

[Translation]

Annual Securities Report

(The 50th Business Term)

From April 1, 2022 to March 31, 2023

NIDEC CORPORATION

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Cover

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[Company Name]	Nidec Kabushiki Kaisha
[Company Name in English]	NIDEC CORPORATION
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[Contact Person]	Akinobu Samura, Senior Vice President and Chief Financial Officer
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities 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.

"Part I Information on the Company, II. Business Overview, 2. Risk Factors, 5.Risks for foreign investors" is only included in this English translation of the Annual Securities Report and not included in the original report.

Certain information in "Part I. Information on the Company, V. Consolidated Financial Statements and Other Information" in this document incorporates financial statements prepared in conformity with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board instead of the English translation of the Annual Securities Report.

The translation of the Independent Auditors' Report for the original Annual Securities Report is included at the end of this document.

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.

References in this document to the "Companies Act" are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data, etc.

(Yen in millions, unless otherwise stated)

Fiscal year	IFRS				
	46th business term	47th business term	48th business term	49th business term	50th business term
Year end	March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	1,475,436	1,534,800	1,618,064	1,918,174	2,242,824
Profit before income taxes	129,830	105,160	152,937	170,032	120,593
Profit attributable to owners of the parent	109,960	58,459	121,945	135,759	45,003
Comprehensive income attributable to owners of the parent	118,441	4,552	192,671	291,328	153,845
Total equity attributable to owners of the parent	996,795	947,290	1,096,020	1,292,241	1,354,505
Total assets	1,884,008	2,122,493	2,256,024	2,678,483	2,872,591
Total equity per share attributable to owners of the parent (yen)	1,693.54	1,617.21	1,871.20	2,227.00	2,356.66
Earnings per share attributable to owners of the parent - basic (yen)	186.49	99.37	208.19	232.40	78.19
Earnings per share attributable to owners of the parent - diluted (yen)	-	-	-	-	-
Ratio of total equity attributable to owners of the parent to total assets (%)	52.9	44.6	48.6	48.2	47.2
Profit ratio of total equity attributable to owners of the parent (%)	11.4	6.0	11.9	11.4	3.4
Price earnings ratio (times)	37.6	56.4	64.5	41.8	83.8
Net cash provided by operating activities	170,233	168,049	219,156	94,994	143,485
Net cash used in investing activities	(160,844)	(311,513)	(100,568)	(112,597)	(164,943)
Net cash provided by (used in) financing activities	(32,683)	128,546	(136,191)	(64,393)	(19,238)
Cash and cash equivalents at end of year	242,267	206,986	219,524	199,655	186,098
Number of employees [Separately, average number of temporary employees]	108,906 [28,885]	117,206 [27,963]	112,551 [23,635]	114,371 [27,977]	106,592 [21,410]

(Notes) 1. Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Figures shown in yen in millions are rounded to the nearest million.

3. "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".

4. Since the Company's shares held by the BIP (Board Incentive Plan) Trust and the ESOP (Employee Stock Ownership Plan) Trust were treated as treasury stock, in the calculation of "Earnings per share attributable to owners of the parent - basic" and "Total equity per share attributable to owners of the parent", the number of the aforementioned shares is deducted from the average total number of the Company's shares issued during each fiscal year as well as the total number of shares issued as of the end of each fiscal year.

5. "Earnings per share attributable to owners of the parent - diluted" are not presented because there were no securities with dilutive effect outstanding through these business terms.

6. NIDEC has finalized the provisional accounting treatment for the business combinations in the year ended March 31, 2023. As a result, figures for the year ended March 31, 2022 reflect the revision of the initial allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combinations.
7. NIDEC implemented a two-for-one common stock split, effective April 1, 2020. Earnings per share was calculated on the assumption that the relevant stock split had been implemented at the beginning of the 46th business term.

(2) Financial data, etc. of the Company

(Yen in millions, unless otherwise stated)

Fiscal year	46th business term	47th business term	48th business term	49th business term	50th business term
Year end	March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	222,217	190,206	200,138	198,127	199,470
Ordinary profit	49,213	31,845	45,646	47,695	84,171
Net profit	48,417	31,027	41,572	45,079	77,294
Common stock	87,784	87,784	87,784	87,784	87,784
Number of issued shares (thousands of shares)	298,142	298,142	596,284	596,284	596,284
Total net assets	309,867	288,888	298,063	250,330	240,793
Total assets	983,178	1,183,299	1,307,494	1,403,315	1,471,552
Net assets per share (yen)	526.46	493.19	508.87	431.41	418.95
Dividends per share (yen) [Of the above, interim dividend per share (yen)]	53 [25]	58 [28]	60 [30]	65 [30]	70 [35]
Earnings per share - basic (yen)	82.12	52.74	70.98	77.17	134.30
Earnings per share - diluted (yen)	-	-	-	-	-
Shareholders' equity ratio (%)	31.5	24.4	22.8	17.8	16.4
Return on equity (%)	15.4	10.4	14.2	16.4	31.5
Price earnings ratio (times)	85.4	106.3	189.3	126.3	51.0
Dividend payout ratio (%)	63.9	109.0	84.5	84.2	52.1
Number of employees [Separately, average number of temporary employees]	2,794 [185]	2,756 [148]	2,568 [87]	2,511 [108]	2,176 [61]
Total shareholder return (%) [Comparative index: Dividend- included TOPIX(%)]	86.2 [95.0]	69.8 [85.9]	166.0 [122.1]	121.8 [124.6]	87.2 [131.8]
Highest share prices in each of the fiscal years (yen)	17,720	16,835 *5,899	15,175	14,335	10,110
Lowest share prices in each of the fiscal years (yen)	11,405	9,675 *5,515	4,989	8,645	6,145

(Notes) 1. "Earnings per share - diluted" are not presented because there were no securities with dilutive effect outstanding through this business term.

2. NIDEC implemented a two-for-one common stock split, effective April 1, 2020. Earnings per share was calculated on the assumption that the relevant stock split had been implemented at the beginning of the 46th business term.

3. The highest and lowest share prices were in regards to the First Section of Tokyo Stock Exchange before April 3, 2022, and changed to the Prime Market of Tokyo Stock Exchange after April 4, 2022, also the (*) indicate the highest and lowest stock prices after ex-rights due to the stock split.

4. Since the Company's shares held by the BIP (Board Incentive Plan) Trust and the ESOP (Employee Stock Ownership Plan) Trust were treated as treasury stock, in the calculation of "Earnings per share - basic" and "Net assets per share" the number of the aforementioned shares is deducted from the average total number of the Company's shares issued during each fiscal year as well as the total number of shares issued as of the end of each fiscal year.

2. History

Month/Year	History
July 1973	Established in Nishikyo-ku, Kyoto.
August 1973	Started production and sales of small precision AC motors.
February 1975	Established Kameoka Plant (closed in December, 1993) in Kameoka-city, Kyoto.
April 1976	Established Nidec America Corporation in St. Paul, the U.S.
February 1984	Established Nidec Torin Corporation (currently, Nidec America Corporation) in Torrington, the U.S.
October 1984	Established the Shiga Plant (currently, Shiga Technical Center) in Echigawa-cho (now Aishou-cho), Echi-gun, Shiga.
November 1988	Listed its stock on the Kyoto Stock Exchange, and the second section of the Osaka Stock Exchange.
March 1989	Established Nidec Singapore Pte. Ltd. Took a stake in Shinano Tokki Co., Ltd.
August 1990	Established Nidec Electronics (Thailand) Co., Ltd.
February 1992	Established Nidec (Dalian) Ltd. in China.
October 1992	Established Nidec Taiwan Corporation.
April 1993	Established Nidec Electronics GmbH (currently, Nidec Motors & Actuators (Germany) GmbH) in Germany.
October 1993	Established Nidec (H.K.) Co., Ltd.
February 1995	Took a stake in Kyoritsu Machinery Co., Ltd. (currently, Nidec Machinery Corporation). Took a stake in Shimpo Industries Co., Ltd. (currently, Nidec Drive Technology Corporation).
December 1995	Established Nidec Philippines Corporation.
March 1997	Took a stake in Tosok Corporation (currently, Nidec Powertrain Systems Corporation).
April 1997	Took a stake in Read Electronics Corporation (currently, Nidec Advance Technology Corporation).
May 1997	Took a stake in Kyori Kogyo Co., Ltd. (Nidec-Kyori Corporation, merged into Nidec-Shimpo Corporation (currently, Nidec Drive Technology Corporation) from April, 2012).
February 1998	Took a stake in Copal Co., Ltd. (currently, Nidec Precision Corporation) and Copal Electronics Co., Ltd. (currently, Nidec Components Corporation).
September 1998	Listed its stock on the first section of the Tokyo Stock Exchange. Listed its stock anew on the first section of the Osaka Stock Exchange.
October 1998	Established Shibaura Nidec Corporation (currently, Nidec Techno Motor Corporation) through a joint investment with Shibaura Engineering Works Co., Ltd. (currently, Shibaura Mechatronics Corporation) and Toshiba Corporation.
April 1999	Established Nidec Shibaura (Zhejiang) Co., Ltd. (currently, Nidec Techno Motor (Zhejiang) Co., Ltd.) in China.
December 1999	Established Nidec Korea Corporation.
March 2000	Took a stake in Y-E Drive Corporation (currently, Nidec Techno Motor Corporation), a subsidiary of YASKAWA Electric Corporation.
September 2001	Listed on the New York Stock Exchange (voluntarily delisted in May 2016).
April 2002	Established Nidec (Zhejiang) Corporation in China.
June 2002	Established Nidec (Dongguan) Co., Ltd. in China.
April 2003	Established Nidec (Shanghai) International Trading Co., Ltd. (currently, Nidec (Shanghai) Co., Ltd.) in China.
May 2003	Relocated its Head Office to Minami-ku, Kyoto and opened the Central Technical Laboratory.

Month/Year	History
October 2003	Took a stake in Sankyo Seiki Mfg. Co., Ltd. (currently, Nidec Instruments Corporation).
October 2005	Established Nidec Vietnam Corporation.
February 2006	Established Nidec Automobile Motor (Zhejiang) Corporation in China.
December 2006	Established Nidec Motors & Actuators by acquiring the motor and actuator business of Valeo S.A. (currently, Nidec Motors & Actuators), a French company.
February 2007	Acquired Brilliant Manufacturing Ltd. of Singapore (currently, Nidec Component Technology Co., Ltd.).
April 2007	Took a stake in Japan Servo Co., Ltd. (currently, Nidec Advanced Motor Corporation).
January 2010	Acquired the home appliance motor business of Appliances Components Companies S.p.A. of Italy. Started Nidec Sole Motor Corporation S.R.L.
February 2010	Acquired SC Wado Co., Ltd. in Thailand (currently, Nidec Die-casting Thailand Co., Ltd.).
September 2010	Established Nidec Motor Corporation by acquiring the motors & controls business of Emerson Electric Co. of the U.S.
October 2010	Established Nidec (Shaoguan) Limited (currently, Nidec (Shaoguan) Co., Ltd.) in China.
December 2010	Established Nidec India Private Ltd.
July 2011	Took a stake in SANYO Seimitsu Corporation, a subsidiary of SANYO Electric Co., Ltd.
December 2011	Established Nidec Precision Malaysia Sdn. Bhd. in Malaysia.
March 2012	Established SC Wado Component (Cambodia) Co., Ltd. (currently, Nidec Die-casting (Cambodia) Co., Ltd.) in Cambodia.
April 2012	Nidec-Shimpo Corporation (currently, Nidec Drive Technology Corporation) acquired the Minster Machine Company (currently, Nidec Minster Corporation) of the U.S.
May 2012	Acquired Ansaldo Sistemi Industriali S.p.A. (currently, Nidec ASI S.p.A.) of Italy.
June 2012	Opened Nidec Research and Development Center (currently, Nidec Shinkawasaki Technology Center), Japan.
September 2012	Acquired Avtron Industrial Automation, Inc. (merged into Nidec Motor Corporation in March, 2016) of the U.S.
October 2012	Nidec Sankyo Corporation (currently, Nidec Instruments Corporation) acquired SCD Co., Ltd. of Korea.
November 2012	Acquired Kinetek Group Inc. of the U.S.
December 2012	Took a stake in Jiangsu Kaiyu Auto Appliance (currently, Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.) of China.

Month/Year	History
January 2014	Nidec Sankyo Corporation (currently, Nidec Instruments Corporation) acquired Mitsubishi Materials C.M.I. Corporation (currently, Nidec Material Corporation).
March 2014	Acquired Honda Elesys Co., Ltd. (currently, Nidec Elesys Corporation).
February 2015	Acquired Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (currently, NIDEC GPM GmbH) of Germany.
May 2015	Acquired Motortecnica s.r.l. of Italy.
July 2015	Acquired SR motor drive business of China Tex Mechanical & Electrical Engineering Ltd. (currently, Nidec (Beijing) Drive Technologies Co., Ltd.) of China.
August 2015	Acquired Arisa, S.A. (currently, Nidec Arisa, S.L.U.) of Spain. Acquired KB electronics, Inc. of the U.S.
September 2015	Acquired business assets of E.M.G. Elettromeccanica S.r.l. of Italy. Nidec Sankyo Corporation (currently, Nidec Instruments Corporation) acquired PT. NAGATA OPTO INDONESIA.
May 2016	Acquired E.C.E. S.r.l. of Italy. Acquired ANA IMEP S.A. (currently, Nidec Global Appliance Romania S.A.) of Romania.
December 2016	Acquired Canton Elevator, Inc. of the U.S.
January 2017	Acquired Emerson Electric Co.'s motors, drives and electric power generation businesses of the U.S.
March 2017	Acquired Vamco International, Inc. of the U.S. Unified corporate brand logos of group companies to "Nidec".
July 2017	Acquired LGB Elettropompe S.r.l. of Italy.
October 2017	Nidec Sankyo Corporation (currently, Nidec Instruments Corporation) succeeded the business of Tokyo Maruzen Industry Co., Ltd. Nidec-Read Corporation (currently, Nidec Advance Technology) acquired SV Probe Pte. Ltd. of Singapore.
November 2017	Acquired driveXpert GmbH of Germany (currently, Nidec driveXpert GmbH).
February 2018	Nidec Center for Industrial Science and Technology (currently, Nidec Keihanna Technology Center) opened its new building in Seika-cho, Soraku-gun, Kyoto.
April 2018	Acquired Genmark Automation, Inc. of the U.S.
May 2018	Established the joint venture company Nidec PSA emotors with Groupe PSA of France.
July 2018	Acquired CIMA S.p.A. of Italy.
August 2018	Acquired MS-Graessner GmbH & Co. KG of Germany.
November 2018	Took a stake in Chaun-Choung Technology Corp (currently, Nidec Chaun-Choung Technology Corp) of Taiwan.
February 2019	Acquired Systeme + Steuerungen GmbH of Germany.
March 2019	Acquired DESCH Antriebstechnik GmbH & Co. KG (currently, Nidec DESCH Antriebstechnik GmbH & Co. KG) of Germany.
July 2019	Acquired the compressor business ("Embraco") of Whirlpool Corporation of the U.S.
October 2019	Established the joint venture company Guangzhou Nidec Auto Drive System Co., Ltd. with GAC Components Co., Ltd. of China. Acquired OMRON Automotive Electronics Co., Ltd. (currently, Nidec Mobility Corporation).
November 2019	Acquired Roboteq Inc. of the U.S.
June 2020	Acquired Delta compressor business of Secop Austria GmbH.
January 2021	Established Nidec Electric Motor Serbia LLC and Nidec Elesys Europe LLC in Serbia.
August 2021	Acquired Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently, Nidec Machine Tool Corporation).
February 2022	Took a stake in OKK Co., Ltd. (currently, Nidec OKK Corporation).
December 2022	Established the joint venture company Nidec Energy AS with FRYER BATTERY AS of Norway.
February 2023	Acquired PAMA S.p.A. of Italy.
March 2023	Nidec Copal Electronics Corporation (currently, Nidec Components Corporation) acquired Midori Precisions Co., Ltd.

