,809 million and long term debt increased ¥154,539 million to ¥414,567 million as of December 31, 2019 compared to March 31, 2019.

Total equity attributable to owners of the parent decreased ¥1,042 million to ¥996,216 million as of December 31, 2019 compared to March 31, 2019. Ratio of total equity attributable to owners of the parent to total assets decreased to 45.3% as of December 31, 2019 from 53.0% as of March 31, 2019. This was mainly due to decreases in other components of equity of ¥17,562 million caused mainly by foreign currency translation adjustments and others, and in additional paid-in capital of ¥1,924 million caused by acquisition of interests in subsidiaries from non-controlling interests. On the other hand, there was an increase in retained earnings of ¥18,461 million as of December 31, 2019 compared to March 31, 2019.

(3) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities decreased ¥5,283 million to ¥132,227 million for this nine-month period compared to the same period of the prior year. This decrease in net cash provided by operating activities was mainly due to decrease in profit for the period of ¥51,571 million. On the other hand, there were increases in inventories net changes year on year of ¥23,663 million and in accounts payable net changes year on year of ¥24,651 million.

For the nine months ended December 31, 2019, NIDEC had ¥132,227 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥51,913 million, a decrease in accounts receivable of ¥2,922 million and an increase in accounts payable of ¥10,833 million. On the other hand, there was an increase in inventories of ¥8,649 million. Accounts payable increased primarily due to an increase in cost of sales for the nine months ended December 31, 2019 compared to the same period of the prior year.

For the nine months ended December 31, 2018, NIDEC had ¥137,510 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥103,484 million and a decrease in accounts receivable of ¥29,461 million. On the other hand, there were an increase in inventories of ¥32,312 million and a decrease in accounts payable of ¥13,818 million. Inventories increased primarily due to seasonal factors and a decrease in customers demand as of December 31, 2018 compared to March 31, 2018.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥183,037 million to ¥301,662 million for this nine-month period compared to the same period of the prior year. The increase in net cash used in investing activities was mainly due to increases in acquisitions of businesses, net of cash acquired of ¥174,934 million and in additions to property, plant and equipment of ¥13,661 million.

For the nine months ended December 31, 2019, NIDEC had ¥301,662 million of net cash outflows in investing activities mainly due to acquisition of business, net of cash acquired of ¥192,921 million and additions to property, plant and equipment of ¥103,762 million.

For the nine months ended December 31, 2018, NIDEC had ¥118,625 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥90,101 million and acquisition of business, net of cash acquired of ¥17,987 million.

(Cash flows from financing activities)

Net cash provided by financing activities increased ¥176,477 million to ¥156,672 million for this nine-month period compared to the same period of the prior year. This increase was mainly due to increase in proceeds from issuance of bonds of ¥160,358 million.

For the nine months ended December 31, 2019, NIDEC had ¥156,672 million of net cash inflows from financing activities mainly due to proceeds from issuance of corporate bonds of ¥200,000 million and an increase in short term borrowings of ¥76,625 million. On the other hand, there were redemption of bonds of ¥65,000 million and dividends paid to the owners of the parent of ¥32,372 million.

For the nine months ended December 31, 2018, NIDEC had ¥19,805 million of net cash outflows from financing activities mainly due to dividends paid to the owners of the parent of ¥29,486 million, purchase of treasury stock of ¥26,134 million and repayments of long term debt of ¥15,814 million. On the other hand, there were proceeds from issuance of corporate bonds of ¥39,642 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 decreased ¥22,453 million from ¥242,267 million as of March 31, 2019 to ¥219,814 million as of December 31, 2019.

The main currencies we had as of December 31, 2019 were U.S. dollars, Chinese yuan, Thai baht, Japanese yen and Euros. All the above amounts include discontinued operations.

(4) Research and development

NIDEC's research and development expenses for the nine months ended December 31, 2019 were ¥58,434 million. There were no significant changes in research and development activities for the period.

(5) Major property, plant and equipment

In the nine months ended December 31, 2019, among the new construction plans of major property, plant and equipment as of March 31, 2019, construction of the manufacturing factory of Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. which is to manufacture small precision motor products has been completed in September 2019.

And the scheduled completion date and total planned investment of construction of the manufacturing factory of Nidec Tosok (Zhejiang) Corporation which is to manufacture automotive products have been updated to February 2020 and ¥2,136 million, respectively. And the scheduled completion date of construction of the manufacturing factory of Nidec Motor Corporation which is to manufacture appliance, commercial and industrial products has been updated to February 2020.

The construction plan which has been newly determined is as follows:

Name of company or business place	Location	Name of segment	Description	Total planned investment (Yen in millions)	Amount already paid (Yen in millions)	Funding measures	Launch	Completion
Nidec Laminacione de Acero, S.A. de C.V.	Reynosa, Tamps. Mexico	Nidec Motor Corporation	Manufacturing factory for appliance, commercial and industrial products	1,295	536	Borrowing	October 2019	August 2020

3. Material Agreements, etc.

The material agreement executed during the three months ended December 31, 2019 is as follows:

Share purchase and transfer agreement
(Roboteq, Inc.)

The Company adopted a resolution to execute a contract to acquire the share of Roboteq, Inc. (“Roboteq”), a U.S. based designer of ultra-low voltage (ULV) drives from its owners through Nidec Motor Corporation (“NMC”). In accordance with said agreement, the Company completed the acquisition of 90% ownership of Roboteq (the “Transaction”).

1. Purpose of the Transaction

NIDEC has endeavored to strengthen its presence in some key future growth drivers, including robotization. To become a global leader in these markets, NIDEC is focused on expanding its ability to provide package solutions to all its served markets as demand continues to increase for convenient, modular solutions. These include the robotics/automated guided vehicle (AGV) market, where NMC (formerly, Emerson Electric Co.’s motors and controls business), which NIDEC acquired in September 2010, has been the primary operating subsidiary. The contemplated acquisition of Roboteq is a significant part of NIDEC’s strategy to modularize its various product offerings and invest in key future growth drivers.

Roboteq is a leading designer of ultra-low voltage (ULV) drives for the rapidly growing AGV market. Roboteq products are used in AGVs for warehouses, security, and cleaning/agricultural use. Through the acquisition of Roboteq, NIDEC will be able to provide AGV customers with ULV drives in addition to its servo motors and precision gear box offerings. The acquisition will also add navigation sensors and power management technology to fill the gap in NIDEC’s current AGV platform, allowing NIDEC to act as a single vendor that can offer full motor control system support to customers. Additionally, the integration of Roboteq’s engineering team into the existing NIDEC Motion Control engineering team will further strengthen NIDEC’s R&D capabilities.

Upon completion of the acquisition, the initial step of the NIDEC’s strategy to strengthen its ability to offer package solutions will be executed, and then NIDEC plans to shift its strategic focus to achieving synergy among NIDEC, NMC and the acquired operations and improving profitability.

2. Funds for the Transaction

Own funds

3. Information on Roboteq

Company Name: Roboteq, Inc.
Headquarters: Scottsdale, AZ, U.S.
Foundation: 2002
Business: Design and sales of ULV drives

4. Execution date of the share purchase and transfer agreement

November 27, 2019

5. Date of the completion of the share acquisition

November 27, 2019

Share exchange agreement

(Nidec Elesys Corporation becomes a wholly owned subsidiary of Nidec Corporation)

Nidec Corporation (“NIDEC”) and Nidec Elesys Corporation (“Nidec Elesys”) adopted a resolution to execute a contract to conduct a share exchange to make Nidec Elesys a wholly owned subsidiary of NIDEC (the “share exchange”), at a meeting of Board of Directors of NIDEC held on December 7, 2019, and at a meeting of the Board of Directors of Nidec Elesys held on December 6, 2019.

1. Purpose of the share exchange

By making Nidec Elesys a wholly owned subsidiary through the share exchange, we will strengthen synergies between NIDEC and Nidec Elesys, and in particular, promote development of the traction motor business, which is the most important strategic product of the current NIDEC Group, and increase the corporate value of the entire NIDEC Group.

