

[Translation]

Quarterly Report

(The Second Quarter of 47th Business Term)

From July 1, 2019 to September 30, 2019

NIDEC CORPORATION

CONTENTS

CONTENTS

Cover	1
Part I Information on the Company	2
I. Overview of the Company	2
1. Key Financial Data	2
2. Description of Business	3
II. Business Overview	4
1. Risk Factors	4
2. Management Analysis of Financial Position, Operating Results and Cash Flows	4
3. Material Agreements, etc.	11
III. Information on the Company	12
1. Information on the Company's Shares, etc.	12
(1) Total number of shares, etc.	12
(2) Information on the share acquisition rights, etc.	12
(3) Information on moving strike convertible bonds, etc.	12
(4) Changes in the total number of issued shares, common stock, etc.	12
(5) Major shareholders	13
(6) Information on voting rights	14
2. Members of the Board of Directors and Members of the Audit & Supervisory Board	15
IV. Condensed Quarterly Consolidated Financial Statements and Other Information	16
1. Condensed Quarterly Consolidated Financial Statements	16
2. Other	50
Part II Information on Guarantors, etc. for the Company	51

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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 six months ended September 30,		For the year ended March 31, 2019
	2018	2019	
Net sales	755,447 [383,224]	751,277 [390,403]	1,475,436
Profit before income taxes	95,743	63,750	130,646
Profit attributable to owners of the parent	78,428 [41,141]	27,561 [24,154]	110,519
Comprehensive income attributable to owners of the parent	118,835	(22,562)	119,274
Total equity attributable to owners of the parent	1,010,766	956,953	997,355
Total assets	1,895,454	1,979,416	1,882,458
Earnings per share attributable to owners of the parent - basic (yen)	265.57 [139.50]	93.65 [82.07]	374.89
Earnings per share attributable to owners of the parent - diluted (yen)	-	-	-
Ratio of total equity attributable to owners of the parent to total assets (%)	53.3	48.3	53.0
Net cash provided by operating activities	96,348	73,848	170,233
Net cash used in investing activities	(72,473)	(180,360)	(160,844)
Net cash provided by (used in) financing activities	(18,266)	74,157	(32,683)
Cash and cash equivalents at end of period	277,488	193,284	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 six months ended September 30, 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 six months ended September 30, 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 six months ended September 30, 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 six months ended September 30, 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 September 30, 2019.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the six months ended September 30, 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 six months ended September 30, 2019, the global economy saw the U.S. economy, which had continued its expansion, begin to show signs of slowdown, as indicated by the September ISM Manufacturing Report on Business, which reported the lowest level since June 2009, the month immediately after the end of the 2008 financial crisis, due to several factors including the ongoing trade friction between the U.S. and China. This circumstance prompted the Federal Reserve Board (FRB) to cut interest rates twice, in July and September respectively, and there remains a possibility of further rate cuts ahead of next year’s U.S. presidential election. In the meantime, China is being plagued by its sluggish manufacturing and retail industries and the aforementioned trade dispute with the U.S., while in Europe, its central bank, the ECB, cut interest rates in September for the first time in three and a half years out of concern for a possible economic slowdown on the continent, and political entanglements persist in the U.K. over its withdrawal from the European Union (the Brexit). Under these circumstances, the future of the Japanese economy remains uncertain with prolonged anxieties based on, among other factors, the impacts of the ongoing U.S.-China trade dispute, the strong yen caused by the interest rate cuts in Europe and the U.S., and the impacts of the recent consumption tax hike.

It was under such an environment that NIDEC (Nidec Corporation and its consolidated subsidiaries) continues to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit of ¥300 billion based on our mid-term strategic goal, “Vision 2020”.

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 ¥19,955 million of the loss from discontinued operations for the six months ended September 30, 2019.

The following table sets forth consolidated operating results for the six months ended September 30, 2019:

(Yen in millions)

	For the six months ended September 30,		Increase or decrease	Ratio of change
	2018	2019		
Net sales	755,447	751,277	(4,170)	(0.6)%
Operating profit	96,168	62,207	(33,961)	(35.3)%
Operating profit ratio	12.7%	8.3%	-	-
Profit before income taxes	95,743	63,750	(31,993)	(33.4)%
Profit for the period from continuing operations	76,737	48,705	(28,032)	(36.5)%
Profit (loss) for the period from discontinued operations	2,089	(19,955)	(22,044)	-
Profit attributable to owners of the parent	78,428	27,561	(50,867)	(64.9)%

Consolidated net sales from continuing operations decreased 0.6% to ¥751,277 million for the six months ended September 30, 2019 (“this six-month period”), compared to the six months ended September 30, 2018 (“the same period of the prior year”). Operating profit decreased 35.3% to ¥62,207 million compared to the same period of the prior year due to having recognized such approximately ¥8,500 million additional expenses as the upfront investment cost for the development and launch of products including traction motor systems (E-Axle) of which demand is rapidly expanding as well as approximately ¥3,000 million of the additional temporary cost of acquisition of Embraco to promote our modularization strategy, and others. Profit before income taxes decreased 33.4% to ¥63,750 million and profit for the period from continuing operations decreased 36.5% to ¥48,705 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 64.9% to ¥27,561 million, due to the sales of the business of compressor for refrigerator of Secop.

The following table sets forth operating results by segment:

(Yen in millions)

	For the six months ended September 30,					
	Net sales			Operating profit		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Nidec Corporation	112,656	86,961	(25,695)	12,812	217	(12,595)
Nidec Electronics (Thailand)	69,808	54,990	(14,818)	9,946	6,658	(3,288)
Nidec Singapore	25,747	14,923	(10,824)	418	261	(157)
Nidec (H.K.)	63,134	62,308	(826)	365	521	156
Nidec Sankyo	78,564	71,816	(6,748)	10,642	5,563	(5,079)
Nidec Copal	27,170	29,883	2,713	1,298	1,735	437
Nidec Techno Motor	44,767	42,170	(2,597)	5,422	6,185	763
Nidec Motor	208,263	230,068	21,805	20,874	14,221	(6,653)
Nidec Motors & Actuators	155,801	157,481	1,680	21,775	19,718	(2,057)
Others	200,519	193,102	(7,417)	23,904	15,938	(7,966)
Elimination/corporate	(230,982)	(192,425)	38,557	(11,288)	(8,810)	2,478
Consolidated total	755,447	751,277	(4,170)	96,168	62,207	(33,961)

(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 ¥25,695 million to ¥86,961 million for this six-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 ¥12,595 million to ¥217 million for this six-month period compared to the same period of the prior year. This decrease was due to the decrease in sales and an increase in advanced development cost for automotive products.