3. Description of Business

Major businesses of our group, which is comprised mainly of the Company, 343 consolidated subsidiaries and 4 equity-method associates, are manufacturing and sales of small precision motors, automotive products, appliance, commercial and industrial products, machinery, electronic and optical components, and others.

We prepare our consolidated financial statements in accordance with IFRS. The scope of affiliates is also based on the definition of IFRS. Our segments comprise 9 reportable segments and others.

These segment categories are the same as those in the segment information in notes to consolidated financial statements in “V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Statements of Financial Position” and segments for the year ended March 31, 2023 in all other parts in this annual securities report. NIDEC has changed its reporting segment classification in the three months ended June 30, 2022. For details, please refer to “V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Statements of Financial Position, Notes to Consolidated Financial Statements, 5. Segment information”.

Name	Main products	Principal companies
SPMS	Hard disk drives spindle motors and other small precision motors	Nidec Corporation, Nidec (H.K.) Co., Ltd., Nidec (Shanghai) International Trading Co., Ltd., Nidec Electronics (Thailand) Co.,Ltd., Nidec Chaun-Choung Technology Corp, Nidec Motor (Dongguan) Co., Ltd., Nidec Vietnam Corporation.
AMEC	Automotive products	Nidec (Shanghai) International Trading Co., Ltd., Nidec Automobile Motor (Zhejiang) Corporation, Nidec Motors & Actuators (Germany) GmbH, NIDEC GPM GmbH, Nidec Motor (Dalian) Ltd., Nidec Automotive Motor Americas LLC.
MOEN	Appliance, commercial and industrial products	Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Control Techniques Limited.
ACIM	Appliance, commercial and industrial products	Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda., Nidec Leroy-Somer Holding.
Nidec Sankyo	Machinery, automotive products, electronic components and other small precision motors	Nidec Sankyo Corporation
Nidec Techno Motor	Appliance, commercial and industrial products	Nidec Techno Motor Corporation, Nidec Shibaura (Zhejiang) Co., Ltd.
Nidec Mobility	Automotive products	Nidec Mobility Corporation
Nidec Shimpo	Machinery	Nidec Shimpo Corporation, Nidec Minster Corporation, Nidec Machine Tool Corporation.
Nidec Read	Machinery	Nidec Read Corporation
Others	Automotive products, machinery, electronic components, other small precision motors and others	Nidec Powertrain Systems (Zhejiang) Corporation, Nidec Copal Electronics Corporation, Nidec Tosok Corporation, Nidec Servo Corporation, Nidec Copal Corporation, Nidec Global Service Corporation.

The positioning of the Company and its principal consolidated companies in relation to the product category of our group is as follows:

Product Category		Principal Companies
Small precision motors	Hard disk drives spindle motors	Nidec Corporation, Nidec (H.K.) Co., Ltd., Nidec Electronics (Thailand) Co., Ltd.
	Other small precision motors	Nidec Corporation, Nidec (H.K.) Co., Ltd., Nidec Sankyo Corporation, Nidec Motor (Dongguan) Co., Ltd., Nidec Chaun-Choung Technology Corp, Nidec Vietnam Corporation, Nidec Copal Corporation, Nidec (Shanghai) International Trading Co., Ltd., Nidec Copal Electronics Corporation, Nidec Servo Corporation.
Automotive products		Nidec Corporation, Nidec (Shanghai) International Trading Co., Ltd., Nidec Automobile Motor (Zhejiang) Corporation, Nidec GPM GmbH, Nidec Motor (Dalian) Ltd, Nidec Automotive Motor Americas LLC, Nidec Mobility Corporation, Nidec Powertrain Systems (Zhejiang) Corporation, Nidec Tosok Corporation, Nidec Motors & Actuators (Germany) GmbH.
Appliance, commercial and industrial products		Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Control Techniques Limited, Nidec Leroy-Somer Holding, Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda., Nidec Shibaura (Zhejiang) Co., Ltd., Nidec Techno Motor Corporation
Machinery		Nidec Sankyo Corporation, Nidec Read Corporation, Nidec Minster Corporation, Nidec Machine Tool Corporation, Nidec Shimpo Corporation, Nidec Copal Corporation
Electronic and optical components		Nidec Sankyo Corporation, Nidec Copal Electronics Corporation, Nidec Copal Corporation
Others		Nidec Global Service Corporation, Nidec Sankyo Corporation.

(Business Diagram)

Product Category		Operating Segment	Principal Companies
Small precision motors	Hard disk drives spindle motors	SPMS	Nidec Corporation
		SPMS	Nidec (H.K.) Co., Ltd.
		SPMS	Nidec Electronics (Thailand) Co., Ltd.
	Other small precision motors	SPMS	Nidec Corporation
		SPMS	Nidec (H.K.) Co., Ltd.
		NSNK-G	Nidec Sankyo Corporation
		SPMS	Nidec Motor (Dongguan) Co., Ltd.
		SPMS	Nidec Chaun-Choung Technology Corp
		SPMS	Nidec Vietnam Corporation
		OTHERS	Nidec Copal Corporation
		SPMS	Nidec (Shanghai) International Trading Co., Ltd.
		OTHERS	Nidec Copal Electronics Corporation
		OTHERS	Nidec Servo Corporation
		Automotive products	AMEC
AMEC	Nidec (Shanghai) International Trading Co., Ltd.		
AMEC	Nidec Automobile Motor (Zhejiang) Corporation		
AMEC	Nidec GPM GmbH		
AMEC	Nidec Motor (Dalian) Ltd.		
AMEC	Nidec Automotive Motor Americas LLC		
NMOJ-G	Nidec Mobility Corporation		
OTHERS	Nidec Powertrain Systems (Zhejiang) Corporation		
OTHERS	Nidec Tosok Corporation		
AMEC	Nidec Motors & Actuators (Germany) GmbH		
Appliance, commercial and industrial products	MOEN		Nidec Motor Corporation
	MOEN	Nidec ASI S.p.A.	
	MOEN	Nidec Control Techniques Limited	
	ACIM	Nidec Leroy-Somer Holding	
	ACIM	Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda.	
	NTMC-G	Nidec Shibaura (Zhejiang) Co., Ltd.	
	NTMC-G	Nidec Techno Motor Corporation	
Machinery	NSNK-G	Nidec Sankyo Corporation	
	NRCJ-G	Nidec Read Corporation	
	NSCJ-G	Nidec Minster Corporation	
	NSCJ-G	Nidec Machine Tool Corporation	
	NSCJ-G	Nidec Shimpo Corporation	
	OTHERS	Nidec Copal Corporation	
Electronic and optical components	NSNK-G	Nidec Sankyo Corporation	
	OTHERS	Nidec Copal Electronics Corporation	
	OTHERS	Nidec Copal Corporation	
Other	Services	OTHERS	Nidec Global Service Corporation
		NSNK-G	Nidec Sankyo Corporation

Client

- (Notes) 1. Nidec changed its company name of "Nidec (Shanghai) International Trading Co., Ltd." to "Nidec (Shanghai) Co., Ltd." on April 1, 2023.
2. Nidec changed its company name of "Nidec (Dongguan) Ltd." to "Nidec Motor (Dongguan) Co., Ltd." on February 1, 2023.
3. Nidec changed its company name of "Nidec (Dalian) Ltd." to "Nidec Motor (Dalian) Ltd." on November 29, 2022.
4. Nidec changed its company name of "Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda." to "Nidec Global Appliance Brazil Ltda." on April 1, 2023.
5. Nidec changed its company name of "Nidec Sankyo Corporation" to "Nidec Instruments Corporation" on April 1, 2023.

6. Nidec changed its company name of "Nidec Shibaura (Zhejiang) Co., Ltd." to "Nidec Techno Moter (Zhejiang) Co., Ltd." on April 1, 2023.
7. Nidec changed its company name of "Nidec-Shimpo Corporation" to "Nidec Drive Technology Corporation" on April 1, 2023.
8. Nidec changed its company name of "Nidec-Read Corporation" to "Nidec Advance Technology Corporation" on April 1, 2023.
9. Nidec changed its company name of "Nidec Tosok (Zhejiang) Corporation" to "Nidec Powertrain Systems (Zhejiang) Corporation" on March 2, 2023.
10. Nidec changed its company name of "Nidec Copal Electronics Corporation" to "Nidec Components Corporation" on April 1, 2023.
11. Nidec changed its company name of "Nidec Tosok Corporation" to "Nidec Powertrain Systems Corporation" on April 1, 2023.
12. Nidec changed its company name of "Nidec Servo Corporation" to "Nidec Advanced Motor Corporation" on April 1, 2023.
13. Nidec changed its company name of "Nidec Copal Corporation" to "Nidec Precision Corporation" on April 1, 2023.

4. Information on Affiliates

(1) Consolidated subsidiaries

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec (H.K.) Co., Ltd.	Hong Kong, China	HKD 2,352 thousand	Small Precision Motors	100.0			Sales of products of the Company		*1
Nidec (Shanghai) International Trading Co., Ltd.	Shanghai, China	CNY 1,655 thousand	Small Precision Motors, Automotive products	100.0 (100.0)			Payment of commissions		
Nidec Motor Corporation	Missouri, U.S.A.	USD 1,355,662 thousand	Appliance, Commercial and Industrial products	100.0 (100.0)			Receipt of royalties		
Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda.	Santa Catarina, Brazil	BRL 1,275,243 thousand	Appliance, Commercial and Industrial products	100.0		Loan	Receipt of royalties		*1
Nidec Sankyo Corporation	Shimosuwa-cho, Suwa-gun, Nagano	JPY 35,270 million	Small Precision Motors, Automotive Products, Machinery and Electronic parts	100.0	Yes		Receipt of royalties	Yes	*1
Nidec Techno Motor Corporation	Obama, Fukui	JPY 2,500 million	Commercial and Industrial products	100.0	Yes	Loan	Receipt of royalties	Yes	
Nidec Mobility Corporation	Komaki, Aichi	JPY 5,000 million	Automotive products	100.0	Yes	Loan	Receipt of royalties		
Nidec-Shimpo Corporation	Muko-city, Kyoto	JPY 3,796 million	Machinery	100.0	Yes	Loan	Receipt of royalties		
Nidec-Read Corporation	Muko-city, Kyoto	JPY 938 million	Machinery	100.0	Yes		Receipt of royalties	Yes	
Nidec Electronics (Thailand) Co., Ltd.	Pathumthani Province, Thailand	USD 231,657 thousand	Small Precision Motors	99.9			Supply of products to the Company, Receipt of royalties	Yes	*1

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec Chaun-Choung Technology Corp	New Taipei, Taiwan	TWD 863 million	Small Precision Motors	86.3		Loan			
Nidec Motor (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	USD 23,000 thousand	Small Precision Motors	100.0 (37.5)			Supply of products to the Company, Receipt of royalties	Yes	
Nidec Vietnam Corporation	Ho Chi Minh, Vietnam	USD 11,000 thousand	Small Precision Motors	100.0			Supply of products to the Company, Receipt of royalties	Yes	*1
Nidec Automobile Motor (Zhejiang) Corporation	Pinghu, Zhejiang, China	USD 135,966 thousand	Automotive products	100.0 (9.9)			Supply of products to the Company, Receipt of royalties		*1
Nidec Motors & Actuators (Germany) GmbH	Baden-Württemberg, Germany	EUR 25 thousand	Automotive products	100.0			Sales of products of the Company, Receipt of royalties		*1
NIDEC GPM GmbH	Thüringen, Germany	EUR 294,273 thousand	Automotive products	100.0 (100.0)			Receipt of royalties		*1
Nidec Motor (Dalian) Ltd.	Dalian, Liaoning, China	USD 66,500 thousand	Automotive products	100.0			Supply of products to the Company, Receipt of royalties		*1
Nidec Automotive Motor Americas Corporation	Michigan, U.S.A.	USD 0.01 thousand	Automotive products	100.0 (100.0)			Receipt of royalties		
Nidec ASI S.p.A.	Lombardia, Italy	EUR 17,429 thousand	Industrial products	100.0 (100.0)			Receipt of royalties		
Nidec Control Techniques Limited	Powys, UK	USD 6,185 thousand	Appliance, Commercial and Industrial products	100.0 (100.0)			Receipt of royalties		
Nidec Leroy-Somer Holding	Angouleme, France	USD 39,060 thousand	Appliance, Commercial and Industrial products	99.8 (99.8)		Loan	Receipt of royalties		
Nidec Shibaura (Zhejiang) Co., Ltd.	Pinghu, Zhejiang, China	CNY 553,944 thousand	Appliance, Commercial and Industrial products	100.0 (91.7)					