2. Effective date of the share exchange

February 1, 2020

3. Method of the share exchange

NIDEC paid 1,560 million yen to Nidec Machinery Corporation (“Nidec Machinery”, the sole shareholder of Nidec Elesys excluding NIDEC) for all of Nidec Elesys’ common shares held by Nidec Machinery.

4. Basis for calculation of the allocation relating to the share exchange

In calculating the details of the allocation relating to the share exchange, NIDEC commissioned KPMG Tax Corporation (“KPMG”), a third-party accounting agency independent of NIDEC Group, to evaluate the value of Nidec Elesys’ common shares.

KPMG calculated the value of Nidec Elesys’ common shares by the discounted cash flow method to reflect future business activities in the evaluation.

NIDEC and Nidec Elesys consulted with each other by referring to the results of the stock value calculated by KPMG, and decided that NIDEC would pay 1,560 million yen to Nidec Machinery for all of Nidec Elesys’ common shares held by Nidec Machinery.

In addition, no significant changes in profits are expected in the financial forecasts based on the stock price calculations.

5. Overview of the company as a wholly owned subsidiary through the share exchange

Company Name: Nidec Elesys Corporation
Representative: Katsuhiko Takebe
Headquarters: 2-8 Shinkawasaki, Saiwai-ku, Kawasaki-shi, Kanagawa
Business: Development, manufacture and sales of electronic control units for vehicles
Capital: 1,950 million yen

6. Overview of the company as the parent company through the share exchange

Company Name: Nidec Corporation
Representative: Hiroyuki Yoshimoto
Headquarters: 338 Kuzetonoshiro-cho, Minami-ku, Kyoto
Business: Development, manufacture and sales of small precision motors, vehicle installation, commercial and industrial products, machinery, and other related products
Capital: 87,784 million yen

III. Information on the Company

1. Information on the Company's Shares, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Ordinary share	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, 2019)	Number of shares issued as of the filing date (Shares) (February 13, 2020)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	298,142,234	298,142,234	Tokyo Stock Exchange, Inc. (the first section)	This is our standard share. There is no restriction on contents of the right of the share. The number of shares per one unit of shares is 100 shares.
Total	298,142,234	298,142,234	-	-

(2) Information on the share acquisition rights, etc.

1) Details of share option plans

Not applicable.

2) Other information about share acquisition rights

Not applicable.

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

Not applicable.

(4) Changes in the total number of issued shares, common stock, etc.

Date	Change in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Change in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Change in capital reserve (Yen in millions)	Balance of capital reserve (Yen in millions)
From October 1, 2019 to December 31, 2019	-	298,142,234	-	87,784	-	92,005

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of September 30, 2019 is stated in this item because the Company cannot identify the number of voting rights as of December 31, 2019 due to the lack of information on the details entered in the shareholders registry as of December 31, 2019.

1) Issued shares

(As of December 31, 2019)

Classification	Number of shares (Shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Ordinary share 3,767,500	-	-
Shares with full voting rights (others)	Ordinary share 293,923,800	2,939,238	-
Shares less than one unit	Ordinary share 450,934	-	-
Number of issued shares	298,142,234	-	-
Total number of voting rights	-	2,939,238	-

- (Notes) 1. The “Shares with full voting rights (others)” row includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and the “Number of voting rights” column includes 355 voting rights for those shares. The “Shares with full voting rights (others)” row includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares that were not registered when the shares were exchanged with the Company on October 1, 2003) and the “Number of voting rights” column includes 2 voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (2 voting rights) registered in its name.
2. Ordinary shares in the “Shares less than one unit” row include 17 shares of the Company’s treasury stock.
3. Ordinary shares in the “Shares with full voting rights (others)” row includes 59,600 shares (596 voting rights) of the BIP Trust and 21,600 shares (216 voting rights) of the ESOP Trust.

2) Treasury stock, etc.

(As of December 31, 2019)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Ownership percentage to the total number of issued shares (%)
Nidec Corporation	338 Kuzetonoshiro-cho, Minami-ku, Kyoto	3,767,500	-	3,767,500	1.26
Total	-	3,767,500	-	3,767,500	1.26

- (Notes) 1. The number of shares held under own name (except for shares less than one unit) is 3,768,200, as of December 31, 2019.
2. The Company’s shares owned by the BIP Trust and the ESOP Trust are not included in the above treasury stock.

2. Members of the Board of Directors and Members of the Audit & Supervisory Board

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 previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2019 are as follows:

(1) Changes in positions and responsibilities

New position	New responsibility	Former position	Former responsibility	Name	Effective date
Representative Director	Vice Chairman / Chief Sales Officer(CSO) / Adviser to President (Global Business Promotion & Marketing Division / Global Centralized Purchasing Division / Secretarial Office / Corporate Administration & Internal Audit Dept. / Compliance Office / Global Trade Administration Office / Risk Management Office / Corporate Planning Dept. / Public Relations & Advertising Dept. / Legal Dept. / General Affairs Dept. / Human Resources Dept. / Human Resource Planning Dept. / International Business Administration Dept. / Sales Administration & Service Dept. / 3Q6S) / Representative Director and Chairman, Nidec Servo Corporation	Representative Director	Vice Chairman / Chief Sales Officer(CSO) / Adviser to President (Global Business Promotion & Marketing Division / Global Centralized Purchasing Division / Secretarial Office / Corporate Administration & Internal Audit Dept. / Compliance Office / Risk Management Office / Corporate Planning Dept. / Public Relations & Advertising Dept. / Legal Dept. / General Affairs Dept. / Human Resources Dept. / Human Resource Planning Dept. / International Business Administration Dept. / Sales Administration & Service Dept. / 3Q6S) / Representative Director and Chairman, Nidec Servo Corporation	Hiroshi Kobe	October 1, 2019
Representative Director	Chairman / Chief Executive Officer(CEO) / Member of the Board of Directors and Chairman, Nidec Sankyo Corporation / Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation / Member of the Board of Directors and Chairman, Nidec Mobility Corporation / Chairman of the Board, Nagamori Gakuen Educational Foundation	Representative Director	Chairman / Chief Executive Officer(CEO) / Member of the Board of Directors and Chairman, Nidec Sankyo Corporation / Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation / Chairman of the Board, Nagamori Gakuen Educational Foundation	Shigenobu Nagamori	November 1, 2019

New position	New responsibility	Former position	Former responsibility	Name	Effective date
Representative Director	President / Chief Operating Officer(COO) / Representative Director and Chairman, Nidec Tosok Corporation / Representative Director and Chairman, Nidec Elesys Corporation / Representative Director and Chairman, Nidec Copal Corporation / Representative Director and Chairman, Nidec Seimitsu Corporation / Member of the Board of Directors and Chairman, Nidec India Private Limited / Member of the Board of Directors and Chairman, Nidec Motor Corporation	Representative Director	President / Chief Operating Officer(COO) / Representative Director and Chairman, Nidec Tosok Corporation / Representative Director and Chairman, Nidec Elesys Corporation / Representative Director and Chairman, Nidec Copal Corporation / Representative Director and Chairman, Nidec Seimitsu Corporation / Member of the Board of Directors and Chairman, Nidec India Private Limited	Hiroyuki Yoshimoto	December 1, 2019

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

		<i>(Yen in millions)</i>	
	Note	As of March 31, 2019	As of December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		242,267	219,814
Trade and other receivables		371,134	422,044
Other financial assets	14	695	1,856
Income tax receivables		12,173	11,854
Inventories		255,732	290,697
Other current assets		37,547	44,411
Total current assets		919,548	990,676
Non-current assets			
Property, plant and equipment		519,752	635,381
Goodwill	8	255,200	381,404
Intangible assets	8	138,735	136,841
Investments accounted for using the equity method		2,785	3,799
Other investments	14	18,444	19,287
Other financial assets	14	6,514	8,683
Deferred tax assets		11,968	14,807
Other non-current assets		9,748	10,097
Total non-current assets		963,146	1,210,299
Total assets		1,882,694	2,200,975