Net sales of Nidec Electronics (Thailand) decreased ¥14,818 million to ¥54,990 million for this six-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 ¥3,288 million to ¥6,658 million for this six-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 ¥10,824 million to ¥14,923 million for this six-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 ¥157 million to ¥261 million for this six-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 ¥826 million to ¥62,308 million for this six-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. However, operating profit increased ¥156 million to ¥521 million for this six-month period compared to the same period of the prior year. This increase was due to the positive effect of the changes in the product mix, despite the decrease in sales.

Net sales of Nidec Sankyo decreased ¥6,748 million to ¥71,816 million for this six-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, despite an increase in sales of other small precision motors. Operating profit decreased ¥5,079 million to ¥5,563 million for this six-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 increased ¥2,713 million to ¥29,883 million for this six-month period compared to the same period of the prior year. This increase was due to an increase in sales for other small precision motors, despite a decrease in sales for electronic and optical components. Operating profit increased ¥437 million to ¥1,735 million for this six-month period compared to the same period of the prior year. This increase was due to the increase in sales.

Net sales of Nidec Techno Motor decreased ¥2,597 million to ¥42,170 million for this six-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 ¥763 million to ¥6,185 million for this six-month period compared to the same period of the prior year. This increase was due to cost improvement and a decrease in material price, despite the decrease in sales.

Net sales of Nidec Motor increased ¥21,805 million to ¥230,068 million for this six-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 ¥6,653 million to ¥14,221 million for this six-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 ¥1,680 million to ¥157,481 million for this six-month period compared to the same period of the prior year. This increase was due to an increase in sales of products of actuators at Nidec Motors & Actuators and products of traction motors. However, operating profit decreased ¥2,057 million to ¥19,718 million for this six-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 decreased ¥7,417 million to ¥193,102 million for this six-month period compared to the same period of the prior year. This decrease was due to a decrease in sales of other small precision motors and other products, despite the impact of newly consolidated subsidiaries. Operating profit decreased ¥7,966 million to ¥15,938 million for this six-month period compared to the same period of the prior year. This decrease was due to the temporary expenses such as structural reform expense recorded in the three months ended June 30, 2019 and the decrease in sales, despite the impact of newly consolidated subsidiaries.

Operating results by product category are as follows:

(Yen in millions)

	For the six months ended September 30,					
	Net sales			Operating profit		
	2018	2019	Increase or decrease	2018	2019	Increase or decrease
Small precision motors	228,955	219,810	(9,145)	37,098	24,989	(12,109)
Automotive products	151,904	150,832	(1,072)	22,895	13,582	(9,313)
Appliance, commercial and industrial products	249,991	270,580	20,589	26,261	18,744	(7,517)
Machinery	85,413	76,980	(8,433)	15,945	11,480	(4,465)
Electronic and optical components	36,968	30,805	(6,163)	4,118	2,388	(1,730)
Other products	2,216	2,270	54	371	332	(39)
Elimination/corporate	-	-	-	(10,520)	(9,308)	1,212
Consolidated total	755,447	751,277	(4,170)	96,168	62,207	(33,961)

(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 4.0% to ¥219,810 million for this six-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 ¥5,300 million for this six-month period compared to the same period of the prior year. Net sales of spindle motors for HDDs decreased 22.5% to ¥77,614 million for this six-month period compared to the same period of the prior year. The number of units sold of spindle motors for HDDs for this six-month period decreased approximately 23.3% compared to the same period of the prior year. Net sales of other small precision motors increased 10.4% to ¥142,196 million compared to the same period of the prior year. Operating profit of small precision motors decreased 32.6% to ¥24,989 million for this six-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 ¥3,200 million.

Despite higher sales of products of actuators at Nidec Motors & Actuators and fully mass-produced traction motors at their plants, net sales of automotive products decreased 0.7% to ¥150,832 million compared to the same period of the previous year mainly due to the negative impact of unfavorable foreign exchange rates of approximately ¥5,300 million. Operating profit of this category decreased 40.7% to ¥13,582 million compared to the same period of the prior year, mainly due to having recognized approximately ¥8,500 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 ¥1,300 million.

Net sales of appliance, commercial and industrial products increased 8.2% to ¥270,580 million for this six-month period compared to the same period of the prior year, primarily due to the impact of the acquisition of Embraco. The impact of foreign exchange rates was a negative impact of approximately ¥5,400 million. Operating profit of this category decreased 28.6% to ¥18,744 million, due to having recognized such approximately ¥3,000 million additional temporary expenses as the acquisition cost of Embraco to promote our modularization strategy, and others. The impact of foreign exchange increased earnings by approximately ¥100 million.

Net sales of machinery decreased 9.9% to ¥76,980 million, due to lower sales in LCD panel handling robots and speed reducers and other factors, despite the impact of newly consolidated subsidiaries. Operating profit of this category decreased 28.0% to ¥11,480 million, mainly due to the lower sales.

Net sales of electronic and optical components decreased 16.7% to ¥30,805 million. Operating profit of this category decreased 42.0% to ¥2,388 million mainly due to the decrease in sales.

Net sales of other products increased 2.4% to ¥2,270 million and operating profit of this category decreased 10.5% to ¥332 million for this six-month period compared to the same period of the prior year.

(2) Financial position

Total assets increased ¥96,958 million to ¥1,979,416 million as of September 30, 2019 compared to March 31, 2019. This was mainly due to increases of ¥63,345 million in property, plant and equipment, ¥50,034 million in goodwill and ¥30,907 million in trade and other receivables. On the other hand, there was a decrease of ¥48,983 million in cash and cash equivalents.