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec Minster Corporation	Ohio, U.S.A.	USD 687 thousand	Machinery	100.0 (100.0)					
Nidec Machine Tool Corporation	Ritto, Shiga	JPY 3,000 million	Machinery	100.0	Yes	Loan	Receipt of royalties		
Nidec Powertrain Systems (Zhejiang) Corporation	Pinghu, Zhejiang, China	CNY 432,657 thousand	Automotive products	100.0 (100.0)					
Nidec Copal Electronics Corporation	Shinjuku-ku, Tokyo	JPY 2,362 million	Small Precision Motors, Electronic and Optical parts	100.0	Yes		Receipt of royalties		
Nidec Tosok Corporation	Zama, Kanagawa	JPY 5,087 million	Automotive products	100.0	Yes		Receipt of royalties		
Nidec Servo Corporation	Kiryu, Gunma	JPY 2,548 million	Small Precision Motors	100.0	Yes		Receipt of royalties	Yes	
Nidec Copal Corporation	Itabashi-ku, Tokyo	JPY 11,080 million	Small Precision Motors, Machinery and Electronic and Optical parts	100.0	Yes		Receipt of royalties	Yes	*1
Nidec Global Service Corporation	Minami-ku, Kyoto	JPY 109 million	Service	100.0 (70.2)	Yes	Loan			
Nidec Philippines Corporation	Province of Laguna, Philippines	USD 39,207 thousand	Small Precision Motors	99.9			Supply of products to the Company, Receipt of royalties		*1
Nidec Tosok (Vietnam) Co., Ltd.	Ho Chi Minh, Vietnam	JPY 4,105 million	Automotive products	100.0 (61.5)					
Guangzhou Nidec Auto Drive System Co., Ltd.	Guangzhou, Guangdong, China	CNY 600,000 thousand	Automotive products	51.0			Receipt of royalties		*1
OKK Corporation	Itami, Hyogo	JPY 9,023 million	Machinery	100.0		Loan			*1

(Notes) *1. Companies that fall under the definition of a specified subsidiary or "Tokutei Kogaisha". Under the Financial Instruments and Exchange Act of Japan, a subsidiary corresponds to a "Tokutei Kogaisha" when the total amount of its net sales to or the total amount of its purchases from the parent company during the period corresponding to the most recent fiscal year of the parent company are 10% or more of the total amount of the parent company's purchases or the total amount of the parent company's net sales during the same period.

Among the other companies, the company that falls under the specified subsidiary is as follows.

Nidec Europe B.V.

2. A number in the round brackets in the "% of voting rights interests" column shows the % of indirect voting interests, which is a part of the total voting interest.
3. Nidec changed its company name of "Nidec (Shanghai) International Trading Co., Ltd." to "Nidec (Shanghai) Co., Ltd." on April 1, 2023.
4. Nidec changed its company name of "Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda." to "Nidec Global Appliance Brazil Ltda." on April 1, 2023.
5. Nidec changed its company name of "Nidec Sankyo Corporation" to "Nidec Instruments Corporation" on April 1, 2023.
6. Nidec changed its company name of "Nidec-Shimpo Corporation" to "Nidec Drive Technology Corporation" on April 1, 2023.
7. Nidec changed its company name of "Nidec-Read Corporation" to "Nidec Advance Technology Corporation" on April 1, 2023.
8. Nidec changed its company name of "Nidec (Dongguan) Ltd." to "Nidec Motor (Dongguan) Co., Ltd." on February 1, 2023.
9. Nidec changed its company name of "Nidec (Dalian) Ltd." to "Nidec Motor (Dalian) Ltd." on November 29, 2022.
10. Nidec changed its company name of "Nidec Shibaura (Zhejiang) Co., Ltd." to "Nidec Techno Moter (Zhejiang) Co., Ltd." on April 1, 2023.
11. Nidec changed its company name of "Nidec Tosok (Zhejiang) Corporation" to "Nidec Powertrain Systems (Zhejiang) Corporation" on March 2, 2023.
12. Nidec changed its company name of "Nidec Copal Electronics Corporation" to "Nidec Components Corporation" on April 1, 2023.
13. Nidec changed its company name of "Nidec Tosok Corporation" to "Nidec Powertrain Systems Corporation" on April 1, 2023.
14. Nidec changed its company name of "Nidec Servo Corporation" to "Nidec Advanced Motor Corporation" on April 1, 2023.
15. Nidec changed its company name of "Nidec Copal Corporation" to "Nidec Precision Corporation" on April 1, 2023.
16. Nidec changed its company name of "Nidec Tosok (Vietnam) Co., Ltd." to "Nidec Powertrain Systems (Vietnam) Co.,Ltd." on April 1, 2023.

(2) Associated company under the equity method

We have 4 associated companies under the equity method. We have omitted a description of them as they are immaterial.

5. Employees

(1) Consolidated basis

(As of March 31, 2023)

Name of segment	Number of employees	
SPMS	25,583	(9,173)
AMEC	10,204	(1,410)
MOEN	12,343	(457)
ACIM	18,478	(685)
Nidec Sankyo	11,795	(3,455)
Nidec Techno Motor	2,672	(1,875)
Nidec Mobility	3,996	(276)
Nidec Shimpo	5,966	(722)
Nidec Read	1,077	(60)
Others	13,563	(3,274)
Corporate	915	(23)
Total	106,592	(21,410)

(Note) 1. The number of employees indicates fulltime employees and the figures in round brackets are excluded from the number of employees and indicate the annual average number of temporary employees.

2. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.
3. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.
4. NIDEC changed its company name of "Nidec Read Corporation" which core of the Nidec Read Group to "Nidec AdvanceTechnology Corporation" on April 1, 2023.

(2) The Company

(As of March 31, 2023)

Number of employees	Average age	Average length of service	Average annual salary
2,176 (61)	40.0	11.8	6,869,820

Name of segment	Number of employees	
SPMS	618	(6)
AMEC	742	(36)
MOEN	–	(–)
ACIM	–	(–)
Corporate	816	(19)
Total	2,176	(61)

(Notes) 1. The number of employees indicates fulltime employees and the figures in round brackets are excluded from the number of employees and indicate the annual average number of temporary employees.

2. Average annual salary includes extra wages and bonuses.

3. The number of employees decreased by 335 from the end of the previous fiscal year, mainly due to fixed structure reforms and the conversion of Nagano Technical Center into a research/development and production base for Nidec-Shimpo Corporation (currently Nidec Drive Technology Corporation) resulting in transfers to consolidated subsidiaries and voluntary retirement.

(3) Labor union

Labor unions have been organized at several consolidated subsidiaries at the company and its consolidated subsidiaries. The relationship between management and labor unions is favorable and there are no material facts to report.

(4) Ratio of female workers in managerial positions, percentage of male workers taking childcare leave, and difference in wages between male and female workers

i. Submitting company

Current fiscal year						
Ratio of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)			Difference in wages between male and female workers (%) (Note 1)		
	All workers	Regularly employed workers	Part-time and fixed-term workers	All workers	Regularly employed workers	Part-time and fixed-term workers (Note 3)
7.0	31.2	31.2	-	71.6	80.6	30.0

(Notes) 1. Calculated based on the provisions of the “Act on the Promotion of Women's Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The percentage of employees who take childcare leave, etc. under Article 71-4, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
3. Part-time and fixed-term workers include employees rehired after retirement.2.The Company has introduced a job type personnel system (job grade system), whereby employees are treated according to the "size of job responsibilities and duties" and the "results".

ii. Consolidated subsidiary in Japan

Current fiscal year							
Name	Ratio of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)			Difference in wages between male and female workers (%) (Note 1)		
		All workers	Regularly employed workers	Part-time and fixed-term workers	All workers	Regularly employed workers	Part-time and fixed-term workers
Nidec Sankyo Corporation	1.8	33.0	33.0	-	64.8	66.6	41.4
Nidec Sankyo Tohoku Corporation	0	66.0	66.0	-	69.6	71.5	66.2
Nidec Sankyo CMI Corporation	0	-	-	-	58.5	70.6	48.7
Nidec Techno Motor Corporation	0	40.0	40.0	-	64.2	75.4	53.9
Nidec Mobility Corporation	3.8	16.7	16.7	-	52.1	61.7	39.8
Nidec Shimpo Corporation	5.0	11.1	11.1	-	76.5	77.9	76.5
Nidec Read Corporation	6.2	20.0	20.0	-	70.3	70.4	38.8
Nidec Machine Tool(Japan) Co.,Ltd.	2.5	-	-	-	64.8	75.4	84.8
Nidec Copal Electronics Corporation	0	42.9	42.9	-	57.5	59.5	48.7
Nidec Tosok Corporation	5.3	14.3	14.3	-	67.3	73.2	35.1
Nidec Servo Corporation	0	100	100	-	72.0	71.9	71.1
Nidec Copal Corporation	2.9	23.1	25.0	0	66.0	69.6	57.2
Nidec OKK Corporation	9.2	11.8	11.8	-	65.9	76.1	51.0
Nidec Elesys Corporation	4.1	50.0	50.0	-	65.4	64.6	125.6

(Notes) 1. Calculated based on the provisions of the “Act on the Promotion of Women's Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The percentage of employees who take childcare leave, etc. under Article 71-4, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
3. Nidec changed its company name of "Nidec Sankyo Corporation" to "Nidec Instruments Corporation" on April 1, 2023.
4. Nidec changed its company name of "Nidec Sankyo Tohoku Corporation" to "Nidec Instruments AKITA Corporation" on April 1, 2023.
5. Nidec changed its company name of "Nidec Sankyo CMI Corporation" to "Nidec Material Corporation" on April 1, 2023.
6. Nidec changed its company name of "Nidec Shimpo Corporation" to "Nidec Drive Technology Corporation" on April 1, 2023.
7. Nidec changed its company name of "Nidec Read Corporation" to "Nidec Advance Technology Corporation" on April 1, 2023.
8. Nidec changed its company name of "Nidec Machine Tool (Japan) Co.,Ltd." to "Nidec Machine Tool Corporation" on April 1, 2023.
9. Nidec changed its company name of "Nidec Copal Electronics Corporation" to "Nidec Components Corporation" on April 1, 2023.
10. Nidec changed its company name of "Nidec Tosok Corporation" to "Nidec Powertrain Systems Corporation" on April 1, 2023.

11. Nidec changed its company name of "Nidec Servo Corporation" to "Nidec Advanced Motor Corporation" on April 1, 2023.
12. Nidec changed its company name of "Nidec Copal Corporation" to "Nidec Precision Corporation" on April 1, 2023.

II. Business Overview

1. Management Policies, Business Environment, and Challenges

Forward-looking statements below were determined by NIDEC as of the end of the current fiscal year and do not guarantee the achievement.

(1) Basic management policies

As we celebrate our 50th anniversary in July, 2023, NIDEC established the “New Corporate Philosophies” with a view of growing sustainably for the next 100 years and beyond. The “New Corporate Philosophies” is based on NIDEC's policy. While continuing the values, code of conduct, and action guidelines that have been the source of NIDEC's 50-year growth, the “New Corporate Philosophies” clearly defines the purpose of NIDEC's growth and the significance of its existence as the "Mission". In addition to adhering to the No.1 position, NIDEC established the "Vision" for a corporate group with a solution that contributes to the conservation of the global environment and the enrichment of the lives of people all over the world through the activities of NIDEC.

The "Mission" and "Vision" are as follows:

"Mission":

We contribute to the Earth by producing the highest quality motors in the world.

(All NIDEC employees work to the very best of their ability to send motors into the world. It is with these motors and other products we make that we solve various issues such as the conservation of the global environment, and contribute to making better lives for people all over the world.)

"Vision":

- NIDEC is a global company that grows sustainably for the next 100 years and beyond.
- NIDEC is the world's leading solution-providing business group that solves numerous problems for the people in the world.

Under these circumstances, we have set a medium-term strategic target for fiscal year 2025 (Vision2025) and aim to be a growing company that is strongly adapted to changes in the business environment.

The outline is as follows.

FY2021 to FY2022

- 1) Target for consolidated net sales : ¥2 trillion
- 2) Productivity improvement : To increase sales and profit per employee by 30% (compared to FY2020)
- 3) ROIC (Return On Invested Capital) : over 10%
- 4) To be a top-rated ESG company

FY2023 to FY2025

- 1) Target for consolidated net sales : ¥4 trillion
- 2) Productivity improvement : To double sales and profit per employee (compared to FY2020)
- 3) ROIC (Return On Invested Capital) : over 15%
- 4) To be a top-rated ESG company

NIDEC announces that it will achieve carbon neutrality in FY2040 as a major pillar of its new medium-term strategic goal Vision2025 and materiality initiatives, with the aim of contributing to the realization of a carbon-free society.

To achieve this target, we will first aim to substantially reduce the CO2 that NIDEC emits directly through its business activities at present (Scope 1), and CO2 that is emitted in the production stage of heat or energy used in business activities (Scope 2), by making our businesses more energy efficient and proactively introducing renewable energies. After building a solid foundation for renewable energy oriented CO2 emissions reduction, we will promote a shift to energy-saving, low-carbon fuels and employ carbon offset investments and other measures, thereby achieving carbon neutrality in our business activities in FY2040.

For CO2 emitted in the supply chain (Scope 3), we will decide a reduction plan by FY2025.