(Yen in millions)

	Note	As of March 31, 2019	As of December 31, 2019
Liabilities			
Current liabilities			
Short term borrowings	14	17,394	107,846
Long term debt due within one year	14	95,339	85,809
Trade and other payables		310,644	358,621
Other financial liabilities	14	2,148	5,673
Income tax payables		13,434	30,725
Provisions		28,514	28,405
Other current liabilities		62,521	67,002
Total current liabilities		529,994	684,081
Non-current liabilities			
Long term debt	14	260,028	414,567
Other financial liabilities	14	1,887	2,056
Retirement benefit liabilities		28,886	30,382
Provisions		4,602	5,540
Deferred tax liabilities		34,999	35,721
Other non-current liabilities		2,206	8,852
Total non-current liabilities		332,608	497,118
Total liabilities		862,602	1,181,199
Equity			
Common stock		87,784	87,784
Additional paid-in capital		118,314	116,390
Retained earnings		901,235	919,696
Other components of equity		(64,779)	(82,341)
Treasury stock		(45,296)	(45,313)
Total equity attributable to owners of the parent		997,258	996,216
Non-controlling interests		22,834	23,560
Total equity		1,020,092	1,019,776
Total liabilities and equity		1,882,694	2,200,975

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

For the nine months ended December 31, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the nine months ended December 31,	
		2018	2019
Continuing operations			
Net Sales	5	1,122,413	1,159,608
Cost of sales		(849,573)	(900,966)
Gross profit		272,840	258,642
Selling, general and administrative expenses		(103,199)	(105,454)
Research and development expenses		(45,119)	(58,434)
Operating profit	5	124,522	94,754
Financial income		7,681	7,861
Financial expenses		(6,265)	(7,243)
Derivative gain (loss)		992	(783)
Foreign exchange differences		(334)	1,242
Share of net profit (loss) from associate accounting using the equity method		(373)	(1,231)
Profit before income taxes		126,223	94,600
Income tax expenses		(26,853)	(23,556)
Profit for the period from continuing operations		99,370	71,044
Discontinued operations			
Profit (loss) for the period from discontinued operations	6	4,114	(19,131)
Profit for the period		103,484	51,913
Profit for the period attributable to:			
Owners of the parent		102,842	50,507
Non-controlling interests		642	1,406
Profit for the period		103,484	51,913
Earnings (loss) per share attributable to owners of the parent			
Basic (yen)			
Continuing operations		334.69	236.63
Discontinued operations		13.95	(65.01)
Total		348.64	171.62

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the nine months ended December 31, 2018	2019
Profit for the period		103,484	51,913
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		20	(928)
Fair value movements on FVTOCI equity financial assets		(3,581)	1,444
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		10,276	(18,490)
Effective portion of net changes in fair value of cash flow hedges		(1,162)	342
Fair value movements on FVTOCI debt financial assets		4	3
Total other comprehensive income for the period, net of taxation		5,557	(17,629)
Comprehensive income for the period		109,041	34,284
Comprehensive income for the period attributable to:			
Owners of the parent		108,738	33,409
Non-controlling interests		303	875
Comprehensive income for the period		109,041	34,284

For the three months ended December 31, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the three months ended December 31,	
		2018	2019
Continuing operations			
Net Sales	5	366,966	408,331
Cost of sales		(285,553)	(318,506)
Gross profit		81,413	89,825
Selling, general and administrative expenses		(36,783)	(35,790)
Research and development expenses		(16,276)	(21,381)
Operating profit	5	28,354	32,654
Financial income		2,855	1,811
Financial expenses		(2,165)	(1,729)
Derivative gain (loss)		(931)	947
Foreign exchange differences		2,478	(2,288)
Share of net profit (loss) from associate accounting using the equity method		(111)	(438)
Profit before income taxes		30,480	30,957
Income tax expenses		(7,847)	(8,544)
Profit for the period from continuing operations		22,633	22,413
Discontinued operations			
Profit for the period from discontinued operations	6	2,025	824
Profit for the period		24,658	23,237
Profit for the period attributable to:			
Owners of the parent		24,414	23,020
Non-controlling interests		244	217
Profit for the period		24,658	23,237
Earnings per share attributable to owners of the parent			
Basic (yen)			
Continuing operations		76.08	75.42
Discontinued operations		6.88	2.80
Total		82.96	78.22

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the three months ended December 31, 2018	2019
Profit for the period		24,658	23,237
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		86	44
Fair value movements on FVTOCI equity financial assets		(3,057)	1,452
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		(31,303)	30,947
Effective portion of net changes in fair value of cash flow hedges		(605)	1,457
Fair value movements on FVTOCI debt financial assets		(4)	(1)
Total other comprehensive income for the period, net of taxation		(34,883)	33,899
Comprehensive income for the period		(10,225)	57,136
Comprehensive income for the period attributable to:			
Owners of the parent		(10,097)	56,031
Non-controlling interests		(128)	1,105
Comprehensive income for the period		(10,225)	57,136

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2018

(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		
Balance at April 1, 2018		87,784	118,136	822,589	(76,857)	(19,151)	932,501	9,890	942,391
Changes in accounting policies				199			199		199
Balance after restatement		87,784	118,136	822,788	(76,857)	(19,151)	932,700	9,890	942,590
Comprehensive income									
Profit for the period				102,842			102,842	642	103,484
Other comprehensive income					5,896		5,896	(339)	5,557
Total comprehensive income							108,738	303	109,041
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(26,134)	(26,134)	-	(26,134)
Dividends paid to the owners of the parent	12			(29,486)			(29,486)	-	(29,486)
Dividends paid to non-controlling interests							-	(81)	(81)
Share-based payment transactions			224				224	-	224
Transfer to retained earnings				(3,500)	3,500		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries							-	11,922	11,922
Other			15	(942)	2		(925)	(91)	(1,016)
Balance at December 31, 2018		87,784	118,375	891,702	(67,459)	(45,285)	985,117	21,943	1,007,060

For the nine months ended December 31, 2019

(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		
Balance at April 1, 2019		87,784	118,314	901,235	(64,779)	(45,296)	997,258	22,834	1,020,092
Changes in accounting policies	3			(407)			(407)		(407)
Balance after restatement		87,784	118,314	900,828	(64,779)	(45,296)	996,851	22,834	1,019,685
Comprehensive income									
Profit for the period				50,507			50,507	1,406	51,913
Other comprehensive income					(17,098)		(17,098)	(531)	(17,629)
Total comprehensive income							33,409	875	34,284
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(21)	(21)	-	(21)
Dividends paid to the owners of the parent	12			(32,372)			(32,372)	-	(32,372)
Dividends paid to non-controlling interests							-	(744)	(744)
Share-based payment transactions			202				202	-	202
Transfer to retained earnings				463	(463)		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries			(2,133)				(2,133)	428	(1,705)
Other			7	270	(1)	4	280	167	447
Balance at December 31, 2019		87,784	116,390	919,696	(82,341)	(45,313)	996,216	23,560	1,019,776

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	Note	For the nine months ended December 31,	
		2018	2019
Cash flows from operating activities:			
Profit for the period from continuing operations		99,370	71,044
Profit (loss) for the period from discontinued operations	6	4,114	(19,131)
Profit for the period		103,484	51,913
Adjustments to reconcile profit for the period to net cash provided by operating activities			
Depreciation and amortization		53,223	62,475
Loss (gain) from sales, disposal or impairment of property, plant and equipment		419	846
Loss from sales of discontinued operations		-	17,591
Financial expenses (income)		(1,564)	(778)
Share of net loss (profit) from associate accounting using the equity method		412	1,231
Deferred income taxes		2,949	4,999
Current income taxes		24,370	20,165
Foreign currency adjustments		8,277	1,390
Increase (decrease) in retirement benefit liability		1,699	1,392
Decrease (increase) in accounts receivable		29,461	2,922
Decrease (increase) in inventories		(32,312)	(8,649)
Increase (decrease) in accounts payable		(13,818)	10,833
Other, net		(14,751)	(14,538)
Interests and dividends received		6,975	7,201
Interests paid		(4,775)	(5,991)
Income taxes paid		(26,539)	(20,775)
Net cash provided by operating activities		137,510	132,227