Total liabilities increased ¥138,797 million to ¥1,001,066 million as of September 30, 2019 compared to March 31, 2019. This was mainly due to an increase of ¥121,816 million in interest-bearing debt. Specifically, short term borrowings increased ¥29,924 million to ¥47,318 million, long term debt due within one year increased ¥38,599 million to ¥133,938 million and long term debt increased ¥53,293 million to ¥313,321 million as of September 30, 2019 compared to March 31, 2019.

Total equity attributable to owners of the parent decreased ¥40,402 million to ¥956,953 million as of September 30, 2019 compared to March 31, 2019. Ratio of total equity attributable to owners of the parent to total assets decreased to 48.3% as of September 30, 2019 from 53.0% as of March 31, 2019. This was mainly due to a decrease in other components of equity of ¥49,144 million caused mainly by foreign currency translation adjustments. On the other hand, there was an increase in retained earnings of ¥10,054 million as of September 30, 2019 compared to March 31, 2019.

(3) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities decreased ¥22,500 million to ¥73,848 million for this six-month period compared to the same period of the prior year. This decrease in net cash provided by operating activities was mainly due to decreases in profit for the period ¥50,076 million and in accounts receivable net changes year on year of ¥12,666 million. On the other hand, there were increases in loss from sales of discontinued operations of ¥18,381 million, in inventories net changes year on year of ¥19,870 million and in account payable net changes year on year of ¥12,022 million.

For the six months ended September 30, 2019, NIDEC had ¥73,848 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥28,750 million and an increase in accounts payable of ¥1,920 million and a decrease in inventories of ¥678 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥8,464 million. Accounts receivable increased primarily due to an increase in sales for the three months ended September 30, 2019 compared to the previous three months ended June 30, 2019.

For the six months ended September 30, 2018, NIDEC had ¥96,348 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥78,826 million. However, net cash provided by operating activities was negatively impacted by an increase in inventories of ¥19,192 million and a decrease in accounts payable of ¥10,102 million. Inventories increased primarily due to an increase in customers demand as of September 30, 2018 compared to March 31, 2018.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥107,887 million to ¥180,360 million for this six-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 business, net of cash acquired of ¥101,307 million and in additions to property, plant and equipment of ¥14,567 million.

For the six months ended September 30, 2019, NIDEC had ¥180,360 million of net cash outflows in investing activities mainly due to acquisition of business, net of cash acquired of ¥109,597 million and additions to property, plant and equipment of ¥71,732 million.

For the six months ended September 30, 2018, NIDEC had ¥72,473 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥57,165 million, acquisition of business, net of cash acquired of ¥8,290 million and additions to intangible assets of ¥6,419 million.

(Cash flows from financing activities)

Net cash provided by financing activities increased ¥92,423 million to ¥74,157 million for this six-month period compared to the same period of the prior year. This increase was mainly due to increases in proceeds from issuance of corporate bonds of ¥60,358 million and in short term borrowings net changes year on year of ¥25,643 million.

For the six months ended September 30, 2019, NIDEC had ¥74,157 million of net cash inflows from financing activities mainly due to proceeds from issuance of corporate bonds of ¥100,000 million and an increase in short term borrowings of ¥24,232 million. On the other hand, there were repayments of long term debt of ¥18,663 million and dividends paid to the owner of the parent of ¥16,186 million.

For the six months ended September 30, 2018, NIDEC had ¥18,266 million of net cash outflows from financing activities mainly due to purchase of treasury stock of ¥26,124 million, repayments of long term debt of ¥15,443 million and dividends paid to the owner of the parent of ¥14,798 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 ¥48,983 million from ¥242,267 million as of March 31, 2019 to ¥193,284 million as of September 30, 2019.

The main currencies we had as of September 30, 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 six months ended September 30, 2019 were ¥37,053 million. There were no significant changes in research and development activities for the period.

(5) Major property, plant and equipment

In the six months ended September 30, 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 of construction of the manufacturing factory of Nidec Tosok (Zhejiang) Corporation which is to manufacture automotive products has been updated to November 2019.

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	460	Borrowing	October 2019	August 2020

3. Material Agreements, etc.

The material agreement executed during the three months ended September 30, 2019 is as follows:

Joint Venture Agreement

(Joint Venture with a Subsidiary of Guangzhou Automobile Group Company)

The Company adopted a resolution to execute a contract to establish a joint venture to manufacture automotive traction motors with GAC Components Co., Ltd. (“GAC Components”), a member of China-based Guangzhou Automobile Group Co., Ltd. (“Guangzhou Automobile Group”), at a meeting of the Board of Directors held on August 1, 2019. In accordance with said agreement, we completed the establishment procedure on October 30, 2019.

1. Purpose of the Transaction

NIDEC has been expanding and strengthening its automotive motor business, one of NIDEC’s strategically critical businesses, by setting the business’s target sales amount to 700 billion to one trillion yen under Vision 2020, NIDEC’s mid-term strategic goal.

Countries around the world have announced a ban on the sales of gasoline and diesel vehicles one after another to combat global warming and air pollution, making zero-emission vehicles a global trend. Accordingly, car manufacturers are launching measures globally, including the acceleration of the pace of introducing electric vehicles (“EV”) more than ever. As this trend of car electrification intensifies, the automotive motor market, strategically important for NIDEC, is forecast to double its size to six trillion yen in 2030. Among all the products in the market, companies’ attention and NIDEC’s particular focus are on the traction motor, one of the most important components to replace the existing internal-combustion engine.

GAC Components is a subsidiary of a major Chinese car manufacturer Guangzhou Automobile Group that has the sixth largest market share in the increasingly environmentally strict China. GAC Components mainly manufactures automobile interior parts, electric components, etc. for not only the EVs and PHEVs under the Guangzhou Automobile brand, which plays a significant role in the transition to EVs, but also joint ventures with Japanese car manufacturers.

GAC Components and NIDEC, realizing the strategic importance of traction motors in the future automobile industry, have agreed to collaborate to produce low-cost, high-efficiency traction motors for Guangzhou Automobile Group.