(2) Business Environment and NIDEC's Medium- to Long-term Business Strategies

In order to achieve the above goals, in the small precision motors business, NIDEC has acquired Chaun-Choung Technology (Nidec Chaun-Choung Technology Corporation at present) in November 2018, which has thermal solution products centered on vapor chambers. In combination with NIDEC's existing technology, cooling technology centered on fan motors, NIDEC will provide higher value-added thermal solutions. In the automotive business, NIDEC has acquired OMRON Automotive Electronics (Nidec Mobility Corporation at present) in October 2019, which has the technology of electronic control unit (ECU). NIDEC will increase the ECU capacity of Nidec Elesys (Nidec Elesys Corporation at present) and pursue synergies with its existing automotive motors. For appliance, commercial and industrial products, NIDEC has acquired Embraco in July 2019, which has technology for refrigerator compressors. In combination with its existing technology for compressor motors, NIDEC contributes to the development of refrigerators with even greater energy-efficiency performance. For others, in August 2021 NIDEC has acquired Mitsubishi Heavy Industries Machine Tool Co., Ltd. (Nidec Machine Tool Corporation at present), which has high accuracy and efficiency gear processing technology. NIDEC will pursue synergy effects in the two existing businesses of speed reducers and press machines owned by Nidec-Shimpo Corporation (Nidec Drive Technology Corporation at present), as well as in basic technology development, manufacturing and sales and so forth. In addition, NIDEC expects utilizing Nidec Machine Tool's technology for our future insourcing plan. NIDEC is expecting further demand increase for E-Axle, the electric vehicle traction unit that Nidec is most focused on at present. Technology of the company is essential strengthen manufacturing capabilities of gears, the core component of the traction unit. In addition, in February 2022 NIDEC has acquired OKK Corporation ("Nidec OKK Corporation at present"), whose business is to design, manufacture, sell and install machine tools, and provide technical instructions on and after-sales services related to products, etc. The acquisition of Nidec OKK achieves a mutual complement of products in the area of machine tool, an existing area of businesses where Nidec operates, and synergies are also expected especially in such areas as element technology development, manufacturing, and sales of the machine tool business. We hope to mutually exploit NIDEC's and Nidec OKK's respective technological capability, brand power, and customer bases to expand our machine tool business. In addition, in February 2023 we acquired PAMA, which manufactures and sales machine tools(boring and milling machines and machining centers,among others). PAMA's joining the Nidec Group will enable the Company to pursue synergies in all the areas of sale,manufacturing, and product development, including expanding sales in the Asian, European and American markets based on a wide range of product lineup and cross selling, developing new products and components by combining the three companies' technological expertise, and reducing lead time for delivery and manufacturing cost based on a global production optimization in Europe, the US, and Asia.

1. Small precision motors

NIDEC makes efforts to ensure the profitability of HDD motors. The number of units shipped in the HDD market decreased by more than 30% compared to the previous year in calendar year 2022, and it is expected that the number of units shipped in HDD market will decrease compared to the previous year in calendar year 2023 as well. On the other hand, demand for data is expected to grow significantly in the future under the background of the improvement for the image quality and capacity of images and videos, spread social media and games, and emergence of the metaverse. Demand for HDD motors is also expected to continue to grow in server applications, and the composition ratio of high-value-added products is expected to increase.

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2. Automotive products

As the impact of climate change increases in severity, the automotive industry is accelerating its efforts toward decarbonization. Since emissions from passenger cars, trucks, and others account for approximately one fifth of the total CO2 emissions in the world, major countries have announced a ban on the sales of gasoline and diesel vehicles one after another, and are supporting to shift to the 'vehicle electrification'. Although it has been announced that gasoline vehicles based on synthetic fuels in the EU will be allowed to be sold after 2035, the shift to electric vehicles is expected to continue. In this trend, sales of our "E-Axle," drive motor for electric vehicles, are expected to grow at a high rate. The expected average sales growth rate for the automotive segment from fiscal 2020 to fiscal 2025 is 29%, the highest of all segments. Although the EV market has grown, led by China, growth is expected to accelerate in other regions, particularly Europe and North America. In addition to the "E-Axle," we will focus on supplying components for the "E-Axle," including motors, and strongly support the shift to electric vehicles.

3. Appliance, commercial and industrial products

Motors currently account for approximately half of the world's electric power consumption, and since the consumption of industrial motors is particularly large, there is an urgent need to replace them with higher-efficiency motors. In the appliance sector, NIDEC handles motors for washing machines, dryers, dishwashers, compressors for refrigerators, motors for compressors and other, and it is expected that the demand for highly efficient brushless DC motors will further increase in the future. The commercial sector supplies air conditioner motors and modules for robots used in EC delivery centers. The industrial sector develops business mainly in markets such as agriculture, gas, mining, water and sewage, and marine markets.

There is a global trend toward energy-efficiency and power-saving, and NIDEC is aiming for further development of the appliance, commercial, and industrial businesses by following this trend.

4. Others

Demand for factory automation (FA) is increasing mainly in China, aiming to solve the global labor shortage. NIDEC is promoting business expansion by capturing demand for small robot core parts (speed reducers), which is expanding due to the "expansion of robot applications." In preparation for a large increase in demand in the future, NIDEC has started the operation of a new plant reduction gears for robots and has significantly increased production capacity. In addition, NIDEC is aiming to supply high-value-added products by accelerating the modularization of speed reducer related products. We are also aggressively making acquisitions in the machine tool business, and the profitability of acquired companies has improved significantly in a short period of time. As with the press machine business, we expect further growth in the machine tool business as we expand our product lineup through acquisition and taking profit improvement measures.

5. M&A

In order to achieve the above goals, in the small precision motors business, NIDEC has acquired Chaun-Choung Technology (Nidec Chaun-Choung Technology Corporation at present) in November 2018, which has thermal solution products centered on vapor chambers. In combination with NIDEC's existing technology, cooling technology centered on fan motors, NIDEC will provide higher value-added thermal solutions. In the automotive business, NIDEC has acquired OMRON Automotive Electronics (Nidec Mobility Corporation at present) in October 2019, which has the technology of electronic control unit (ECU). NIDEC will increase the ECU capacity of Nidec Elesys (Nidec Elesys Corporation at present) and pursue synergies with its existing automotive motors. For appliance, commercial and industrial products, NIDEC has acquired Embraco in July 2019, which has technology for refrigerator compressors. In combination with its existing technology for compressor motors, NIDEC contributes to the development of refrigerators with even greater energy-efficiency performance. For others, in August 2021 NIDEC has acquired Mitsubishi Heavy Industries Machine Tool Co., Ltd. (Nidec Machine Tool Corporation at present), which has high accuracy and efficiency gear processing technology. NIDEC will pursue synergy effects in the two existing businesses of speed reducers and press machines owned by Nidec-Shimpo Corporation (Nidec Drive Technology Corporation at present), as well as in basic technology development, manufacturing and sales and so forth. In addition, NIDEC expects utilizing Nidec Machine Tool's technology for our future insourcing plan. NIDEC is expecting further demand increase for E-Axle, the electric vehicle traction unit that Nidec is most focused on at present. Technology of the company is essential strengthen manufacturing capabilities of gears, the core component of the traction unit. In addition, in February 2022 NIDEC has acquired OKK Corporation ("Nidec OKK Corporation at present"), whose business is to design, manufacture, sell and install machine tools, and provide technical instructions on and after-sales services related to products, etc. The acquisition of Nidec OKK achieves a mutual complement of products in the area of machine tool, an existing area of businesses where Nidec operates, and synergies are also expected especially in such areas as element technology development, manufacturing, and sales of the machine tool business. We hope to mutually exploit NIDEC's and Nidec OKK's respective technological capability, brand power, and customer bases to expand our machine tool business. In addition, in February 2023 we acquired PAMA, which manufactures and sales machine tools (boring and milling machines and machining centers, among others). PAMA's joining the Nidec Group will enable the Company to pursue synergies in all the areas of sale, manufacturing, and product development, including expanding sales in the Asian, European and American markets based on a wide range of product lineup and cross selling, developing new products and components by combining the three companies' technological expertise, and reducing lead time for delivery and manufacturing cost based on a global production optimization in Europe, the US, and Asia.

2. *Views and Initiatives on Sustainability*

Sustainability-minded management, in our view, opens the gateway for solid and future-proof business growth by aligning the company's strategic course of action with the world's collective response to shared challenges. Some of the ongoing and emerging global risks, particularly those attributed to climate crisis, pandemics, and geopolitical tensions, have brought profound changes to the global economic landscape. These evolving dynamics have triggered an unprecedented reorientation of people, goods, capital and technology, forcing companies to update an understanding of people's expectations of business and its role in society.

NIDEC has identified key sustainability challenges (referred to as "materiality") in 5 thematic areas further classified into 15 action categories and started transforming itself into a highly adaptable, more resilient international business with an ability to flexibly optimize resource allocation. NIDEC's sustainability governance framework consists of two primary committees: The ESG Materiality Steering Committee and The Sustainability Committee. The ESG Materiality Steering Committee is an executive body composed, in principle, of the president and all executive officers responsible for reporting progress in each thematic area. The Sustainability Committee, an oversight body consisting of a majority of outside directors, evaluates the performance of the ESG Materiality Steering Committee and reviews selected sustainability issues for more detailed discussions.

Material Issues for Sustainable Management



(For details on materiality, please visit our website .

Please refer to <https://www.nidec.com/en/sustainability/principle/materiality/action/>)

Governance Framework for Materiality Management



History of Sustainability Committee Meetings

	Date of Meeting	Agenda
1st	September 2022	<ul style="list-style-type: none"> • Election of the Secretary-General • Overview of sustainability management and NIDEC’s initiatives • ESG materiality and ESG Materiality Steering Committee • Operation of the Sustainability Committee
2nd	December 2022	<ul style="list-style-type: none"> • Progress report on the ESG materiality initiative theme “Retain and develop diverse talent” • Human rights due diligence • Responding to TCFD
3rd	March 2023	<ul style="list-style-type: none"> • NIDEC’s technical initiatives for decarbonization • ESG Materiality Steering Committee report • ESG briefing report • Establishment of social contribution policy and priority areas

Among the foregoing materiality action items, we expect those titled “realize a carbon-free society” and “maintain and foster globally competitive human resources” to have a long-lasting impact on our corporate value. Below, we describe a potential interplay between our business and climate change in line with the official guidelines provided by TCFD (Task Force on Climate-related Financial Disclosures), and also summarize our approaches to human capital management.

(1) Recognition of the relationship between climate change and our business based on the TCFD recommendations

In April 2022, NIDEC announced its support for the TCFD recommendations. In line with this initiative, we will assess the potential financial impact of climate-related risks and opportunities, and incorporate them into our management strategies to enhance our efforts to realize a decarbonized society.

1. Governance

The ESG Materiality Steering Committee, which is an executive organization for sustainability, and the Sustainability Committee, which oversees the activities of the said executive organization, are responsible for the governance function of climate change measures. The Sustainability Committee, which consists of three Independent Outside Directors and two Inside Directors, meet quarterly.

2. Strategy

The Automotive products Business Unit, which is one of the cornerstones of our strategy, is an area that will benefit from abundant growth opportunities in line with the progress of global climate change countermeasures, while at the same time require careful risk preparedness. NIDEC has defined the Automotive products Business Unit as one of its businesses that is most likely to experience substantial impacts from climate changes, and has conducted a scenario analysis of the climate change impacts. Employees involved in each process, from planning and development to production, quality control, purchasing, sales, and finance, participated in the workshop and conducted scenario analysis according to the following procedures.

<Steps for scenario analysis>

Step 1: Determine scenario analysis assumptions

Scenario

(i) Transition risk scenario (2°C/1.5°C scenario)

Based on IPCC's RCP 2.6 scenario, it is assumed that various measures and regulations are introduced to realize a decarbonized society.

(ii) Physical risk scenario (4°C scenario)

Based on IPCC's RCP 8.5 scenario, it is assumed that the introduction of regulations to achieve a decarbonized society is not progressing and climate disasters are becoming more severe.

Time axis: Short-term: 2025 Medium-term: 2030 Long-term: 2050

Scope: Automotive products

Step 2: Identify climate change risks and opportunities

List a total of 40 climate change risks and opportunities, referring to the climate change risks and opportunities listed in the TCFD recommendations.

Step 3: Business impact assessment

Conduct business impact assessment from the perspective of the degree of impact on our business, the timing at which climate change risks and opportunities become apparent, and the need for early action.

Step 4: Consideration of countermeasures

Consider responses to climate change risks and opportunities that are assessed to have a significant business impact.

<Climate change risks and opportunities with significant business impacts and countermeasures>

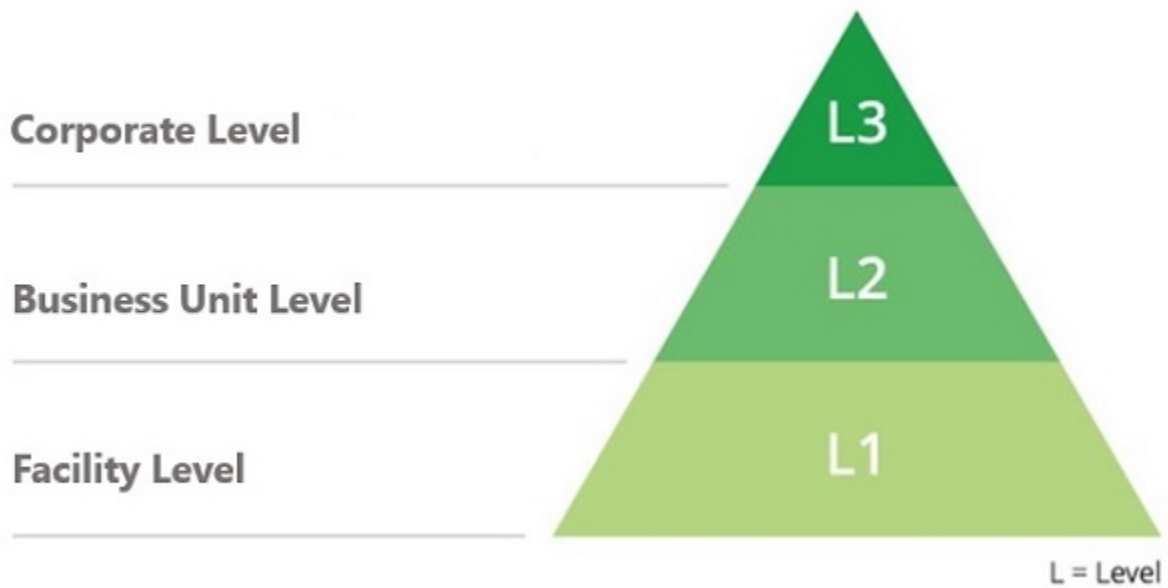
Impacts of climate change risks and opportunities			Countermeasures	
transition risks	Policies, laws and regulations	Introduction of carbon tax	<ul style="list-style-type: none"> Increased production costs and reduced price competitiveness due to carbon tax 	<ul style="list-style-type: none"> Reduce Scope1 emissions by switching to LED lighting, installing energy-saving equipment, switching to low-carbon fuels, and optimizing manufacturing processes Reduce Scope2 emissions by introducing renewable energy
			<ul style="list-style-type: none"> Increase in renewable energy introduction cost *When carbon tax measures are implemented 	<ul style="list-style-type: none"> Low-cost introduction of renewable energy through long-term contracts such as Corporate PPA
		Strengthening of regulations on fuel economy and ZEV	<ul style="list-style-type: none"> High procurement prices due to carbon tax on raw materials 	<ul style="list-style-type: none"> Use of low-carbon materials (including recycled materials) Reduce size and weight and conserve resources through compact technology Multi-sourcing of suppliers Reduce greenhouse gas (Scope3) emissions in the supply chain
			<ul style="list-style-type: none"> Impairment of manufacturing facilities for internal combustion engine products Intensified competition and price destruction due to an increase in new entrants 	<ul style="list-style-type: none"> Adopt a highly versatile design that can be converted to other models Diversify manufacturing equipment to other products Develop products with high technology and competitive prices Gain economies of scale by expanding market share
	Technique	Failure of investment in new product	<ul style="list-style-type: none"> Loss of business opportunities due to failure to meet the environmental performance required by customers 	<ul style="list-style-type: none"> Develop jointly with customers Reduce size and weight and conserve resources through compact technology
	Market	Rising raw material costs and difficulty in obtaining raw materials	<ul style="list-style-type: none"> Difficulty in obtaining rare minerals, steel products, and non-ferrous metals such as high-end aluminum and copper, and increases in procurement costs 	<ul style="list-style-type: none"> Use recycled materials Reduce size and weight and conserve resources through compact technology Develop products that do not use heavy rare earths or magnets Build a supply chain with high supply capacity
	Physical risk	Acute	Effects of flooding, torrential rains, and typhoons	<ul style="list-style-type: none"> Suspension of plant operations Failure of infrastructure networks such as electricity and water supply Costs incurred for production and transportation at other factories Increase in insurance premiums Supply chain disruptions