(Yen in millions)

	Note	For the nine months ended December 31,	
		2018	2019
Cash flows from investing activities:			
Additions to property, plant and equipment		(90,101)	(103,762)
Proceeds from sales of property, plant and equipment		2,307	1,490
Additions to intangible assets		(8,747)	(8,399)
Proceeds from sales of discontinued operations		-	5,448
Acquisitions of business, net of cash acquired		(17,987)	(192,921)
Other, net		(4,097)	(3,518)
Net cash used in investing activities		(118,625)	(301,662)
Cash flows from financing activities:			
Increase (decrease) in short term borrowings		12,245	76,625
Proceeds from issuance of long term debt		-	64
Repayments of long term debt		(15,814)	(20,463)
Proceeds from issuance of bonds		39,642	200,000
Redemption of bonds		-	(65,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(43)	(2,583)
Purchase of treasury stock		(26,134)	(21)
Dividends paid to the owners of the parent	12	(29,486)	(32,372)
Other, net		(215)	422
Net cash (used in) provided by financing activities		(19,805)	156,672
Effect of exchange rate changes on cash and cash equivalents		(3,166)	(9,690)
Net increase (decrease) in cash and cash equivalents		(4,086)	(22,453)
Cash and cash equivalents at beginning of period		265,947	242,267
Cash and cash equivalents at end of period		261,861	219,814

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 addresses of headquarters and principal business offices are available on the Company’s website (<https://www.nidec.com/en/>).

Condensed quarterly consolidated financial statements as of December 31, 2019 and for the nine months then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC.

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

- 1) Small precision motors, which include spindle motors for hard disk drives, brushless motors, fan motors, vibration motors, brush motors and motor applications.
- 2) Automotive products, which include automotive motors and components.
- 3) Appliance, commercial and industrial products, which include home appliance, commercial and industrial motors and related products.
- 4) Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- 5) Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- 6) 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 the Regulations for Quarterly Consolidated Financial Statements, as the Company meets the criteria of a “Designated IFRS Specified Company” defined in Article 1-2 of the Regulations.

The condensed quarterly consolidated financial statements do not include all the information that must be disclosed in the annual consolidated financial statements, and therefore should be used in conjunction with the consolidated financial statements for the year ended March 31, 2019.

(2) Basis of measurement

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

(3) Presentation currency and level of rounding

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

(4) Changes in presentation

Profit or loss from business classified as discontinued operations are presented on the condensed quarterly consolidated statements of income, net of income tax expense, separately from the profit from continuing operations. Regarding business classified as discontinued operations, reclassification were made on the condensed quarterly consolidated statements of income, condensed quarterly consolidated statements of cash flows, and relevant notes to condensed quarterly consolidated financial statements for the nine months and the three months ended December 31, 2018. Cash flows from operating activities, investing activities and financial activities are presented in the total amount of continuing operations and discontinued operations cash flows in the condensed quarterly consolidated statements of cash flows.

In addition, “Payments for acquisition of interests in subsidiaries from non-controlling interests” included on the “Other, net” line of “Cash flows from financing activities” on the condensed quarterly consolidated statements of cash flows in the same period of the prior year, are presented as a separate line item in this nine-month period under review because their quantitative materiality increased. Condensed quarterly consolidated financial statements for the nine months ended December 31, 2018 contained herein have been reclassified to reflect this change in presentation. As a result, the (¥258) million reported as “Cash flows from financing activities” on the “Other, net” line of the same period of the prior year’s condensed quarterly consolidated statements of cash flows have been reclassified herein with (¥43) million on the “Payments for acquisition of interests in subsidiaries from non-controlling interests” line and (¥215) million on the “Other, net” line.

3. Significant accounting policies

With the exception of the item explained below, significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the NIDEC’s consolidated financial statements for the year ended March 31, 2019.

Income taxes for the nine months ended December 31, 2019 are computed using the estimated annual effective tax rate.

(Leases)

IFRS		Summary of new standard and amendment
IFRS 16	Leases	Revised accounting standard for leases

From the three months ended June 30, 2019, NIDEC adopted IFRS 16 “Leases”.

A contract is considered to be a lease or to contain a lease if the right to control the use of an asset identified at the inception of the contract is conveyed over a period of time in exchange for consideration. If the contract is a lease or contains a lease, the right-of-use assets and lease liabilities are included in the condensed quarterly consolidated financial statements at the commencement date of lease. In the measurement of the right-of-use assets, NIDEC adopts a cost model and indicates acquisition costs by the amount deducting the accumulated depreciation and the accumulated impairment loss. Acquisition costs include the initial measurement of lease liabilities, lease payments made at or before the commencement date of lease, and initial direct costs. The right-of-use assets are depreciated using the straight-line method over the estimated useful lives or lease terms, whichever is shorter. Lease liabilities are initially measured as the present value of the unsettled lease payments at the commencement date of lease. The lease term is determined with considering an option to extend the lease and an option to terminate the lease under the non-cancelable contract period.

Leases with a lease term of 12 months or less and leases that have a small amount of underlying assets are not recognized as the right-of-use assets and lease liabilities and are recognized over the lease term as expenses on a straight-line basis.

In applying IFRS 16, NIDEC has adopted a method whereby cumulative effects that are allowed as transitional measures are recognized as an adjustment to the opening balance of retained earnings at the date of the initial application. With regard to whether leases are contained in contracts concluded prior to the previous consolidated fiscal year, NIDEC has elected the practical expedient of IFRS 16 C3 and continues under IAS 17 “Leases” and IFRIC 4 “Determining whether an arrangement contains a Lease”. After the effective date, NIDEC determines whether leases are contained in contracts in accordance with IFRS 16. The weighted-average incremental borrowing rate for the lessee is 3.05% which is applied to the lease liabilities recognized in the consolidated statement of financial position as of the effective date.

Leases that were classified as operating leases under IAS 17 are also accounted for by the following interim measures:

- *Apply a single discount rate to a portfolio of leases with reasonably similar characteristics
- *Apply a recognition exemption for leases for which the lease term ends within 12 months
- *Exclude initial direct costs from the measurement of the right-of-use assets at the date of initial application

As a result of the adoption of IFRS 16, assets and liabilities increased by 25,211 million and 25,618 million, respectively. There was immaterial effect on operating profit and its quarterly earnings.

The following is a reconciliation of the lease liabilities recognized in the consolidated statement of financial position as of the effective date and the non-cancelable operating lease agreement disclosed by applying IAS 17 at the end of the previous consolidated fiscal year.

Non-cancelable operating lease agreements (March 31, 2019)	10,778
Finance lease liabilities recognized at the end of the previous fiscal year	1,120
Cancelable operating lease contracts, etc.	13,720
The amount of lease liabilities recognized in the consolidated statement of financial position as of the effective date	25,618

4. Significant accounting estimates, judgments and assumptions

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

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

Significant accounting estimates and judgments that accompany estimates for the condensed quarterly consolidated financial statements as of December 31, 2019 are same as those estimates and judgments for the consolidated financial statements for the year ended March 31, 2019.

5. Segment information

(Operating segment information)

The operating segments reported below are defined as components of NIDEC about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. Companies and company groups that are currently profit management units of NIDEC are identified as its reportable segments.

As noted in “6. Discontinued operations,” from the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales and operating profit of the business of compressor for refrigerator of Secop, which was included in Nidec Motor segment, have been reclassified as discontinued operations. In addition, NIDEC has partially changed its operating segment classification in the three months ended June 30, 2019. This was due to reviews of the report materials by NIDEC’s chief operating decision maker. All of Nidec Seimitsu group except Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. that were previously included in Others segment are currently included in Nidec Copal segment from the three months ended June 30, 2019.

All prior period segment information has been reclassified in accordance with current period presentation.