2. Information on The New Joint Venture Company

Company Name:	Guangzhou Nidec Auto Drive System Co., Ltd.
Headquarters:	Guangzhou, Guangdong Province, China
Date of Establishment:	October 30, 2019
Business:	Development, production, sales, and after-sales service of automotive traction motor system and components
Capital:	600 million yuan (approx. 9.3 billion yen)
Investment Ratio:	Nidec Corporation 51%, GAC Components 49%
Representative:	Huang Xu Sheng

3. Information on GAC Components

Company Name:	GAC Components Co., Ltd.
Headquarters:	Guangzhou, Guangdong Province, China
Business:	Development, manufacturing, and sales of automotive seat systems, interior trim products, and other interior components; body electrical components; and other products
Capital:	1.07 billion yuan (approx. 16.6 billion yen) (as of July 31, 2019)

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 second quarter (Shares) (September 30, 2019)	Number of shares issued as of the filing date (Shares) (November 13, 2019)	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 July 1, 2019 to September 30, 2019	-	298,142,234	-	87,784	-	92,005

(5) Major shareholders

(As of September 30, 2019)

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of issued shares (Excluding treasury stock) (%)
Shigenobu Nagamori	Nishikyo-ku, Kyoto	24,736	8.40
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	17,583	5.97
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	16,391	5.56
The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	12,399	4.21
S.N. Kosan, LLC.	518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto	10,122	3.43
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	One Lincoln Street, Boston Massachusetts 02111, U.S.A. (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	8,772	2.97
The Bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425	2.52
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	In Securities Operations Department, Nippon Life Insurance, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo)	6,579	2.23
Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	6,402	2.17
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd.)	270 Park Avenue, New York, NY 10017, U.S.A. (Shinagawa Intercity A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	5,851	1.98
Total	-	116,264	39.49

(Notes) 1. Number of shares held has been rounded down to the nearest 1,000 shares.

2. All shares owned by The Master Trust Bank of Japan, Ltd. (trust account) and Japan Trustee Services Bank, Ltd. (trust account) are related to trust services.

3. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 16, 2018, has been received from Mitsubishi UFJ Financial Group, Inc. and states that each of these companies held shares as of April 9, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of September 30, 2019, the status of major shareholders shown above is based on the content of the shareholders' register. The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates, etc. held (Shares)	Ownership ratio of share certificates, etc. (%)
The Bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425,902	2.49
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	8,035,374	2.70
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,426,100	0.48
Total	-	16,887,376	5.66

4. The Statement of Large-Volume Holdings, made available for public inspection on June 20, 2019, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of June 14, 2019, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of September 30, 2019, the status of major shareholders shown above is based on the content of the shareholders' register. The content of said Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates, etc. held (Shares)	Ownership ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,505,800	1.18
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakouen 1-chome, Minato-ku, Tokyo	8,358,843	2.80
Nikko Asset Management Co.,Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	3,137,400	1.05
Total	-	15,002,043	5.03

(6) Information on voting rights

1) Issued shares

(As of September 30, 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 September 30, 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

(Note) 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

There were no changes in 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 September 30, 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 September 30, 2019
Assets			
Current assets			
Cash and cash equivalents		242,267	193,284
Trade and other receivables		371,134	402,041
Other financial assets	14	695	792
Income tax receivables		12,173	8,619
Inventories		255,656	265,548
Other current assets		37,547	40,333
Total current assets		919,472	910,617
Non-current assets			
Property, plant and equipment		519,752	583,097
Goodwill	8	256,044	306,078
Intangible assets	8	137,731	131,804
Investments accounted for using the equity method		2,785	1,889
Other investments	14	18,444	18,011
Other financial assets	14	6,514	4,996
Deferred tax assets		11,968	13,348
Other non-current assets		9,748	9,576
Total non-current assets		962,986	1,068,799
Total assets		1,882,458	1,979,416

(Yen in millions)

	Note	As of March 31, 2019	As of September 30, 2019
Liabilities			
Current liabilities			
Short term borrowings	14	17,394	47,318
Long term debt due within one year	14	95,339	133,938
Trade and other payables		310,644	327,337
Other financial liabilities	14	2,148	3,558
Income tax payables		13,434	13,774
Provisions		28,514	30,626
Other current liabilities		62,521	58,431
Total current liabilities		529,994	614,982
Non-current liabilities			
Long term debt	14	260,028	313,321
Other financial liabilities	14	1,887	3,151
Retirement benefit liabilities		28,886	29,208
Provisions		4,602	4,243
Deferred tax liabilities		34,666	31,753
Other non-current liabilities		2,206	4,408
Total non-current liabilities		332,275	386,084
Total liabilities		862,269	1,001,066
Equity			
Common stock		87,784	87,784
Additional paid-in capital		118,314	117,008
Retained earnings		901,327	911,381
Other components of equity		(64,774)	(113,918)
Treasury stock		(45,296)	(45,302)
Total equity attributable to owners of the parent		997,355	956,953
Non-controlling interests		22,834	21,397
Total equity		1,020,189	978,350
Total liabilities and equity		1,882,458	1,979,416

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

For the six months ended September 30, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the six months ended September 30,	
		2018	2019
Continuing operations			
Net Sales	5	755,447	751,277
Cost of sales		(564,020)	(582,391)
Gross profit		191,427	168,886
Selling, general and administrative expenses		(66,416)	(69,626)
Research and development expenses		(28,843)	(37,053)
Operating profit	5	96,168	62,207
Financial income		4,826	6,050
Financial expenses		(4,100)	(5,514)
Derivative gain (loss)		1,923	(1,730)
Foreign exchange differences		(2,812)	3,530
Share of net profit (loss) from associate accounting using the equity method		(262)	(793)
Profit before income taxes		95,743	63,750
Income tax expenses		(19,006)	(15,045)
Profit for the period from continuing operations		76,737	48,705
Discontinued operations			
Profit (loss) for the period from discontinued operations	6	2,089	(19,955)
Profit for the period		78,826	28,750
Profit for the period attributable to:			
Owners of the parent		78,428	27,561
Non-controlling interests		398	1,189
Profit for the period		78,826	28,750
Earnings (loss) per share attributable to owners of the parent			
Basic (yen)			
Continuing operations		258.49	161.46
Discontinued operations		7.07	(67.81)
Total		265.57	93.65