Physical risk	Chronic	Impacts of changes in drought and precipitation patterns	<ul style="list-style-type: none"> • Shortage of factory water due to difficulty in securing stable water supply and restrictions on water intake • Cost increase due to water price increase • Deterioration of water quality due to changes in precipitation and temperature patterns • Plant shutdowns due to tight electricity supply and demand, constraints on raw materials production and procurement capacity, and purchasing costs for parts and materials increases 	<ul style="list-style-type: none"> • Geographically dispersed production plants • Optimize manufacturing processes to reduce water usage • Reuse water and improve recycling rate
Opportunities	Products / Services	Expanding markets for products that contribute to decarbonization	<ul style="list-style-type: none"> • Increase in demand for vehicle-related products (E-Axle, motor for electric power steering, motor for brake, motor for electric oil pump, etc.) due to expansion of the electric vehicle-related market 	<ul style="list-style-type: none"> • Reduce size and weight and conserve resources through compact technology
	Market	Expansion of the EV market		

In the future, we will conduct quantitative analyses of climate risks and opportunities identified in our Automotive products Business Unit, and conduct scenario analyses in our other operations.

3. Risk management

As shown in the diagram below, we have established a system for conducting risk surveys at each level and mutually using the survey results.



As for serious contingent risks that could lead to business interruptions, the business division level (L2) periodically confirms the status of the development of the BCP (Business Continuity Plan) at the major business sites* level (L1) under its umbrella and works to establish continuous improvement activities to reduce risks.

*Major business sites: Business sites that are selected to cover 80% of the sales of the business headquarters and Group companies to which they belong.

In addition, risk managers at each of our business sites around the world play a central role in the early detection of factors that could hinder business continuity and the appropriate response. We conduct BCP simulation drills at sites in Japan and overseas in anticipation of the occurrence of risks such as earthquakes, floods, and droughts.

In fiscal 2022, a scenario analysis was conducted in the Automotive products Business Unit to identify climate risks (transition risks and physical risks) that have a significant impact on operations. In the future, we will consider incorporating the identified climate change risks into company-wide risk management items.

4. Indicators and Targets

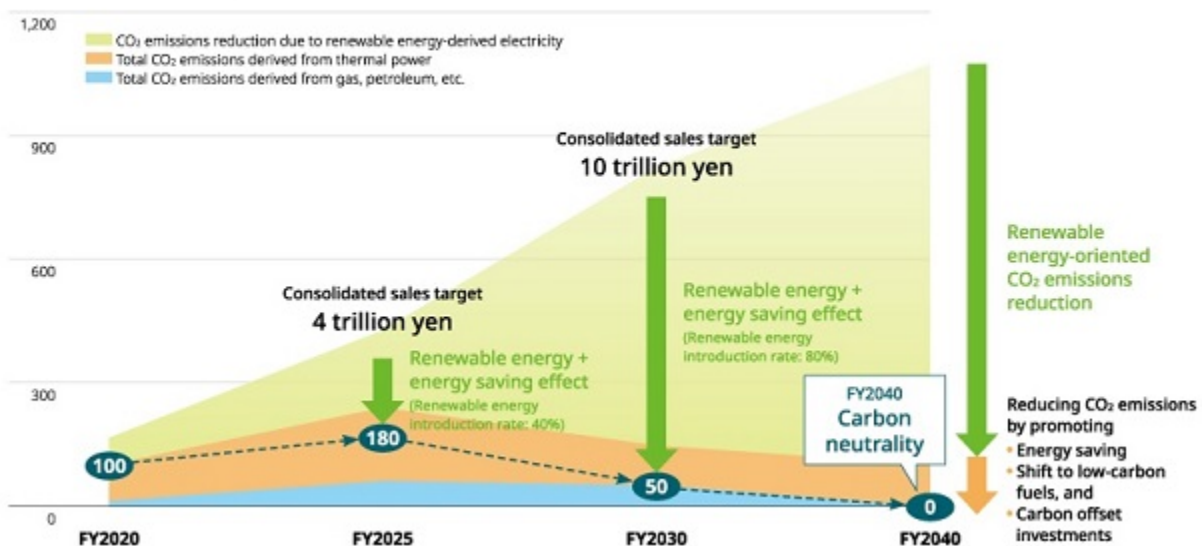
We have identified “contribute to environmental sustainability” as one of our materiality and have established the following KPIs

- (i) Promote the reduction of CO₂ emissions from automobiles through the EV traction motor system E-Axle (reduction target for fiscal 2020 to fiscal 2025: cumulative total of 11.7 million t-CO₂).
- (ii) Promote the reduction of CO₂ emissions from automobiles through the sale of electric power steering motors (reduction target for fiscal 2020 to fiscal 2025: cumulative total of 26.261 million t-CO₂).
- (iii) Increase the ratio of renewable energy to 40% on a consolidated basis by fiscal 2025.
- (iv) Complete 100% of water risk assessments at all production sites.

In addition, as one of the main pillars of medium-term strategic goal Vision 2025 and our ESG materiality actions, we have set the goal of realizing carbon neutrality in fiscal 2040. As part of our efforts to achieve this target, we will first work to significantly reduce CO₂ emissions (Scope1), which are directly emitted through our business activities, and CO₂ emissions (Scope2), which are emitted during the production of the heat and energy used in our business activities, by improving the energy efficiency of our own operations and actively introducing renewable energy. After securing the foundation of CO₂ emissions control led by renewable energy, we plan to make our operations carbon neutral by fiscal 2040 by using measures such as shifting to energy-saving, low-carbon fuels and carbon offset investments. For CO₂ emissions in the supply chain (Scope3), we plan to finalize a reduction plan by fiscal 2025.

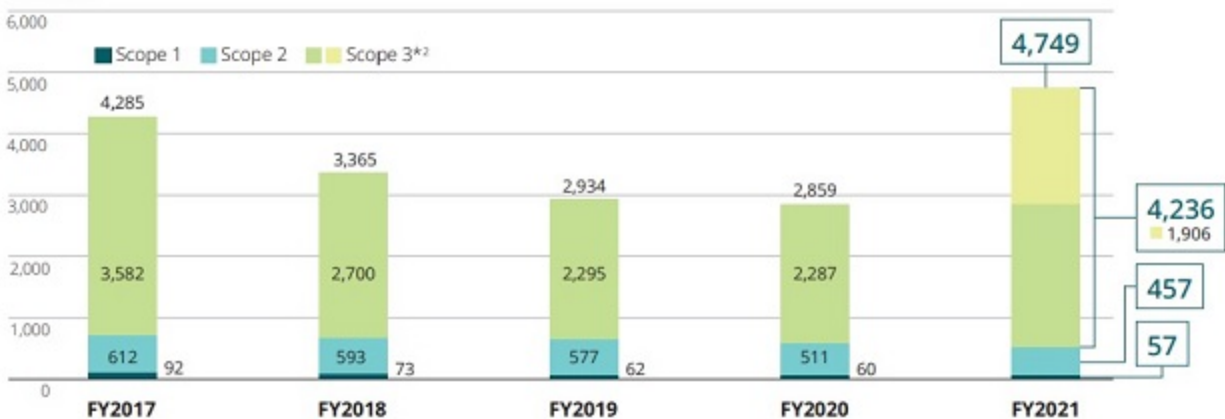
Changes in CO₂ emissions along with introduction of renewable energy-derived electricity

(CO₂ emissions: Ten thousand tons)



Greenhouse gas (GHG) emissions*1

(1,000 t-CO₂)



*1 Target sites: 86 companies

*2 Categories included (defined by the GHG Protocol): Categories 1 to 8, 13 to 15

The GHG emissions in FY2021 doubled compared to those in FY2020 due to the expansion of businesses subject to data acquisition in Category 1 (marked by ■).

(2) Initiatives to expand human capital

On April 1, 2023, the Company changed its Japanese name from Nihon Densan Group to Nidec Group in preparation for the 50th anniversary of the Company's founding on July 23, 2023. The Company intends to further evolve as its second founding period. The Company, which had four employees at the time of its founding, has made steady progress as a company over the past 50 years. In doing so, the Company has expanded its business globally through both self-sustaining growth and M&A strategy. The Company has achieved significant growth and achieved net sales of over 2 trillion yen in fiscal 2022.

In the growth cycle of companies and businesses (introduction, growth, maturity, and decline), the Company will enter a new stage toward the next 50 years as its second foundation, while focusing on the future business portfolio. In order to achieve further growth (management targets: 4 trillion yen in FY 2025 and 10 trillion yen in FY 2030), the Company is moving forward with new personnel measures and infrastructure development to create Group synergies through One Nidec (management that creates Group synergies while optimizing the Group as a whole), instead of the conventional federal management (management that emphasizes the autonomy of individual companies and promotes growth while competing with each other even within the Group).

For the past 50 years, the Company has led the growth of its group companies and businesses through the strong leadership of its founder, Mr. Shigenobu Nagamori. In the next 50 years, the Company is striving to create a corporate group that can compete on a global scale in order to realize its corporate philosophy and vision (“a global company that continues to grow for the next 100 years and beyond” and “NIDEC is the world’s leading solution-providing business group that solves numerous problems for the people in the world”), while passing on to the next generation “Nagamori-ism” and the “Nidec Way” (our code of conduct for all employees). As “One Nidec,” our corporate group development always focuses on the “organization” and “people” that are at the center of it. Based on the perspective of human capital (a multifaceted perspective in terms of “soft” and “hard” aspects of human resources management), our personnel strategy and measures are incorporated into specific activities.

The “Human Resources Management” and “Human Resources Policy and Infrastructure Development Objectives,” which are the main pillars of the human resources strategy in the human capital, are as follows.

1. Strategy

“Human Resource Management” Objectives

Aiming to be a global company that continues to grow 100 years from now, we will continue to produce the next generation of transformative leaders.

<Target>

Build a framework (leadership pipeline) to identify the next generation of transformative leader human resources across our entire group and to develop them systematically and effectively.

<Goal Image>

- (i) Business leaders are developed seamlessly through the leadership pipeline.
- (ii) Leaders in each division take leadership development as an important mission and devote their time to it.
- (iii) Group development is implemented through common mechanisms and languages.

“Human Resources Policy and Infrastructure Development” Objectives

We aim to be a company that is admired and respected as the No.1 employee group in the world by thoroughly applying the principles of merit and performance.

<Target>

One Nidec will develop human resources policies and establish a management system based on the concepts of “building a strong company and organization,” “Reward and Punishment and well-balanced treatment,” “developing the right people for the right job,” and “enhancing human resource mobility and governance.”

<Goal Image>

- (i) Contribute to strengthening the organization and human resources that can respond to changes in the company and business in order to win the global competition. We are working on the development (introduction, diffusion, establishment) and management of personnel measures.
- (ii) The Company assesses trends in society, markets, and industries, and works on personnel measures and management based on the personnel policy of our group as a whole.

<Materialization of objectives for major pillars of human resources strategy>

In line with the “Human Resource Management” Objectives and “Human Resources Policy and Infrastructure Development” Objectives the following specific initiatives are being promoted.

Human Resources Management (Materialization of Objectives)

Based on our Human Resources Development Policy, we are building a leadership pipeline through the cultivation of management and key posts, the cultivation of the next generation of leaders (managers and people in charge), and the permeation of our corporate philosophy, which is the foundation of our leadership pipeline. At the same time, we are promoting the early visibility, development, and strengthening of human resources on a global scale through the revitalization of our organization amid diversity.

<Development of management and key posts>

Key positions in our group are made visible, and senior management discusses the appropriateness of the succession plan. At the same time, we identify potential candidates for the next generation of management personnel and promote strategic early development initiatives. As for candidates for managerial positions, in addition to tough assignments such as corporate restructuring and promotion, the Company has established the Global Management College and the Next-Generation Global Management College, which provide opportunities for employees to acquire knowledge and put it into practice. NIDEC has also opened a monthly training course for founders aimed at instilling the Company's philosophy and management mindset, as well as the Global Management College and the Next-Generation Global Management College, which provide opportunities for employees to acquire high-level management knowledge as leaders of global companies. To date, participants have been selected from as many as 14 countries around the world (Japan, the United States, Canada, Mexico, China, Thailand, the Philippines, Singapore, India, Italy, Germany, France, the United Kingdom, and Poland), and after completion of the courses, they are active as global leaders in their respective regions.

In FY 2020, we established the Human Resources Development Committee to discuss the succession plan of our important group posts on a quarterly basis. In November 2022, the Nomination Committee was established as a top-level committee to establish a system for the appointment of management (directors and executive officers).

<Development of next-generation leaders>

We are implementing a variety of training measures to cultivate candidates for future leaders.