NIDEC’s operating segments are as follows:

Name	Outline of operating segment
1. Nidec Corporation	Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors, automotive products and machinery.
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, which primarily sells 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 components and other small precision motors.
6. Nidec Copal	Nidec Copal Corporation, a subsidiary in Japan, and other consolidated subsidiaries, which primarily produce and sell electronic and optical components and 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 home appliance, 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. This segment also includes Embraco Industria de Compressores e Solucoes em Refrigeracao Ltda. which was newly consolidated in the three months ended September 30, 2019.
9. Nidec Motors & Actuators	Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe, North America and South America, and other manufacturing subsidiaries in 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. This segment also includes NIDEC MOBILITY CORPORATION which was newly consolidated in the three months ended December 31, 2019.

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

Net sales to external customers:

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Nidec Corporation	24,838	23,791
Nidec Electronics (Thailand)	84,332	75,033
Nidec Singapore	37,226	22,461
Nidec (H.K.)	97,967	97,198
Nidec Sankyo	116,045	102,389
Nidec Copal	33,043	25,880
Nidec Techno Motor	59,137	56,834
Nidec Motor	310,706	359,026
Nidec Motors & Actuators	207,296	205,099
Others	151,823	191,897
Consolidated net sales	1,122,413	1,159,608

(Note) The above amounts no longer include discontinued operations.

(Yen in millions)

	For the three months ended December 31,	
	2018	2019
Nidec Corporation	8,660	8,881
Nidec Electronics (Thailand)	24,243	25,843
Nidec Singapore	11,759	7,797
Nidec (H.K.)	36,123	35,971
Nidec Sankyo	38,516	33,684
Nidec Copal	11,416	7,293
Nidec Techno Motor	17,539	17,120
Nidec Motor	102,909	129,199
Nidec Motors & Actuators	66,186	66,413
Others	49,615	76,130
Consolidated net sales	366,966	408,331

(Note) The above amounts no longer include discontinued operations.

Net sales to other operating segments:

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Nidec Corporation	148,396	115,310
Nidec Electronics (Thailand)	14,329	9,603
Nidec Singapore	386	392
Nidec (H.K.)	1,862	1,991
Nidec Sankyo	1,985	3,934
Nidec Copal	8,210	13,816
Nidec Techno Motor	4,746	4,019
Nidec Motor	510	408
Nidec Motors & Actuators	22,377	29,239
Others	152,403	123,259
Total	355,204	301,971
Intersegment elimination	(355,204)	(301,971)
Consolidated net sales	-	-

(Note) The above amounts no longer include discontinued operations.

(Yen in millions)

	For the three months ended December 31,	
	2018	2019
Nidec Corporation	51,918	43,259
Nidec Electronics (Thailand)	4,610	3,803
Nidec Singapore	106	133
Nidec (H.K.)	572	910
Nidec Sankyo	950	823
Nidec Copal	2,667	2,520
Nidec Techno Motor	1,577	1,563
Nidec Motor	44	167
Nidec Motors & Actuators	7,686	10,444
Others	54,092	45,924
Total	124,222	109,546
Intersegment elimination	(124,222)	(109,546)
Consolidated net sales	-	-

(Note) The above amounts no longer include discontinued operations.

Segment profit/loss:*(Yen in millions)*

	For the nine months ended December 31,	
	2018	2019
Nidec Corporation	16,881	1,623
Nidec Electronics (Thailand)	13,726	10,762
Nidec Singapore	617	364
Nidec (H.K.)	782	690
Nidec Sankyo	13,704	7,591
Nidec Copal	(314)	2,350
Nidec Techno Motor	7,808	9,008
Nidec Motor	23,257	18,579
Nidec Motors & Actuators	29,519	27,781
Others	35,520	28,940
Total	141,500	107,688
Elimination and Corporate (Note)	(16,978)	(12,934)
Operating profit	124,522	94,754
Financial income	1,416	618
Derivative gain (loss)	992	(783)
Foreign exchange differences	(334)	1,242
Share of net profit (loss) from associate accounting using the equity method	(373)	(1,231)
Profit before income taxes	126,223	94,600

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥13,767 million and ¥14,622 million for the nine months ended December 31, 2019 and 2018, respectively. The corporate expenses include basic research expenses and head office expenses.

2. The above amounts no longer include discontinued operations.

(Yen in millions)

	For the three months ended December 31,	
	2018	2019
Nidec Corporation	4,069	1,406
Nidec Electronics (Thailand)	3,780	4,104
Nidec Singapore	199	103
Nidec (H.K.)	417	169
Nidec Sankyo	3,062	2,028
Nidec Copal	(1,612)	615
Nidec Techno Motor	2,386	2,823
Nidec Motor	2,383	4,358
Nidec Motors & Actuators	7,744	8,063
Others	11,616	13,109
Total	34,044	36,778
Elimination and Corporate (Note)	(5,690)	(4,124)
Operating profit	28,354	32,654
Financial income	690	82
Derivative gain (loss)	(931)	947
Foreign exchange differences	2,478	(2,288)
Share of net profit (loss) from associate accounting using the equity method	(111)	(438)
Profit before income taxes	30,480	30,957

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥4,348 million and ¥4,572 million for the nine months ended December 31, 2019 and 2018, respectively. The corporate expenses include basic research expenses and head office expenses.

2. The above amounts no longer include discontinued operations.

(Supplemental Information)

Net sales by type of product are as follows:

As noted in “6. Discontinued operations,” from the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales of the business of compressor for refrigerator of Secop, which was included in Appliance, commercial and industrial products, have been reclassified as discontinued operations.

All prior period net sales have been reclassified in accordance with current period presentation.

Net sales by type of product

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Small precision motors:		
Hard disk drives spindle motors	142,153	117,185
Other small precision motors	201,100	217,747
Subtotal	343,253	334,932
Automotive products	223,766	243,021
Appliance, commercial and industrial products	370,851	417,580
Machinery	124,946	115,213
Electronic and optical components	56,166	45,400
Other products	3,431	3,462
Consolidated net sales	1,122,413	1,159,608

(Yen in millions)

	For the three months ended December 31,	
	2018	2019
Small precision motors:		
Hard disk drives spindle motors	42,050	39,571
Other small precision motors	72,248	75,551
Subtotal	114,298	115,122
Automotive products	71,862	92,189
Appliance, commercial and industrial products	120,860	147,000
Machinery	39,533	38,233
Electronic and optical components	19,198	14,595
Other products	1,215	1,192
Consolidated net sales	366,966	408,331

- (Notes) 1. “Small precision motors” consists of “hard disk drives spindle motors” and “other small precision motors”. “Other small precision motors” consists of brushless motors, fan motors, vibration motors, brush motors, motor and applications, etc.
“Automotive products” consists of automotive motors and components.
“Appliance, commercial and industrial products” consists of home appliance, commercial and industrial motors and related products.
“Machinery” consists of industrial robots, card readers, test systems, press machines and power transmission drives, etc.
“Electronic and optical components” consists of switches, trimmer potentiometers, lens units and camera shutters, etc.
“Other products” consists of services, etc.
2. The above amounts no longer include discontinued operations.

6. Discontinued Operations

NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of the compressor business (“Embraco”) of Whirlpool Corporation by European Commission. In accordance with this order, on April 12, 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on condensed quarterly consolidated statements of income. NIDEC sold Secop to ESSVP IV L.P., ESSVP IV (Structured) L.P., and Silenos GmbH & Co. KG (collectively “ESSVP IV”), advised by Orlando Management AG (the “Transaction”) on September 9, 2019. Some costs to sell will occur in the future.

(1) Main reason for the Transaction

NIDEC is actively moving forward with the development of new growth platforms with particular emphasis on appliance, commercial and industrial motors and solutions. As Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators, from the acquisition of Secop in 2017, NIDEC’s appliance motor business in Global Appliance Division has expanded further into the refrigeration market. However, on April 12, 2019, NIDEC acquired a conditional approval of the European Commission in connection with NIDEC’s acquisition of Embraco from Whirlpool Corporation and NIDEC decided to sell Secop. In addition, NIDEC acquired an approval of the European Commission that ESSVP IV is the appropriate purchaser of Secop and acquired the European Commission’s approval of the acquisition of Embraco on June 26, 2019. The Transaction is made following NIDEC’s commitment to the European Commission to sell Secop to a suitable purchaser as a condition for the European Commission’s approval.