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the six months ended September 30, 2018	2019
Profit for the period		78,826	28,750
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(66)	(972)
Fair value movements on FVTOCI equity financial assets		(524)	(8)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		41,579	(49,451)
Effective portion of net changes in fair value of cash flow hedges		(557)	(1,115)
Fair value movements on FVTOCI debt financial assets		8	4
Total other comprehensive income for the period, net of taxation		40,440	(51,542)
Comprehensive income for the period		119,266	(22,792)
Comprehensive income for the period attributable to:			
Owners of the parent		118,835	(22,562)
Non-controlling interests		431	(230)
Comprehensive income for the period		119,266	(22,792)

For the three months ended September 30, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the three months ended September 30, 2018	2019
Continuing operations			
Net Sales	5	383,224	390,403
Cost of sales		(285,427)	(301,406)
Gross profit		97,797	88,997
Selling, general and administrative expenses		(33,623)	(36,202)
Research and development expenses		(13,699)	(18,399)
Operating profit	5	50,475	34,396
Financial income		2,405	3,059
Financial expenses		(2,141)	(3,213)
Derivative gain (loss)		540	(676)
Foreign exchange differences		(1,323)	(432)
Share of net profit (loss) from associate accounting using the equity method		(101)	(498)
Profit before income taxes		49,855	32,636
Income tax expenses		(10,069)	(7,731)
Profit for the period from continuing operations		39,786	24,905
Discontinued operations			
Profit (loss) for the period from discontinued operations	6	1,553	(174)
Profit for the period		41,339	24,731
Profit for the period attributable to:			
Owners of the parent		41,141	24,154
Non-controlling interests		198	577
Profit for the period		41,339	24,731
Earnings (loss) per share attributable to owners of the parent			
Basic (yen)			
Continuing operations		134.23	82.66
Discontinued operations		5.27	(0.59)
Total		139.50	82.07

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the three months ended September 30, 2018	September 30, 2019
Profit for the period		41,339	24,731
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(66)	11
Fair value movements on FVTOCI equity financial assets		79	307
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		28,498	(15,637)
Effective portion of net changes in fair value of cash flow hedges		212	(995)
Fair value movements on FVTOCI debt financial assets		4	3
Total other comprehensive income for the period, net of taxation		28,727	(16,311)
Comprehensive income for the period		70,066	8,420
Comprehensive income for the period attributable to:			
Owners of the parent		69,754	8,529
Non-controlling interests		312	(109)
Comprehensive income for the period		70,066	8,420

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the six months ended September 30, 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				78,428			78,428	398	78,826
Other comprehensive income					40,407		40,407	33	40,440
Total comprehensive income							118,835	431	119,266
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(26,125)	(26,125)	-	(26,125)
Dividends paid to the owners of the parent	12			(14,798)			(14,798)	-	(14,798)
Dividends paid to non-controlling interests							-	(87)	(87)
Share-based payment transactions			151				151	-	151
Transfer to retained earnings				(559)	559		-	-	-
Other			14	(11)			3	(70)	(67)
Balance at September 30, 2018		87,784	118,301	885,848	(35,891)	(45,276)	1,010,766	10,164	1,020,930

For the six months ended September 30, 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	901,327	(64,774)	(45,296)	997,355	22,834	1,020,189
Changes in accounting policies	3			(407)			(407)		(407)
Balance after restatement		87,784	118,314	900,920	(64,774)	(45,296)	996,948	22,834	1,019,782
Comprehensive income									
Profit for the period				27,561			27,561	1,189	28,750
Other comprehensive income					(50,123)		(50,123)	(1,419)	(51,542)
Total comprehensive income							(22,562)	(230)	(22,792)
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(10)	(10)	-	(10)
Dividends paid to the owners of the parent	12			(16,186)			(16,186)	-	(16,186)
Dividends paid to non-controlling interests							-	(744)	(744)
Share-based payment transactions			135				135	-	135
Transfer to retained earnings				(980)	980		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries			(1,449)				(1,449)	(564)	(2,013)
Other			8	66	(1)	4	77	101	178
Balance at September 30, 2019		87,784	117,008	911,381	(113,918)	(45,302)	956,953	21,397	978,350

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	Note	For the six months ended September 30, 2018	2019
Cash flows from operating activities:			
Profit for the period from continuing operations		76,737	48,705
Profit (loss) for the period from discontinued operations	6	2,089	(19,955)
Profit for the period		78,826	28,750
Adjustments to reconcile profit for the period to net cash provided by operating activities			
Depreciation and amortization		33,911	39,775
Loss (gain) from sales, disposal or impairment of property, plant and equipment		178	958
Loss from sales of discontinued operations		—	18,381
Financial expenses (income)		(896)	(716)
Share of net loss (profit) from associate accounting using the equity method		262	793
Deferred income taxes		2,232	2,340
Current income taxes		17,098	14,347
Foreign currency adjustments		9,158	(2,205)
Increase (decrease) in retirement benefit liability		1,625	1,249
Decrease (increase) in accounts receivable		4,202	(8,464)
Decrease (increase) in inventories		(19,192)	678
Increase (decrease) in accounts payable		(10,102)	1,920
Other, net		(5,805)	(13,781)
Interests and dividends received		4,783	5,834
Interests paid		(3,844)	(5,361)
Income taxes paid		(16,088)	(10,650)
Net cash provided by operating activities		96,348	73,848

(Yen in millions)

	Note	For the six months ended September 30, 2018	2019
Cash flows from investing activities:			
Additions to property, plant and equipment		(57,165)	(71,732)
Proceeds from sales of property, plant and equipment		1,229	1,005
Additions to intangible assets		(6,419)	(5,477)
Proceeds from sales of discontinued operations		—	5,771
Acquisitions of business, net of cash acquired		(8,290)	(109,597)
Other, net		(1,828)	(330)
Net cash used in investing activities		(72,473)	(180,360)
Cash flows from financing activities:			
Increase (decrease) in short term borrowings		(1,411)	24,232
Proceeds from issuance of long term debt		-	2,746
Repayments of long term debt		(15,443)	(18,663)
Proceeds from issuance of bonds		39,642	100,000
Redemption of bonds		—	(15,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(43)	(2,035)
Purchase of treasury stock		(26,124)	(10)
Dividends paid to the owners of the parent	12	(14,798)	(16,186)
Other, net		(89)	(927)
Net cash (used in) provided by financing activities		(18,266)	74,157
Effect of exchange rate changes on cash and cash equivalents		5,932	(16,628)
Net increase (decrease) in cash and cash equivalents		11,541	(48,983)
Cash and cash equivalents at beginning of period		265,947	242,267
Cash and cash equivalents at end of period		277,488	193,284

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 September 30, 2019 and for the six 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 of condensed quarterly consolidated financial statements

(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 six months and the three months ended September 30, 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 six-month period under review because their quantitative materiality increased. Condensed quarterly consolidated financial statements for the six months ended September 30, 2018 contained herein have been reclassified to reflect this change in presentation. As a result, the (¥132) 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 (¥89) 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 six months ended September 30, 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 September 30, 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.