- A) The Company conducts training for managers to identify their strengths and weaknesses as leaders. Individual feedback reports created as a result of the training are shared with employees and their supervisors so that they can use them on the job. In addition, educational videos on daily dialogue (one-on-one meetings) with superiors and subordinates are distributed throughout the company in an effort to foster the development of subordinates in the organization and strengthen management capabilities.
- B) For employees in charge, the Company conducts a two-year youth development program for new graduates who have joined the Company and provides various types of training to cultivate practical work performance and basic skills as businesspersons. During the period of this program, in addition to training, specific training plans are formulated in the workplace, and efforts are made to develop human resources through on-the-job training. Career training is also provided to new graduates in their fourth year of employment, with the aim of encouraging not only short-term practical skills but also self-directed career development.
- C) For employees in general, we have prepared a self-development program in which individual employees can take correspondence courses of their choice (with subsidies for those who have completed the course), and we are working to promote reskilling.
- D) In order to develop and strengthen professional human resources, we have introduced the “Function-based Human Resources Management System,” which supports diverse experiences from the perspective of company functions, starting with the administrative divisions, and we are accelerating the development of human resources through the workplace and work that they should experience in the process of becoming professional human resources.

<Permeation of the Philosophy /Revitalization of the Organization with Diversity>

Along with the three core tenets of NIDEC, which we have cherished since our founding: “Passion, enthusiasm and tenacity,” “Work hard and smart,” and “Do it Now; do it without hesitation; do it until completed”, we are working to refine our Nidec Principles in line with the times and instill them in all of our employees. At the same time, we are promoting initiatives to foster a sense of unity (alignment of vectors) among employees within the diversity that we should aim for as an organization.

- A) Permeation of our corporate philosophy: We distribute to our employees the "Challenging Road" which summarizes our founder's thoughts (our corporate philosophy, etc.), and instill them on a daily basis as our corporate philosophy to be shared within NIDEC. In this way, we are creating an organization that is aligned with our vectors, starting with fostering a corporate culture and organizational culture.
- B) As One Nidec, we conduct an “Organizational Performance Survey” with the aim of stimulating relationships among employees and improving performance from each workplace to the entire organization so that employees can make the most of their abilities.
- C) As an initiative for organizational development that utilizes the results of the “Organizational Performance Survey,” we have introduced “Workplace Workshops” at each workplace where employees can talk frankly with each other. We are promoting the creation of an organizational culture and structure that can promote decision-making based on a vision while respecting diverse opinions.

Through these initiatives, we aim to achieve sustainable corporate growth centered on the organizations and people that support our group.

“Human Resources Measures and Infrastructure Development (Materialization of Objectives)”

As global competition accelerates, we believe that in order to achieve our goal of becoming a 10 trillion yen company, it is essential to strengthen our international competitiveness, improve productivity through the promotion of work style reforms, and strengthen our competitiveness through a thorough focus on actual performance and results. In light of global conditions, social trends, and relations with foreign countries, we are aiming to create a solid foundation (organization and human resources) under One Nidec by starting to reform our personnel system, particularly in Japan, where enhanced productivity is desired. As for infrastructure development, we will focus on creating a diverse organizational (workplace) culture and working environment and proceed while building the foundation for smooth daily corporate activities.

<Human Resources Measures: Building a Strong Company and Organization/Reward and Punishment/Well-Balanced Treatment/Human Resource Development for the Right Person in the Right Place/Mobility of Human Resources/Strengthening Governance>

In 2019, we began studying ways to reform our personnel system, and through the subsequent development of various personnel measures, we are aiming to create a systematic organization and structure from the management level to general employees. This will facilitate the mobilization of human resources, strengthen governance, and revitalize the organization and people.

A) The Company has established the “Remuneration Committee” (February 2021) and the “Nomination Committee” (November 2022) as advisory bodies to the Board of Directors (the majority of the members are Independent Outside Directors). The Company aims to ensure fairness, transparency and objectivity and further enhance the Company’s corporate governance system by obtaining appropriate involvement and advice from Independent Outside Directors regarding matters such as the policy on the appointment of Directors and Executive Officers, the criteria for appointment, and the decision on candidate proposals, as well as remuneration for Directors and Executive Officers.

(i) The Nomination Committee deliberates on policies and standards for the appointment of Directors and Executive Officers, etc., as well as on the succession plan and approach to succession plan, the proposed candidates for Vice Presidents, the method of selecting the President, and other matters.

President Selection Process
In accordance with the succession plan, the President is selected from among the Vice Presidents every four years, and five Vice Presidents are appointed from the Executive Officer Pool every year.

(ii) The Remuneration Committee deliberates on matters such as the formulation of policies for determining the remuneration of officers and the design of the remuneration system (the setting of performance targets, the rationality of performance-linked remuneration, the appropriateness of the remuneration structure, and the amount of individual remuneration based on the remuneration system). We will further strengthen Group management and Group governance to ensure stable management succession in order to strengthen the Group’s global competitiveness and achieve sustainable growth and development.

B) In fiscal 2020, a Group-wide evaluation system was first introduced for approximately 10,000 employees, including those at major Group companies in Japan. From fiscal 2021 to fiscal 2022, a new grade and remuneration system was introduced in stages.

(i) In order to thoroughly implement the performance-based evaluation system, from fiscal 2020 to fiscal 2022 (three years), a relative evaluation is conducted on a quarterly basis, and the contribution to the organization (performance (actions, outputs, results) for the relevant work (duties) is comprehensively evaluated, and the evaluation results are reflected in monthly salaries and bonuses. Over the next three years, we will achieve the initial goal of introducing the system (net sales of more than 2 trillion yen), and as the next stage, we will partially revise the evaluation system and review its operation from fiscal 2023.

(ii) Under the new grading and remuneration systems, the Company has introduced a job type personnel system (job grade system) for managerial and non-managerial leadership levels and above, clarified responsibilities and duties, and realized position-based personnel transfers of the right person in the right place. Monthly remuneration (wages) is determined based on the “size of job responsibilities and duties” and the “results (evaluation results)” clarified in the job grade system. The remuneration (wages) is determined by unifying monthly remuneration into job remuneration, setting the amount based on the market level with reference to remuneration surveys and benchmarks (75percentile, 50percentile, 25percentile) from external organizations. In light of the trends in the Japanese job type market (the market is still immature), non-managerial personnel in charge of specific duties (roles), the system is designed to steadily develop and strengthen human resources by limiting the definition of each stage to a definition that retains a certain level of functional element. It is based on the accumulation of past evaluations, followed by promotions, recommendations as candidates for promotion, and promotions. In addition to monthly salary, we also offer bonuses based on the results of the company's and individual's performance. In order to provide employees with well-balanced treatment, our basic policy is to place the highest priority on those who make the most profits and the second highest on those who bring positive change to the company. Based on this policy, we aim to always evaluate employees fairly and impartially, regardless of age, years of service, work experience, gender, nationality or other factors.

C) The Company has adopted the following three concepts in its retirement allowance system to reward employees who have made a significant contribution to the Company on the basis of ability and performance.

(i) To reward each year's contribution as a part of the total remuneration (gives a sense of remuneration)

(ii) Create a system that contributes to the hiring and retention of excellent human resources and the improvement of performance (retention)

(iii) Ensure the governance of our group and create a framework that ensures smooth transfers (ensuring liquidity within the Group).

Based on this concept, we have eliminated the practice of increasing retirement benefits according to the number of years of service, and instead have adopted a system in which retirement premiums fluctuate and are determined according to the base salary (reflecting annual evaluation). Group companies also had various retirement benefit systems. However, we have changed from a two-tier retirement benefit system consisting of a defined benefit corporate pension plan (DB) and a defined contribution corporate pension plan (DC) to a DC-only retirement benefit system. By integrating the retirement allowance system into the DC system, we are taking advantage of the DC portability system to facilitate the mobility of human resources within our group. In addition, we are avoiding the risk of rising debt in the future by freezing the DB and converting the whole life portion to annuity.

D) In order to make the position-based personnel system function more effectively (to promote the mobility of human resources within the company), the “Internal Job Posting System” will be implemented twice a year on a regular basis. In addition to the company-led personnel changes that have been implemented for some time, we also recruit positions on a department-by-department basis in April and October. Applications are screened by each department, and if a match is made, the position is assigned. By encouraging employees to act on their own initiative and having them take on challenges proactively, we hope to support their career development and revitalize the organization. The in-house job posting system began on a non-consolidated basis with the introduction of the personnel system, and we plan to gradually expand the system to include Group companies.

E) With regard to personnel transfers, the Company has started to develop systems and mechanisms to realize strategic and planned transfers with the aim of strengthening organizations and supporting career development on a global basis. We will further promote “One Nidec” by creating an environment in which more people will be able to play active roles not only in Japan but also globally.

F) The Company has always aspired to grow and has provided indispensable solutions as the “world's No.1 comprehensive motor manufacturer.” In order to be an employee group that is able to respond quickly to the changes of the times and the needs of society, we want to continue to be a small, elite group of employees with a sense of direction by having people who sympathize with “Nagamori-ism” and the “Nidec Way (Action Guidelines and Standards for All Employees)” and who constantly strive to achieve high goals join us as members of our group.

- (i) In fiscal 2022, the Company and its domestic Group companies hired 355 mid-career employees. To win in the face of fierce competition, the Company strives to prevent human resource rigidity as an organization that constantly evolves while emphasizing the diversity of employees through the collaboration of employees with a variety of backgrounds, in addition to hiring business-ready personnel with the necessary skills and experience as the business expands.
- (ii) Since joining the Company in April 2023, 248 new graduates (consolidated in Japan) have been hired. We expect them to develop into candidates for the future management of our group through a variety of education and work experience.
- (iii) In Japan, full-time employees account for the majority of the professional group that is responsible for the development of advanced technologies. We actively promote non-regular employees who meet these requirements to regular employees. Based on our policy that “age has nothing to do with work,” we aim to create a company and organization in which each and every employee can play an active role according to his or her position and role, rather than having a retirement age.

<Infrastructure development: Creation of an organizational (workplace) climate and working environment with Diversity>

Our group continues to grow as a global enterprise with bases in more than 40 countries around the world. Employees travel and interact with each other across countries. By developing an organization (workplace) and working environment where diversity is a matter of course, we aim to become an organization with human resources that can respond quickly to changes in the global situation and market.

A) The Company strives to foster an organizational (workplace) culture that accepts flexible working styles and diversity to promote the active engagement of diverse employees and create new value throughout the organization.

- (i) From around 2005, we have been working on the promotion of diversity. Since then, we have gradually shifted from supporting a balance between work and family to supporting active participation. In addition to staggered working hours, telecommuting, and annual paid leave on an hourly basis as ways of working for both men and women, we have also expanded various systems such as reduced working hours and provided career support. As a result, the rate of employees returning from childcare leave has increased, the number of women in managerial positions and candidates for managerial positions has increased, and the degree of male participation in childcare has increased. The ratio of female managers at the Company was 7.0% in fiscal 2022 (the ratio of female employees was 16.85%).
- (ii) In April 2022, the Company appointed two non-Japanese executives to the Board of Directors. The Company strives to ensure flexibility in working styles to become a company in which human resources can play an active role regardless of gender, nationality, or other personal attributes or values.

B) The Company strives to stimulate communication with employees while being aware of appropriate sharing and constructive discussions at various opportunities for dialogue between the Company and employees.

- (i) Once a month, the Company has established a venue for two way information sharing and opinion exchange with the Employees' Association. To create a workplace environment where employees feel motivated to work, the Employee Satisfaction Improvement Committee meets twice a year, based on employee opinions gathered from the Employees' Association, and the Employees' Association and the Company hold discussions.
- (ii) Since fiscal 2021, employees from the Human Resources Department have been visiting each of our business sites to ask and answer questions with employees. Through these visits, we are working to raise awareness of issues at each site and to ensure that employees are thoroughly informed and understand our human resources policies and initiatives.