(2) Name of the transferee company and date of the Transaction

Name of the transferee company	ESSVP IV
Date of the Transaction	September 9, 2019

(3) Name of the company to be transferred, major business and name of operating segment

Name of the company	Secop
Major business	Compressor business for refrigerator
Name of operating segment	Nidec Motor

(4) Transition of ownership ratio for the company

Ownership ratio before the transfer	100%
Transferred ownership ratio	100%
Ownership ratio after the transfer	-

(5) Profit (loss) for the period from discontinued operations

	For the nine months ended December 31,	
	2018	2019
Net Sales	31,893	1,143
Recognized loss due to measuring assets held for sale at fair value less costs	-	(17,591)
Other profit (loss)	(27,314)	(1,075)
Profit (loss) before income taxes from discontinued operations	4,579	(17,523)
Income tax expenses	(465)	(1,501)
Recognized loss due to measuring assets held for sale at fair value less costs and amounts related to the sales	-	(107)
Total income tax expenses	(465)	(1,608)
Profit (loss) for the period from discontinued operations	4,114	(19,131)

(Notes)1. On April 12, 2019, Secop was excluded from consolidation due to loss of control.

2. Various conditions for sales of Secop are based on the forecasts as of December 31, 2019, therefore the final loss amount on the sales may change in the future due to the purchase price adjustment and other factors.

(6) Cash flows from the discontinued operations

	For the nine months ended December 31,	
	2018	2019
Net cash provided (used in) by operating activities	4,278	(0)
Net cash (used in) provided by investing activities	(3,698)	5,448
Net cash used in financing activities	(905)	-
Total	(325)	5,448

(Note)1. On April 12, 2019, Secop was excluded from consolidation due to loss of control.

2. Net cash provided by investing activities for the nine months ended December 31, 2019 includes net cash related to sales of Secop as of December 31, 2019.

(7) Details of the sales

Consideration for the sales	
Conditional consideration	8,896
Costs to sell	(1,035)
Total consideration after deducting costs to sell	7,861
Transferred equity	
Equity as of the date when NIDEC loss of control	(27,502)
Changed amounts until the sales completed	2,050
Total transferred equity	(25,452)
Income tax expenses	(107)
Loss from the sales after income tax	(17,698)

(Note) Various conditions for sales of Secop are based on the forecasts as of December 31, 2019, therefore the final loss amount on the sales may change in the future due to the purchase price adjustment and other factors.

7. Business combination and loss of control

On July 1, 2019, Brazil time, NIDEC has acquired 100% of equity shares of Embraco of Whirlpool Corporation from the shareholders for cash of ¥122,401 million. Embraco develops, manufactures and sells refrigeration compressors and electronic components. NIDEC is able to strengthen its refrigeration compressor business through expanding its product portfolio and sales areas. In addition to Embraco's excellent technologies for DC compressors, NIDEC's best in class brushless DC motor technology is expected to be utilized widely.

On October 31, 2019, NIDEC has acquired 100% of OMRON Automotive Electronics Co. Ltd. ("NIDEC MOBILITY CORPORATION") and some foreign subsidiaries which OMRON Corporation owns, and the automotive electronic components business for cash of ¥105,575 million. NIDEC MOBILITY CORPORATION manufactures and sells automotive electronics components and systems. NIDEC will be able to create new module and system products by combining NIDEC group's motors, pumps, gears, etc. with NIDEC MOBILITY CORPORATION's products including electronic control units (ECU) and other electronics products. Furthermore, NIDEC MOBILITY CORPORATION, which has strengths in laser radar and driver monitoring systems, and Nidec Elesys will cooperate to provide a wide variety of sensor products which support autonomous driving technologies.

On November 27, 2019, NIDEC has acquired 90% ownership of Roboteq, Inc. ("Roboteq"), a U.S company, from the shareholders for cash of ¥1,744 million. Roboteq designs, manufactures and sells the ultra-low voltage (ULV) drives. NIDEC will be able to provide AGV customers with ULV drives in addition to its servo motors and precision gear box offerings, and to act as a single vendor that can offer full motor control system support to customers. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

Fair values of assets acquired and liabilities assumed of the acquired businesses as of the acquisition date are as follows:

(Yen in millions)

	Embraco	NIDEC MOBILITY CORPORATION	Others
Current assets			
Cash and cash equivalents	12,804	24,348	108
Trade and other receivables	36,495	17,870	31
Inventories	23,177	11,315	131
Other current assets	3,422	6,989	2
Non-current assets			
Property, plant and equipment	39,598	30,790	-
Other non-current assets	3,409	5,349	57
Acquired assets at fair value	118,905	96,661	329
Current liabilities			
Short term borrowings	8,144	6,856	-
Trade and other payables	42,497	20,231	17
Other current liabilities	8,586	28,935	0
Non-current liabilities			
Other non-current liabilities	4,260	4,312	57
Assumed liabilities at fair value	63,487	60,334	74
Acquired assets and assumed liabilities at fair value (net amount)	55,418	36,327	255
Non-controlling interests	-	-	25
Goodwill	66,982	69,795	1,515

Goodwill is mainly the reflection of excess earning power and synergies with the existing business expected from future business evolution.

The acquired assets and assumed liabilities shown above are being assessed and measured based on preliminary estimate at acquisition date. Main objects of the assessment and the measurement are inventories, property, plant and equipment, and intangible assets.

Net sales and profit attributable to owners of the parent for the nine months ended December 31, 2019 include the net sales and profit of the business acquired from Embraco for the period subsequent to July 1 2019, ¥62,199 million and ¥2,447 million respectively. And the net sales and profit of the business acquired from NIDEC MOBILITY CORPORATION for the period subsequent to October 31, 2019, ¥18,088 million and ¥1,134 million are included respectively.

There is no amount of goodwill that is deductible for tax purpose.

The amount of acquisition-related costs of these business combinations are ¥1,185 million and ¥570 million respectively, which are recognized in “Selling, general and administrative expenses”.

Supplemental information of the combined entity for the current reporting period, as though this business combination occurred as of April 1, 2019, is as follows (non-audited):

	Nine months ended December 31, 2019
Net sales from continuing operations (Yen in millions)	1,258,162
Profit for the year attributable to owners of the parent (Yen in millions)	53,280
Earnings per share attributable to owners of the parent	
Basic (Yen)	181.04
Diluted (Yen)	-

Purchase price allocation to the assets and the liabilities

During the three months ended September 30, 2019, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Chaun-Choung Technology Corp., MS-Graessner GmbH & Co. KG, and its group companies in the previous fiscal year. Furthermore, during the three months ended December 31, 2019, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Systeme + Steuerungen GmbH and its group companies (currently, Nidec SYS GmbH) in the previous fiscal year. NIDEC’s consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Effect on the consolidated statement of financial position as of March 31, 2019 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Retrospective amendment
Non-current assets	
Property, plant and equipment	2,273
Intangible assets	12,231
Other non-current assets	157
Acquired assets at fair value	14,661
Non-current liabilities	
Deferred tax liabilities	3,248
Assumed liabilities at fair value	3,248
Acquired assets and assumed liabilities at fair value (net amount)	11,413
Goodwill	(7,111)

For further information on the changes in goodwill, refer to “8. Goodwill and intangible assets”. Details of the intangible assets in above table are as follows:

(Yen in millions)

	Weighted average amortization period	Retrospective amendment
Trademark	No amortization	436
Customer relationships	20 years	11,358
Proprietary technology	10 years	437

Effect on the consolidated statement of income for the year ended March 31, 2019 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Retrospective amendment
Operating profit	(557)
Profit before income taxes	(557)
Profit for the year attributable to owners of the parent	(371)

Effect on the condensed quarterly consolidated statement of income for the six months ended September 30, 2019 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Retrospective amendment
Operating profit	(107)
Profit before income taxes	(107)
Profit for the year attributable to owners of the parent	(74)

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2019 and nine months ended December 31, 2019, 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, 2019.