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 six months ended September 30,	
	2018	2019
Nidec Corporation	16,178	14,910
Nidec Electronics (Thailand)	60,089	49,190
Nidec Singapore	25,467	14,664
Nidec (H.K.)	61,844	61,227
Nidec Sankyo	77,529	68,705
Nidec Copal	21,627	18,587
Nidec Techno Motor	41,598	39,714
Nidec Motor	207,797	229,827
Nidec Motors & Actuators	141,110	138,686
Others	102,208	115,767
Consolidated net sales	755,447	751,277

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

(Yen in millions)

	For the three months ended September 30,	
	2018	2019
Nidec Corporation	8,329	7,278
Nidec Electronics (Thailand)	30,332	25,398
Nidec Singapore	13,230	7,584
Nidec (H.K.)	35,698	32,476
Nidec Sankyo	39,466	33,702
Nidec Copal	12,460	9,602
Nidec Techno Motor	17,844	17,415
Nidec Motor	104,889	129,688
Nidec Motors & Actuators	69,391	68,805
Others	51,585	58,455
Consolidated net sales	383,224	390,403

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

Net sales to other operating segments:

(Yen in millions)

	For the six months ended September 30,	
	2018	2019
Nidec Corporation	96,478	72,051
Nidec Electronics (Thailand)	9,719	5,800
Nidec Singapore	280	259
Nidec (H.K.)	1,290	1,081
Nidec Sankyo	1,035	3,111
Nidec Copal	5,543	11,296
Nidec Techno Motor	3,169	2,456
Nidec Motor	466	241
Nidec Motors & Actuators	14,691	18,795
Others	98,311	77,335
Total	230,982	192,425
Intersegment elimination	(230,982)	(192,425)
Consolidated net sales	-	-

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

(Yen in millions)

	For the three months ended September 30,	
	2018	2019
Nidec Corporation	54,620	39,107
Nidec Electronics (Thailand)	4,971	3,020
Nidec Singapore	136	131
Nidec (H.K.)	815	662
Nidec Sankyo	590	1,123
Nidec Copal	3,429	4,152
Nidec Techno Motor	1,761	1,242
Nidec Motor	80	134
Nidec Motors & Actuators	7,610	10,122
Others	53,267	41,255
Total	127,279	100,948
Intersegment elimination	(127,279)	(100,948)
Consolidated net sales	-	-

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

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

	For the six months ended September 30,	
	2018	2019
Nidec Corporation	12,812	217
Nidec Electronics (Thailand)	9,946	6,658
Nidec Singapore	418	261
Nidec (H.K.)	365	521
Nidec Sankyo	10,642	5,563
Nidec Copal	1,298	1,735
Nidec Techno Motor	5,422	6,185
Nidec Motor	20,874	14,221
Nidec Motors & Actuators	21,775	19,718
Others	23,904	15,938
Total	107,456	71,017
Elimination and Corporate (Note)	(11,288)	(8,810)
Operating profit	96,168	62,207
Financial income	726	536
Derivative gain (loss)	1,923	(1,730)
Foreign exchange differences	(2,812)	3,530
Share of net profit (loss) from associate accounting using the equity method	(262)	(793)
Profit before income taxes	95,743	63,750

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥9,419 million and ¥10,050 million for the six months ended September 30, 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 September 30,	
	2018	2019
Nidec Corporation	7,829	1,084
Nidec Electronics (Thailand)	5,242	4,419
Nidec Singapore	210	143
Nidec (H.K.)	47	244
Nidec Sankyo	4,771	3,087
Nidec Copal	1,222	775
Nidec Techno Motor	2,411	2,888
Nidec Motor	10,703	8,730
Nidec Motors & Actuators	11,260	9,429
Others	12,220	7,589
Total	55,915	38,388
Elimination and Corporate (Note)	(5,440)	(3,992)
Operating profit	50,475	34,396
Financial income (expenses)	264	(154)
Derivative gain (loss)	540	(676)
Foreign exchange differences	(1,323)	(432)
Share of net profit (loss) from associate accounting using the equity method	(101)	(498)
Profit before income taxes	49,855	32,636

(Notes) 1. "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥4,701 million and ¥5,093 million for the six months ended September 30, 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 six months ended September 30,	
	2018	2019
Small precision motors:		
Hard disk drives spindle motors	100,103	77,614
Other small precision motors	128,852	142,196
Subtotal	228,955	219,810
Automotive products	151,904	150,832
Appliance, commercial and industrial products	249,991	270,580
Machinery	85,413	76,980
Electronic and optical components	36,968	30,805
Other products	2,216	2,270
Consolidated net sales	755,447	751,277

(Yen in millions)

	For the three months ended September 30,	
	2018	2019
Small precision motors:		
Hard disk drives spindle motors	51,321	39,606
Other small precision motors	71,301	72,198
Subtotal	122,622	111,804
Automotive products	74,723	75,344
Appliance, commercial and industrial products	122,975	147,571
Machinery	42,797	38,894
Electronic and optical components	18,981	15,635
Other products	1,126	1,155
Consolidated net sales	383,224	390,403

- (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 six months ended September 30,	
	2018	2019
Net Sales	22,157	1,143
Recognized loss due to measuring assets held for sale at fair value less costs	-	(18,381)
Other profit (loss)	(19,747)	(1,075)
Profit (loss) before income taxes from discontinued operations	2,410	(18,313)
Income tax expenses	(321)	(1,501)
Recognized loss due to measuring assets held for sale at fair value less costs and amounts related to the sales	-	(141)
Total income tax expenses	(321)	(1,642)
Profit (loss) for the period from discontinued operations	2,089	(19,955)

(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 September 30, 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 six months ended September 30,	
	2018	2019
Net cash provided by (used in) operating activities	2,567	(0)
Net cash (used in) provided by investing activities	(1,850)	5,771
Net cash used in financing activities	(1,311)	-
Total	(594)	5,771

(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 six months ended September 30, 2019 includes net cash related to sales of Secop as of September 30, 2019.