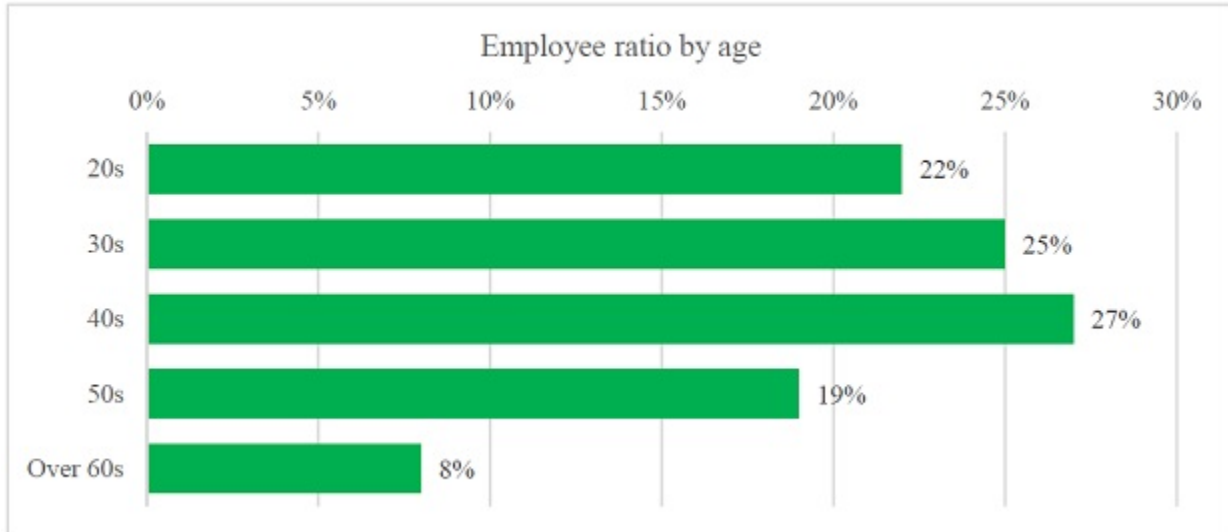
- C) The Company considers the health and motivation of its employees to be an important source of its sustainable growth. The Company is committed to health management based on the idea that it is essential to create a workplace where diverse human resources can play an active role and a sustainable working style where employees can play an active role for a long time. Another pillar of our health management strategy is to improve productivity and engagement.
- (i) From the perspective of improving productivity, the Company strives to minimize losses due to absence from work, leave of absence, etc., and prevent performance declines due to health problems by maintaining and promoting mental and physical health. As measures for people with high health risks, we provide personalized health guidance based on the results of health examinations and effectively encourage people to undergo detailed examinations. In order to prevent injuries and diseases, we hold online seminars by our occupational health physicians and public health nurses to raise employees' health literacy. We also encourage employees to quit smoking on the premises and exercise regularly to change their behavior. As a mental health measure, we are strengthening follow-ups such as group analysis after the stress check. In addition, from the perspective of occupational safety, we control the working hours of employees, including those in managerial positions, and work to reduce the risk of health problems resulting from long working hours.
 - (ii) From the perspective of enhancing engagement, we will focus on the correlation between “engagement” and “ease of working” scores based on the analysis of the results of the NIDEC Health Survey, our internal health awareness survey, and promote measures that lead to improvements in the “ease of working” score in particular. To improve the “ease of working” score, we have introduced one-on-one meetings and career interviews to stimulate communication between supervisors and subordinates, and workshops to discuss solutions to workplace issues to revitalize the organization. We are also working to improve the working environment in terms of systems, including the expansion of staggered working hours and telecommuting systems.
- D) The Company recognizes the importance of consideration for human rights in the global business environment and supports international guidelines such as the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, in order to respond to the diversification of issues surrounding human rights.
- (i) The Nidec Group CSR Charter states “respect human rights,” and the NIDEC Group CSR Declaration of Conduct, which supplements the CSR Charter, stipulates the prohibition of forced labor, child labor, discrimination and inhumane treatment, the guarantee of appropriate wages, the guarantee of working hours and holidays, and the guarantee of freedom of association and the right to collective bargaining. At present, the Group has more than 300 business sites worldwide, and many times more business partners support our operations in their respective countries and regions. However, many of our important production and supplier plants operate in countries where human rights legislation is said to be inadequate.
 - (ii) In this environment, we recognize that we are responsible for labor and ethical issues that arise not only in the Group but also in the supply chain. In November 2021, we formulated the Nidec Group Basic Policies on Human Rights to clarify our stance and initiatives regarding respect for human rights. In addition to clearly stating our basic stance on human rights, the Guidelines also include eight action guidelines that must be observed, including the prohibition of forced labor, child labor, harassment, and workplace safety and health. These policies have been developed with the scope of all the Group business partners, including the Group and suppliers. In addition to identifying the risks of human rights violations and continuously working on improvements, we are conducting educational activities such as company-wide e-learning.
 - (iii) As for human rights risk assessment, we place the highest priority on the Asian region, where more than 70% of our employees are concentrated. In cooperation with a third-party certification organization, we periodically conduct audits of our main production plants in Asia based on our own standards, with reference to the RBA(*) Code of Conduct. Regarding the human rights of employees, we strictly check the audit items established for seven aspects, including “free choice of employment,” “youth labor,” and “working hours.” Based on this policy, we will fulfill our responsibility to respect human rights and promote the creation of a safe and secure workplace where diverse human resources can play an active role.
- (*) RBA (Responsible Business Alliance) Code of Conduct: A code of conduct established by the electronics industry for business activities throughout the supply chain.

2. Indicators and targets

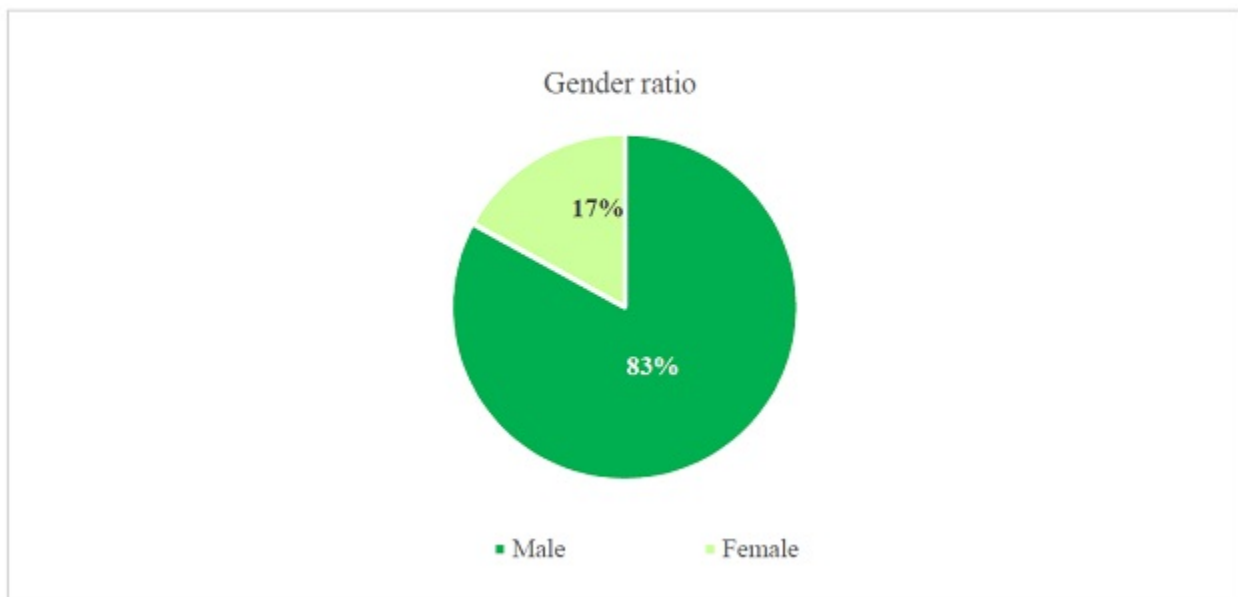
The following indicators are the figures of Nidec Corporation (as of the end of March 2022) unless otherwise stated. Figures are rounded to the first decimal place. Therefore, the total value may not match.

< Diversity of human resources >

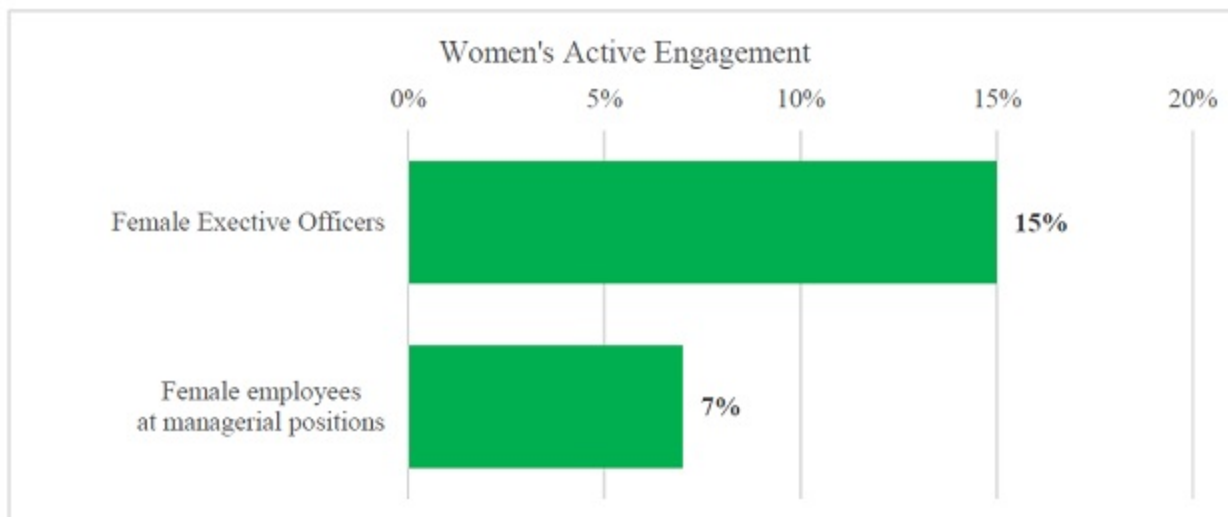
<<Percentage of employees by age group>>



<<Ratio of men and women>>

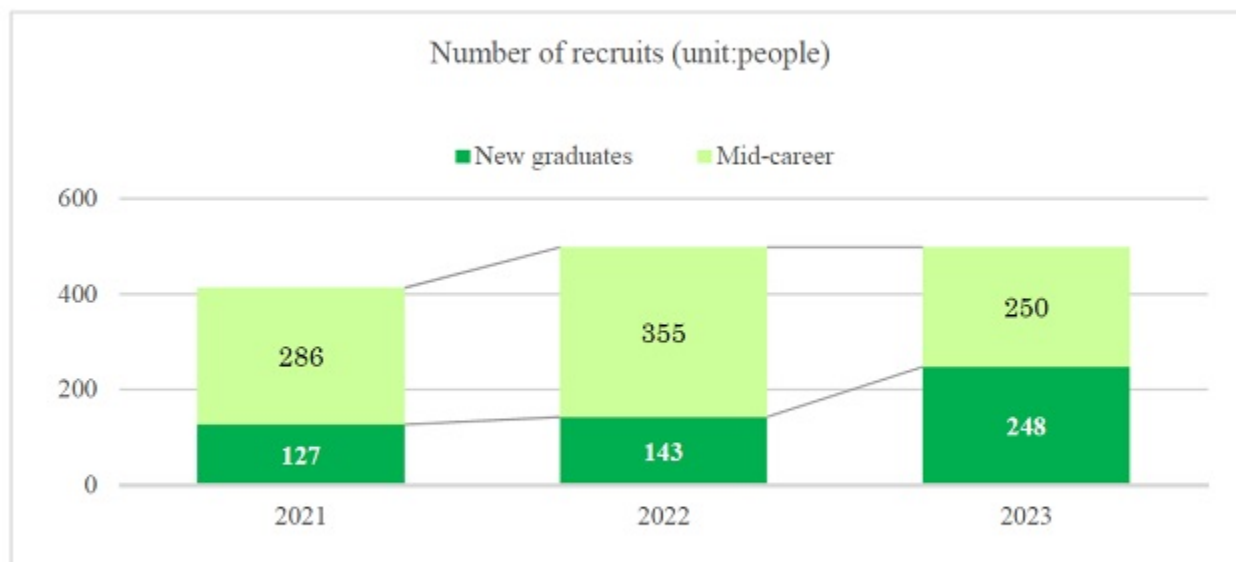


<<Ratio of female executives>>



* We aim to raise the ratio of female managers to 8.0% in FY2023.

<<Number of new graduates and mid-career hires>>



* Scope: consolidated domestic group companies

* The number of mid-career recruits in FY2023 is a planned figure.

- Diversity of working styles

<<Indicators related to childcare leave>>

Indicators related to childcare leave	2022	
	Male	Female
Number of employees taking childcare leave	24	19
Childcare leave utilization rate	31%	100%
Childcare leave return rate	93%	
Childcare leave retention rate *Percentage of employees who continued to work for one year after returning to work	81%	

<<System>>

Percentage of employees who can utilize the system	2022
Telework application rate	100%
Staggered working hours system application rate	83%

* Limited to employees who work in Japan. Employees assigned overseas will be subject to the working regulations of the local subsidiary of the host company.

<<Health Management>>

Indicators related to health management	2022
Number of employees on long-term leave due to mental health issues	70
Number of employees on long-term annual leave due to illness other than mental health issues	13
Participation in health promotion programs	83%

- Human resource development

<<Development of management executives>>

Management Development Indicators	2022
Internal appointment rate for key posts	65%
Successor reserve rate	62%

<<Training and education>>

Indicators related to education and training	2022
Hours per person	12.9 hours

• Compliance

<<Occupational safety>>

Indicators related to occupational accidents	2022
Number of occupational accidents	2
Occupational injury frequency rate	0.46
Time lost due to occupational accidents	32 hours
Fatalities due to occupational accidents	-

<<Compliance>>

Indicators related to compliance	2022
Number of disciplinary actions (dismissal)	2
Number of disciplinary actions (other than dismissal)	4
Attendance rate to compliance training courses	97%

* Dismissal includes dismissal on persuaded basis.

3. Risk Factors

Risks that have the potential to affect the performance, stock price and financial position of NIDEC include, but are not limited to, the issues discussed below. Forward-looking statements in this discussion reflect the judgment of NIDEC as of March 31, 2023.

1. Management strategy risks

(1) Risks related to political and economic downturns (Especially significant risk)

Our products and the end-products are produced and consumed in Asia, the United States, Europe and Japan, mainly in China, and demand for our products may be adversely affected by unexpected economic, political and policy trends in these countries or regions. In particular, our products are often used in end-products that are subject to discretionary spending, such as PCs and smartphones, and thus a decline in general consumption levels could adversely affect our sales. Similarly, capital investment levels in the manufacturing sector can be particularly sensitive to economic trends, and a decline in capital investment could adversely affect sales of our products that are used in industrial applications. Our business, results of operations and financial position may be materially and adversely affected by negative economic trends in future periods.

In the fiscal year ended March 31, 2023, supply chains were unstable due to heightened geopolitical risks stemming from the impact of trade friction between the United States and China and the Ukraine crisis. This worsened the global economy and caused material and distribution costs to rise, adversely affecting NIDEC's financial position and operating results.

(2) Risks related to changes in the technological environment and industrial structure (Especially significant risk)

If changes in demand due to technological changes and changes in customer trends in response occur at a faster pace than NIDEC expects, NIDEC's operating environment in this market may be adversely affected.

For example, the HDD motor business is one of NIDEC's main businesses and has been a revenue base for NIDEC for a long time. However, the structural changes in the storage market due to the establishment of SSD and cloud computing have led to changes in the business model of customers, leading to a decline in demand for NIDEC's HDD motors. In the future, we will focus on HDD motors for servers, which will be driven by the expansion of the cloud market, and secure a certain amount of profit. At the same time, we will accelerate our business portfolio transformation by concentrating resources allocated for the development and production of HDD motors for terminals on new products such as mobility solutions.

(3) Risks related to competition (Especially significant risk)

We generally face aggressive competition in the markets in which we conduct business. Particularly in the markets for automotive and appliance components, we often face fierce competition with domestic manufacturers in emerging economies. To maintain our competitiveness in the markets, we believe that we should maintain, or may need to increase, our substantial level of investment in research and development, expand our production, sales and marketing capabilities, enhance services and support, timely develop new products, and further improve our existing products. We will also need to continue our cost reduction efforts in order to maintain our profitability.