Loss of control

NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of Embraco by European Commission. In accordance with this order, on April 12, 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on condensed quarterly consolidated statements of income. On September 9, 2019, NIDEC completed share transfer of Secop and there was ¥19,131 million of the loss from discontinued operations for the nine months ended December 31, 2019. The loss amount on the sales recognized with the loss of control is ¥17,591 million for the nine months ended December 31, 2019. The loss amount on the sales is included in “Loss for the period from discontinued operations” in the condensed quarterly consolidated statements of income.

The breakdown of Secop’s assets and liabilities as of the date when NIDEC lost control over it are as follows:

(Yen in millions)

Current assets	
Cash and cash equivalents	601
Trade and other receivables	9,655
Other financial assets	2,661
Income tax receivables	12
Inventories	4,347
Other current assets	1,664
Non-current assets	
Property, plant and equipment	13,394
Goodwill	9,946
Intangible assets	2,945
Total assets	45,225
Current liabilities	
Long term debt due within one year	1,284
Trade and other payables	8,090
Income tax payables	287
Provisions	1,094
Other current liabilities	1,197
Non-current liabilities	
Long term debt	2,024
Other financial liabilities	21
Retirement benefit liabilities	501
Provisions	405
Deferred tax liabilities	2,819
Other non-current liabilities	1
Total liabilities	17,723

For further information on the changes in goodwill, refer to “8. Goodwill and intangible assets”.

Cash flow resulting from loss of control was ¥5,448 million, which is included in “Proceeds from sales of discontinued operations” from investing activities in condensed quarterly consolidated statements of cash flows.

8. Goodwill and intangible assets

Changes in the carrying amounts of goodwill are as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Balance at beginning of period		
Goodwill	234,915	255,200
Acquisitions through business combinations	6,712	138,537
Sales or disposals	-	(9,471)
Translation adjustments and others	1,901	(2,862)
Balance at end of period		
Goodwill	243,528	381,404

Intangible assets subject to amortization are as follows:

(Yen in millions)

	As of March 31, 2019		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Customer relationships	91,552	(29,642)	61,910
Proprietary technology	19,369	(7,026)	12,343
Software	29,568	(18,698)	10,870
Capitalized development costs	15,793	(910)	14,883
Others	9,040	(5,270)	3,770
Total	165,322	(61,546)	103,776

(Yen in millions)

	As of December 31, 2019		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Customer relationships	82,116	(26,451)	55,665
Proprietary technology	16,688	(5,651)	11,037
Software	32,927	(19,116)	13,811
Capitalized development costs	19,797	(1,626)	18,171
Others	7,497	(4,230)	3,267
Total	159,025	(57,074)	101,951

Total amortization of intangible assets for the year ended March 31, 2019 and for the nine months ended December 31, 2019 amounted to ¥10,430 million and ¥8,115 million, respectively. Total indefinite lived intangible assets amounted to ¥34,959 million and ¥34,890 million as of March 31, 2019 and December 31, 2019, respectively.

9. Bonds

For the nine months ended December 31, 2018

Summary of the terms of issued bonds is as follows:

Company name	Description	Issued date	Total amount of issuance	Interest rate(%)	Maturity date
Nidec Corporation	Euro-Denominated Senior Unsecured Bonds Due 2021	September 27,2018	300 million euro	0.487	September 27, 2021

For the nine months ended December 31, 2019

Summary of the terms of issued bonds is as follows:

Company name	Description	Issued date	Total amount of issuance (Yen in millions)	Interest rate(%)	Maturity date
Nidec Corporation	The Eighth Series of Domestic Unsecured Bonds	July 19, 2019	100,000	0.100	July 19, 2024
Nidec Corporation	The Ninth Series of Domestic Unsecured Bonds (Green Bond)	November 28, 2019	50,000	0.020	November 28, 2022
Nidec Corporation	The Tenth Series of Domestic Unsecured Bonds (Green Bond)	November 28, 2019	30,000	0.090	November 28, 2024
Nidec Corporation	The Eleventh Series of Domestic Unsecured Bonds (Green Bond)	November 28, 2019	20,000	0.150	November 27, 2026

Summary of the terms of redeemed bonds is as follows:

Company name	Description	Issued date	Total amount of issuance (Yen in millions)	Interest rate(%)	Maturity date
Nidec Corporation	The Second Series of Domestic Unsecured Bonds	November 13, 2012	15,000	0.595	September 20, 2019
Nidec Corporation	The Fifth Series of Domestic Unsecured Bonds	November 25, 2016	50,000	0.001	November 25, 2019

10. Employee benefits

The amounts of net periodic benefit cost in pension and severance plans for the nine months ended December 31, 2018 and 2019 are as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Net periodic pension cost for defined benefit plans:		
Current service cost	2,426	2,810
Interest cost (net)	493	443
Net periodic pension cost for defined benefit plans	2,919	3,253
Payments to defined contribution pension plans	2,032	2,184

11. Related party transactions

Transactions with related parties for the nine months ended December 31, 2018 and 2019 are as follows:

Sales of goods and services

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Related parties		
S.N. Kosan, LLC.*1	-	-
Nagamori Foundation*2	9	9
Nagamori Gakuen Educational Foundation*3,*4	31	47

(Notes)*1. NIDEC's directors and other officers, and their close relatives own a majority of voting rights of S.N. Kosan, LLC.

*2. A director of NIDEC concurrently serves as president of Nagamori Foundation.

*3. A director of NIDEC concurrently serves as chairman of the board of trustees of Nagamori Gakuen Educational Foundation.

*4. Kyoto Gakuen Educational Foundation has changed the name to Nagamori Gakuen Educational Foundation on April 1, 2019.

Sales of goods and services to related parties are entered into on terms consistent with third-party transactions and considering market prices.

Purchase of goods and services

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Related parties		
S.N. Kosan, LLC.	11	10
Green Kosan, LLC.*5	92	88

(Note)*5. A director of NIDEC concurrently serves as representative member of Green Kosan, LLC.

Purchase of goods and services from related parties are entered into on terms consistent with third-party transactions and considering market prices.

Outstanding balances arising from sales and purchases of goods and services

(Yen in millions)

	March 31, 2019	December 31, 2019
Receivables from related parties		
S.N. Kosan, LLC.	1	1
Nagamori Foundation	0	0
Nagamori Gakuen Educational Foundation	4	8
Payables to related parties		
S.N. Kosan, LLC.	-	0
Green Kosan, LLC.	-	25

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2019 and December 31, 2019. In addition, there were no expenses recognized during the years ended March 31, 2019 and the nine months ended December 31, 2019 in respect of receivables from related parties.

12. Dividends

Dividends declared and paid to the ordinary shareholders are as follows:

For the nine months ended December 31, 2018

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 28, 2018 Board of directors	Ordinary shares	14,798	50	March 31, 2018	June 4, 2018
October 23, 2018 Board of directors	Ordinary shares	14,719	50	September 30, 2018	December 3, 2018

(Note) In the above table, total dividends resolved at the board of directors on October 23, 2018 included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

For the nine months ended December 31, 2019

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 24, 2019 Board of directors	Ordinary shares	16,191	55	March 31, 2019	June 3, 2019
October 23, 2019 Board of directors	Ordinary shares	16,191	55	September 30, 2019	December 2, 2019

(Note) 1. In the above table, total dividends resolved at the board of directors on May 24, 2019 included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

2. In the above table, total dividends resolved at the board of directors on October 23, 2019 included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

13. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent - basic is as follows:

“Earnings per share attributable to owners of the parent - diluted” are not presented because there were no securities with dilutive effect outstanding.