(7) Details of the sales

Consideration for the sales	
Conditional consideration	8,896
Costs to sell	(1,825)
Total consideration after deducting costs to sell	7,071
Transferred equity	
Equity as of the date when NIDEC lost control	(27,502)
Changed amounts until the sales completed	2,050
Total transferred equity	(25,452)
Income tax expenses	(141)
Loss from the sales after income tax	(18,522)

(Note) Various conditions for sales of Secop are based on the forecasts as of September 30, 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 (the “Transaction”), from the shareholders for cash of ¥122,401 million. Embraco develops, manufactures and sells refrigeration compressors and electronic components. Through the Transaction, 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.

Fair values of assets acquired and liabilities assumed of the business acquired from Embraco as of the acquisition date are as follows:

(Yen in millions)

Current assets	
Cash and cash equivalents	12,804
Trade and other receivables	36,770
Inventories	23,177
Other current assets	3,254
Non-current assets	
Property, plant and equipment	39,598
Other non-current assets	3,410
Acquired assets at fair value	119,013
Current liabilities	
Short term borrowings	8,419
Trade and other payables	42,497
Other current liabilities	7,877
Non-current liabilities	
Other non-current liabilities	4,801
Assumed liabilities at fair value	63,594
Acquired assets and assumed liabilities at fair value (net amount)	55,419
Non-controlling interests at fair value	-
Goodwill	66,982

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 six months ended September 30, 2019 include the net sales and profit of the business acquired from Embraco for the period subsequent to July 1 2019, ¥31,116 million and ¥1,499 million respectively.

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

The amount of acquisition-related costs of this business combination is ¥843 million, which is 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):

	Six months ended September 30, 2019
Net sales (Yen in millions)	785,886
Profit for the year attributable to owners of the parent (Yen in millions)	28,464
Earnings per share attributable to owners of the parent	
Basic (Yen)	96.72
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. 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	11,227
Other non-current assets	157
Acquired assets at fair value	13,657
Non-current liabilities	
Deferred tax liabilities	2,915
Assumed liabilities at fair value	2,915
Acquired assets and assumed liabilities at fair value (net amount)	10,742
Goodwill	(6,267)

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	262
Customer relationships	21 years	10,660
Proprietary technology	10 years	305

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	(426)
Profit before income taxes	(426)
Profit for the year attributable to owners of the parent	(279)

Effect on the condensed quarterly consolidated statement of income for the three months ended June 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	(148)
Profit before income taxes	(148)
Profit for the year attributable to owners of the parent	(69)

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2019 and six months ended September 30, 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 September 30, 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 ¥19,955 million of the loss from discontinued operations for the six months ended September 30, 2019. The loss amount on the sales recognized with the loss of control is ¥18,381 million for the six months ended September 30, 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 ¥5,771 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 six months ended September 30,	
	2018	2019
Balance at beginning of period		
Goodwill	234,915	256,044
Acquisitions through business combinations	2,610	67,327
Sales or disposals	-	(9,471)
Translation adjustments and others	9,351	(7,822)
Balance at end of period		
Goodwill	246,876	306,078

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	90,842	(29,630)	61,212
Proprietary technology	19,235	(7,023)	12,212
Software	29,568	(18,698)	10,870
Capitalized development costs	15,793	(910)	14,883
Others	9,040	(5,270)	3,770
Total	164,478	(61,531)	102,947

(Yen in millions)

	As of September 30, 2019		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Customer relationships	79,659	(24,750)	54,909
Proprietary technology	16,100	(5,274)	10,826
Software	32,873	(20,218)	12,655
Capitalized development costs	17,781	(1,289)	16,492
Others	6,817	(4,031)	2,786
Total	153,230	(55,562)	97,668

Total amortization of intangible assets for the year ended March 31, 2019 and for the six months ended September 30, 2019 amounted to ¥10,416 million and ¥5,339 million, respectively. Total indefinite lived intangible assets amounted to ¥34,784 million and ¥34,136 million as of March 31, 2019 and September 30, 2019, respectively.

9. Bonds

For the six months ended September 30, 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 six months ended September 30, 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

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

10. Employee benefits

The amounts of net periodic benefit cost in pension and severance plans for the six months ended September 30, 2018 and 2019 are as follows:

(Yen in millions)

	For the six months ended September 30,	
	2018	2019
Net periodic pension cost for defined benefit plans:		
Current service cost	1,590	1,702
Interest cost (net)	357	274
Net periodic pension cost for defined benefit plans	1,947	1,976
Payments to defined contribution pension plans	1,406	1,502

11. Related party transactions

Transactions with related parties for the six months ended September 30, 2018 and 2019 are as follows:

Sales of goods and services

(Yen in millions)

	For the six months ended September 30,	
	2018	2019
Related parties		
S.N. Kosan, LLC.*1	-	-
Nagamori Foundation*2	6	6
Nagamori Gakuen Educational Foundation*3,*4	17	30

(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 six months ended September 30,	
	2018	2019
Related parties		
S.N. Kosan, LLC.	7	6
Green Kosan, LLC.*5	87	24

(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	September 30, 2019
Receivables from related parties		
S.N. Kosan, LLC.	1	1
Nagamori Foundation	0	0
Nagamori Gakuen Educational Foundation	4	4
Payables to related parties		
S.N. Kosan, LLC.	-	-
Green Kosan, LLC.	-	21

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2019 and September 30, 2019. In addition, there were no expenses recognized during the years ended March 31, 2019 and the six months ended September 30, 2019 in respect of receivables from related parties.

12. Dividends

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

For the six months ended September 30, 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

For the six months ended September 30, 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

(Note) 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.

The dividend whose record date falls in the six months ended September 30, 2019 and the effective date falls in the next period is as follows:

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

(Note) 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 six months ended September 30,	
	2018	2019
Profit attributable to owners of the parent (Yen in millions)	78,428	27,561
Profit from continuing operations attributable to owners of the parent (Yen in millions)	76,339	47,516
Profit (loss) from discontinued operations attributable to owners of the parent (Yen in millions)	2,089	(19,955)
Weighted average shares (Shares)	295,322,474	294,293,566
Earnings per share attributable to owners of the parent - basic (Yen)	265.57	93.65
Earnings per share from continuing operations (Yen)	258.49	161.46
Earnings (loss) per share from discontinued operations (Yen)	7.07	(67.81)

	For the three months ended September 30,	
	2018	2019
Profit attributable to owners of the parent (Yen in millions)	41,141	24,154
Profit from continuing operations attributable to owners of the parent (Yen in millions)	39,588	24,328
Profit (loss) from discontinued operations attributable to owners of the parent (Yen in millions)	1,553	(174)
Weighted average shares (Shares)	294,919,780	294,293,459
Earnings per share attributable to owners of the parent - basic (Yen)	139.50	82.07
Earnings per share from continuing operations (Yen)	134.23	82.66
Earnings (loss) per share from discontinued operations (Yen)	5.27	(0.59)

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 September 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	96	96	176	176
Long term investments	27	27	24	24
Short term loans receivable	36	36	21	21
Long term loans receivable	143	138	137	134
Short term borrowings	(17,394)	(17,394)	(47,318)	(47,318)
Long term debt (including long term debt due within one year and excluding the lease liabilities and corporate bonds)	(116,902)	(117,194)	(97,642)	(97,876)
Corporate bonds (including corporate bonds due within one year)	(237,345)	(238,151)	(320,388)	(321,608)

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 September 30, 2019

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other investment securities				
FVTOCI equity financial assets	15,803	-	1,865	17,668
FVTOCI debt financial assets	-	143	-	143
Derivatives	-	1,624	-	1,624
Total financial assets	15,803	1,767	1,865	19,435
Liabilities				
Derivatives	631	2,870	-	3,501
Total financial liabilities	631	2,870	-	3,501

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the six months ended September 30, 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 six months ended September 30,	
	2018	2019
Balance at beginning of period	1,390	1,672
Gains or losses:		
Recognized in other comprehensive income (Note)	67	15
Purchases	15	189
Sales	(8)	(11)
Balance at end of period	1,464	1,865

(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) Establishment of significant joint venture

On October 30, 2019, the Company and GAC Components Co., Ltd. (“GAC Components”) have completed the establishment of the joint venture that develops, manufactures and sells automotive traction motors.

1) Purpose of the Transaction	Both companies have realized the strategic importance of traction motors in the future automobile industry, and agreed to collaborate to produce low-cost, high-efficiency traction motors for Guangzhou Automobile Group. The joint venture company will exploit Guangzhou Automobile Group’s collective know-how on finished vehicles mechanism and NIDEC’s drive and electronics technologies to develop, manufacture, and sell low-cost, high-efficiency traction motors mainly for Guangzhou Automobile Group, and later, other car manufacturers as well. Further, the joint venture company will hire development engineers locally in China, which is abundant in such resources, to accelerate the pace of product development and design, while utilizing Guangzhou Automobile Group’s local purchasing capabilities to promote cost reduction.
2) Company name	Guangzhou Nidec Auto Drive System Co., Ltd.
3) Headquarters, development and production base	Guangzhou, Guangdong Province, China
4) Establishment date	October 30, 2019
5) Main business	Development, production, sales, and after-sales service of automotive traction motor system and components
6) Number of employees	17 (planned for the end of 2019) The joint venture plans to hire over 70 people by the end of 2020, and more in line with business expansion.
7) Registered capital	600 million yuan
8) Investment	Nidec Corporation 51% GAC Components 49%
9) Major directors	Chairman: Huang Xu Sheng (from GAC components) President: Kazuya Hayafune (from Nidec) CFO: Hitoshi Yoshikawa (from Nidec)

(2) Completion of Acquisition of OMRON Automotive Electronics Co. Ltd.

On October 31, 2019, NIDEC has acquired 100% of OMRON Automotive Electronics Co. Ltd. (“OMRON Automotive Electronics”) and some foreign subsidiaries which OMRON Corporation (“OMRON”) owns, and the automotive electronic components business (the “Transaction”). The fair value of the consideration paid is approximately ¥108,000 million. Since the initial accounting for the business combination has not been completed at the time of the approval of the condensed quarterly financial statement, further details have not yet been disclosed.

1) Purpose of the Transaction	OMRON Automotive Electronics manufactures and sells automotive electronics components and systems. Through the Transaction, NIDEC will be able to create new module and system products by combining NIDEC group’s motors, pumps, gears, etc. with OMRON Automotive Electronics’ products including electronic control units (ECU) and other electronics products. Furthermore, OMRON Automotive Electronics, 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.
2) Funds for the Transaction	NIDEC utilizes debt finance for funding and its cash on hand.

(3) Determination of Domestic Unsecured Bonds (Green Bonds)

On November 9, 2019, NIDEC's Board of Directors resolved to issue the domestic unsecured straight bonds (the "Bonds") (Green Bonds). The details are as follows:

1) Total principal amount	Up to ¥100 billion
2) Interest rate	Up to the sum of prevailing yields of Japanese Government Bonds which have the corresponding maturities with the Bonds and 0.75%
3) Issue price	¥100 or more per each ¥100 of face value
4) Issuance period	From November 9, 2019 to December 31, 2019
5) Maturity date	Within 7 years
6) Redemption method	Lump-sum repayment at maturity
7) Use of the bonds	Capital investments and R&D expenses associated with the design and manufacture of traction motors for electric vehicles
8) Others	Decisions on the total amount of issue, interest rate, specific timing of issuance, payment date, and other matters shall be entrusted to Akira Sato, Member of the Board of Directors and Executive Vice President.

16. Authorization of condensed quarterly consolidated financial statements

NIDEC's condensed quarterly consolidated financial statements were authorized for issue on November 13, 2019 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.