	For the nine months ended December 31,	
	2018	2019
Profit attributable to owners of the parent (Yen in millions)	102,842	50,507
Profit from continuing operations attributable to owners of the parent (Yen in millions)	98,728	69,638
Profit (loss) from discontinued operations attributable to owners of the parent (Yen in millions)	4,114	(19,131)
Weighted average shares (Shares)	294,979,958	294,293,374
Earnings per share attributable to owners of the parent - basic (Yen)	348.64	171.62
Earnings per share from continuing operations (Yen)	334.69	236.63
Earnings (loss) per share from discontinued operations (Yen)	13.95	(65.01)

	For the three months ended December 31,	
	2018	2019
Profit attributable to owners of the parent (Yen in millions)	24,414	23,020
Profit from continuing operations attributable to owners of the parent (Yen in millions)	22,389	22,196
Profit from discontinued operations attributable to owners of the parent (Yen in millions)	2,025	824
Weighted average shares (Shares)	294,294,926	294,292,992
Earnings per share attributable to owners of the parent - basic (Yen)	82.96	78.22
Earnings per share from continuing operations (Yen)	76.08	75.42
Earnings per share from discontinued operations (Yen)	6.88	2.80

In the calculation of “Earnings per share attributable to owners of the parent - basic”, the Company’s shares owned by the BIP Trust and the ESOP Trust are included in treasury stock. Therefore, the number of those shares is deducted from calculating the number of “Weighted average shares”

14. 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: Quoted prices for identical assets or liabilities in active markets;
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, inputs that are corroborated by observable market data by correlation or other means; and
- Level 3: Unobservable inputs for the asset or liability.

For recurring fair value measurements of assets and liabilities, NIDEC reviews whether there are transfers between levels of the fair value hierarchy at the end of the period by reassessing the level to be applied to the asset or liability for measuring its fair value.

Fair values of financial instruments measured at amortized cost

(Yen in millions)

	As of March 31, 2019		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	96	96	156	156
Long term investments	27	27	29	29
Short term loans receivable	36	36	46	46
Long term loans receivable	143	138	172	168
Short term borrowings	(17,394)	(17,394)	(107,846)	(107,846)
Long term debt (including long term debt due within one year and excluding the lease liabilities and corporate bonds)	(116,902)	(117,194)	(99,550)	(99,742)
Corporate bonds (including corporate bonds due within one year)	(237,345)	(238,151)	(371,560)	(371,828)

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

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

In the normal course of business, substantially all short term investments (time deposits), short term loans 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 trust funding which is contributed for the performance-linked share-based compensation plan and are classified as Level 2. The fair value of long term investments is estimated by discounting expected future cash flows to their present values.

(3) Long term loans receivable

The fair value of long term loans receivable is estimated by discounting expected future cash flows to their present values and classified as Level 2.

(4) Long term debt

The fair value of long term debt (including long term debt due within one year and excluding the lease liabilities and corporate bonds) is estimated based on the present value of future repayment amounts by discounting at NIDEC's expected incremental borrowing rates for similar liabilities and classified as Level 2.

(5) Corporate bonds

The fair value of bonds issued by NIDEC (including corporate bonds due within one year) 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 fair values of “cash and cash equivalents”, “trade and other receivables” and “trade and other payables” approximate their carrying amounts because of the short maturity of these instruments. Therefore, the table described above excludes these financial instruments.

Breakdown of financial instruments measured at fair value on a recurring basis by 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 and financial liabilities categorized by the levels of the fair value hierarchy used in the analysis is as follows:

As of March 31, 2019

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other investment securities				
FVTOCI equity financial assets	16,122	-	1,672	17,794
FVTOCI debt financial assets	-	150	-	150
Derivatives	231	2,600	-	2,831
Total financial assets	16,353	2,750	1,672	20,775
Liabilities				
Derivatives	50	503	-	553
Total financial liabilities	50	503	-	553

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019

As of December 31, 2019

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other investment securities				
FVTOCI equity financial assets	17,215	-	1,922	19,137
FVTOCI debt financial assets	-	150	-	150
Derivatives	392	3,314	-	3,706
Total financial assets	17,607	3,464	1,922	22,993
Liabilities				
Derivatives	137	1,115	-	1,252
Total financial liabilities	137	1,115	-	1,252

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the nine months ended December 31, 2019.

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 forward 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 shares. Fair values of those unlisted shares are calculated by discounted cash flow method, etc. 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 reconciliation of financial instruments categorized as Level 3 is as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2018	2019
Balance at beginning of period	1,390	1,672
Gains or losses:		
Recognized in other comprehensive income (Note)	42	66
Purchases	15	189
Sales	(8)	(11)
Acquisitions through business combinations	127	6
Balance at end of period	1,566	1,922

(Note) Those are included in “fair value movements on FVTOCI equity financial assets” and “foreign currency translation adjustments” in the condensed quarterly consolidated statements of other comprehensive income.

15. Events after the reporting period

(1) Stock split and amendment to Articles of Incorporation related to stock split

On February 8, 2020, the Company's Board of Directors resolved to implement a stock split and to amend the Company's Articles of Incorporation relating to the stock split.

1) Purposes of the stock split

The purposes of the stock split is to enhance the liquidity of the Company's common stock and expand its investor base by reducing the trading price per share of the Company's common stock.

2) Outline of the stock split

(a) Method of the stock split

Each of the shares of the Company's common stock held by shareholders included or recorded in the final register of shareholders as of the record date of March 31, 2020 will be split into two shares.

(b) Increase in number of shares in connection with the stock split

Total issued shares prior to stock split:	298,142,234 shares
Increase in shares in connection with stock split:	298,142,234 shares
Total issued shares following stock split:	596,284,468 shares
Total number of shares authorized to be issued following stock split:	1,920,000,000 shares

(c) Schedule for the stock split

Public notice of record date	March 13, 2020
Record date	March 31, 2020
Effective date	April 1, 2020

3) Effect on per share data

Per share data for the previous and current year calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year is follows:

	For the nine months ended December 31,	
	2018	2019
Earnings per share attributable to owners of the parent- basic		
Earnings per share from continuing operations (Yen)	167.35	118.31
Earnings (loss) per share from discontinued operations (Yen)	6.97	(32.50)

	For the three months ended December 31,	
	2018	2019
Earnings per share attributable to owners of the parent- basic		
Earnings per share from continuing operations (Yen)	38.04	37.71
Earnings per share from discontinued operations (Yen)	3.44	1.40

4) Amendment to the Article of Incorporation

(a) Purpose of the amendment

Effective April 1, 2020, the total number of shares of the Company's common stock authorized to be issued under Article 6 of the Company's Article of Incorporation will be changed pursuant to Article 184, Paragraph 2, of the Companies Act of Japan in connection with the planned stock split.

(b) Details of the amendment

Current Article 6	Amended Article 6
Article 6 (Total number of shares the Company is authorized to issue) Total number of shares that can be issued shall be 960 million shares.	Article 6 (Total number of shares the Company is authorized to issue) Total number of shares that can be issued shall be 1,920 million shares.

(c) Schedule for the amendment

Effective date of the Amendment April 1, 2020

(2) Own share repurchase

On January 23, 2020, 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. And on February 8, 2020, the Company's Board of Directors resolved that the "Total number of shares to be repurchased" under the Company's share repurchase program shall be modified in connection with the planned stock split.

1. Class of shares:	Common stock
2. Total number of shares to be repurchased:	Up to 8,000,000 shares (1.36% of total number of shares issued excluding treasury stock)
3. Total repurchase amount:	Up to 50 billion yen
4. Period of repurchase:	From January 24, 2020 to January 22, 2021

16. Authorization of condensed quarterly consolidated financial statements

NIDEC's condensed quarterly consolidated financial statements were authorized for issue on February 13, 2020 by Hiroyuki Yoshimoto, Representative Director, President and Chief Operating Officer and Takeaki Ishii, Senior Vice President and Chief Financial Officer.

2. Other

On October 23, 2019, the Company's Board of Directors resolved to pay cash dividends to shareholders as of September 30, 2019 as follows:

- (1) Total amount of dividends:¥16,191 million
- (2) Amount per share:¥55.00
- (3) Effective date of claim of payment and start date of payment:December 2, 2019

Part II Information on Guarantors, etc. for the Company

Not applicable.