Our competitiveness may decline and/or our profitability may be adversely affected if:

- any of our markets develops faster than our expectations due to rapidly increasing demand or otherwise, causing our market share to decline relative to our competitors that are able to better meet increasing demand or otherwise cope with developing markets;
- our cost reduction efforts are insufficient to offset declines in market price levels or increases in raw material costs;
- our competitors' competitive efforts result in technological innovations, improved manufacturing efficiencies or enhanced research and developmental capabilities, rendering our products and technologies obsolete;
- mergers or consolidations among our competitors result in a relative decline in our competitive position; or
- we are unable to obtain financial, technological, human or other resources necessary to maintain or enhance our investments.

Currently, NIDEC's main market for EV traction motor systems is China. China is promoting vehicle electrification as a national policy, and currently has the largest EV market in the world. NIDEC currently positions traction motor, which is equivalent to EV engine, as an important strategic product. Therefore, a loss of competitiveness in the market due to the rise of cost-competitive and fast-developing local manufacturers could have a significant impact on NIDEC's overall growth strategy. As a countermeasure, we are strengthening partnerships with Chinese companies with significant influence in this market. Regarding traction motor system for EVs, we have formed an alliance with Guangzhou Automobile Group Co., Ltd., a leading automobile manufacturer in the country in 2019. In addition, by increasing production capacity in China, we are developing a supply system that assumes a rapid increase in demand. Plants are already in operation in Pinghu and Guangzhou, and production is planned for Dalian in the future. Also, we established the Suzhou Development Center in Suzhou in 2019 to create a system to respond quickly to customer requests by localizing development.

(4) Risks related to prior investments for anticipated customer demands (Especially significant risk)

If NIDEC anticipates growth in demand, we may expand our manufacturing capabilities in advance of anticipated customer demand. Therefore, if demand falls short of production capacity, an increase in amortization burden due to operating loss or a devaluation of inventories due to overstock may put pressure on profit. For example, a production plant for EV traction motor systems for which demand is expected to expand rapidly in the market is already operating in Pinghu City, China. In the future, we will build a new building in the Pinghu area to build a system to prepare for growing demand. We have already built a production plant for EV motors and inverters in Serbia, Europe and plan to expand it in the future, and will strengthen our supply system in Europe, where EV demand is expected to grow, driven by decarbonization.

However, should we fail to secure the initially anticipated order volume, due to changes in the progress of product development and market entry of competitors as well as in the demand for end-products, NIDEC's operation results and financial position may be significantly affected.

Furthermore, if the equipment introduced to our plants becomes obsolete or their applications need to be altered due to rapid technological innovation, we may need to reduce their currently estimated service lives, increasing the depreciation burden per consolidated accounting period. On the other hand, if we underestimate our customers' needs and fail to make the necessary capital investments, we may lose market share due to our inability to meet customers' demands.

In addition, in anticipation of lead times to obtain inventory and materials from our suppliers, we may also from time to time order materials in advance of anticipated customer demand. This advance investment and ordering may result in excess inventory levels, resulting in unanticipated inventory write-downs if expected orders fail to materialize.

(5) Risks related to M&A (Especially significant risk)

We have achieved much of our growth by acquiring and otherwise investing in other companies that have provided us with complementary technologies, product lines, marketing and sales networks, and customer base. The continued success of our acquisition and investment activities constitutes a key factor in achieving our current business strategy. Acquiring technology and commercial distribution centered on the automotive business is becoming increasingly important. In the automotive business, particularly traction motor system for EVs is expected to become a pillar of future growth. As the expansion of the EV market is expected to accelerate rapidly amid the trend toward green recovery, NIDEC's competitiveness may decline if it fails to acquire the technology, commercial distribution and facilities necessary for manufacturing traction motor systems for EVs at an appropriate time to keep pace with market growth. As we aim to achieve sales of 10 trillion yen in the fiscal year ended March 31, 2031, we expect NIDEC's business model to shift from selling individual motors to modules and systems. As the market undergoes rapid changes, it may become impossible to keep up with the pace of market growth if we fail to properly select and acquire the technologies necessary to transform our business model.

To the extent that we are unable to make successful acquisitions or investments, we may not be able to continue to expand our product range, marketing or sales networks or customer base, and our growth rates could be adversely affected. Critical to the success of our acquisitions is the ordered and efficient integration of acquired businesses into our organization. Our acquisitions may not generate the operational and financial returns we expect.

The success of our future acquisitions will depend upon factors such as:

- accuracy of various due diligence analyses;
- our preliminary survey's ability to detect those liabilities of the acquiree that could negatively affect NIDEC;
- our ability to manufacture and sell the products of the businesses acquired and to integrate the technologies of the acquired businesses with our own to develop new products;
- our ability to integrate the acquired businesses' operations, products and personnel;
- our ability to retain key personnel of the acquired businesses; and
- our ability to extend our financial and management controls as well as our reporting and compliance systems and procedures to acquired businesses.

Our new and additional investments in other companies are subject to other uncertainties that may have a material adverse impact on our business. For example, the fair value of our investments in other companies may be impaired if their business results deteriorate. Changes in economic policies of local governments, laws and regulations, and accounting rules applicable to companies in which we invest may also have a significant adverse effect on our financial results.

Failure to succeed in acquisitions or investments, or an inability to find suitable acquisition or investment targets, could have a material adverse effect on our business, results of operations and financial position.

And NIDEC recorded a large amount of goodwill and intangible assets acquired in connection with acquisition, and as of March 31, 2023, goodwill and intangible assets were recorded at 363.5 billion yen and 221.7 billion yen respectively. NIDEC believes that these assets appropriately reflect the future profitability achieved through the efficient integration of the acquired businesses, though we may not be able to generate the estimated amount of profits due to a deterioration of the business environment and others. In that case, NIDEC will need to recognize an impairment of these assets, which could adversely affect its operating results and financial position.

(6) Risks related to compliance with various laws and regulations

We conduct our business subject to ongoing regulation and associated regulatory compliance risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice, accounting standards and interpretations and application errors in Japan and other countries in which we conduct our business. As we expand the range of our products and the geographical scope of our business, we will be exposed to risks that are unique to particular industries, markets or jurisdictions. Our compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

Our business activities are subject to a wide range of environmental laws and regulations in Japan, Asia, North America, Europe and other areas. These laws and regulations include those relating to discharge of chemicals into the air and water, management, treatment and disposal of hazardous substances and wastes, product recycling, prevention of global warming and the obligation to investigate and remediate soil and groundwater contamination.

The European Commission agreed to legislate a target of 0 greenhouse gas emissions by 2050. In addition, we agreed on a new target for 2030 to reduce emissions by at least 55% from the levels in 1990. Moreover, the European Union, the United States, and Japan are considering the introduction of a border carbon tax, which imposes tariffs according to the amount of CO₂ emissions from imported products. This is another example of the rapid acceleration of global efforts toward decarbonization. Many of our operations require environmental permits, the terms of which may impose limits on our manufacturing activities and require the incurrence of costs to achieve compliance and which may be subject to modification, renewal and revocation by the issuing authorities. Moreover, if these laws, regulations and permits become more stringent in the future, the amount of capital expenditures and other expenses which may be required to complete remedial actions and to continue to comply with applicable environmental laws, regulations and permits could increase and be significant, which would materially and adversely affect our business, results of operations and financial position.

Our business activities are also subject to various other governmental regulations, both local and international, including antitrust, anti-bribery, anti-terrorism, intellectual property, consumer protection, taxation, export regulations, tariffs, foreign trade and exchange controls.

Moreover, as we expand our operations into new products and geographical markets, we may be required to further enhance our compliance policies and procedures. Because we are listed on the Tokyo Stock Exchange, we are required to comply with the appropriateness of financial reporting under the application of the Financial Instruments and Exchange Act of Japan and other laws and regulations. We are continuing to expand our business as our business grows, and we need to strengthen our compliance system regarding the appropriateness of financial reporting. Our failure or inability to comply fully with applicable laws, regulations, standards and rules could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business.

In addition, future changes in laws, regulations, rules, policies, voluntary codes of practice, accounting standards, fiscal or other policies and their effects are difficult to predict, and additional financial, administrative and human resources may be required to put in place new compliance systems.

2. Business operation risks

(1) Risks related to recruiting and retaining highly skilled personnel (Especially significant risk)

Our business depends on the continued employment of our senior management, engineers and other technical personnel, many of whom would be extremely difficult to replace. A wave of technological innovation is arriving and we are on the brink of whether or not we can ride on the wave. NIDEC will need to develop a system to additionally hire, train, integrate and utilize human resources with a high level of knowledge of new markets, such as AI and IoT, and significant numbers of highly skilled human resources. The competition is intense worldwide for recruiting such personnel, and if NIDEC may be unable to attract such additional personnel, NIDEC could lose the opportunity to ride on the wave of technological innovation.

In order to achieve sales of 10 trillion yen in the fiscal year ended March 31, 2031, NIDEC is promoting three reforms of its personnel system: the evaluation system, grading system, and compensation system in stages. NIDEC has completed the introduction of these systems at major domestic Group companies and they are now in operation. To thoroughly implement the merit-based and performance-based system, we will strive to employ highly specialized human resources, secure executive human resources, and strengthen the development process by conducting flexible evaluations and remuneration based on results, smooth personnel changes based on the right person for the right job, and human resource development.

(2) Risks related to our research and development

We engage in continuous research and development activities, including those related to basic technologies, new products, product improvements, manufacturing processes and low cost products. The markets in which NIDEC provides its products are continually undergoing rapid technological innovation, focusing resources on five areas: decarbonization, energy-saving, labor-saving, 5G and thermal solutions, and digital data explosion. In particular, demand for traction motors for EVs is expected to increase further in the future against the background of decarbonization. However, as environmental regulations are being strengthened mainly in Europe and the United States, it is expected that customer demand for products with environmental performance (high efficiency and resource conservation) and delivery dates, which are triggered by legal regulations, will continue to increase. In such markets, our success will depend upon our ability to continue to develop superior technologies, products and processes in a timely manner in order to meet our customers' needs effectively. If third parties succeed in developing new technologies, products or processes that are more attractive to our customers than ours due to our inability to accurately anticipate the direction of the market, our inability to conduct research and development in an effective or timely manner or otherwise, our products could be rendered obsolete, their sales share shrinks, and they will impede the expansion of new product businesses and markets. Anticipating such shifts accurately and developing appropriate technologies, products and processes in a timely manner present a significant challenge. Determining the direction of our research activities related to basic technologies is particularly difficult, and the risk of our being unable to recoup the costs related to such activities can be significant. If we are unsuccessful in our research and development activities, our business, results of operations and financial position could be materially and adversely affected.

(3) Risks related to quality of our products

The perception of quality has changed dramatically in recent years. Product quality must be defined in terms of human rights, the working environment in the procurement process of materials used in products and environmental regulations on substances contained in products, as well as CO2 emissions during excavation.

We manufacture state-of-the-art motors and other electronic products and, as a result, are exposed to potential warranty and product liability claims arising from alleged or actual defects in our products in the normal course of business or unexpected problems arising from the sophistication of customer systems. In particular, widespread malfunction of any end-product in which our products are incorporated may lead to consumer dissatisfaction, recalls and lawsuits. In the automotive, appliance, commercial and industrial motors and other parts markets, where we seek to expand our business, strict safety standards are imposed by societal demand, and if we were unable to provide safe and high quality products, such an event could result in an accident involving serious property damage and/or loss of life, a product may become subject to a mandatory recall and so forth. If such malfunction is caused by or attributed or alleged to be attributed to defects in our products, significant legal claims and customer disputes could be occurred and we may be subject to adverse regulatory action. Our results of operations may be adversely affected by costs associated with recalls, deterioration of brand image or lost sales. In addition, significant financial and human resources may be incurred, and management's attention may be diverted, if we are required to defend ourselves against legal claims.

We generally maintain insurance against product liability claims, but our insurance coverage may not be adequate for any potential liability ultimately incurred. In addition, insurance could become unavailable in the future on terms acceptable to us. A successful claim that exceeds our available insurance coverage or a significant product recall could have a material adverse impact on our business, results of operations and financial position.

(4) Risks related to procurement of raw materials or components

NIDEC procures many of the raw materials and parts necessary for the manufacture of products from outside sources. If the supply and demand conditions for these materials deteriorate extremely, NIDEC's production capacity will decline. Recently, the reorganization of the global energy supply system triggered by the crisis in Ukraine and the intensification of the U.S.-China trade dispute triggered a global rise in raw material and assembly component prices, which put pressure on NIDEC's product supply capacity.

Furthermore, a country's governmental policy changes relating to specific raw materials or conditions of use of components and changes in customers' procurement policy, etc. may place constraints on NIDEC's capacity to procure raw materials or components. As human rights and the labor environment, and the availability of resources in the parts procurement process become more diverse and more stringent, if our ability to procure raw materials or components is constrained by these factors, NIDEC is continuously reviewing product design and development to enable us to reduce our usage of the raw material or component in question and/or secure suppliers of alternative materials. However, in the event of prolonged quantitative shortages of, or qualitative deficiencies in, materials or components, we may experience production delays that could adversely affect our business, operating results and financial position.

(5) Risks related to our operations in overseas countries

A substantial portion of NIDEC's manufacturing and marketing activity is conducted in the United States, Europe and in other region, such as China. Due to our overwhelmingly high ratio of overseas production, there are a number of risks in doing business in such overseas markets, including the following:

- economic slowdown or downturn in the relevant industries in foreign markets;
- international currency fluctuations;
- labor shortages, labor dispute and labor cost increases, especially in China and Southeast Asia;
- political instability;
- changes in trade restrictions and tariffs;
- difficulties associated with staffing and managing international operations;
- generally longer receivables collection periods;
- potentially adverse taxes;
- cultural and trade differences, and
- significant time and capital required for expanding overseas businesses before achieving a return on capital.

NIDEC is working to reduce the impact of country risk on its management by diversifying its business bases.

(6) Risks related to intellectual property

Our business is dependent on our ability to protect the proprietary rights to our technologies and products and other intellectual property, which we seek to protect through patent, trademark, copyright and other legal protection afforded to intellectual property rights as well as contractual provisions and our internal information control system. Despite these efforts, we face the following risks because legal systems may be inadequate in some regions.

- we could incur substantial costs in defending against claims of infringement of the intellectual property of others, and such claims could result in damage awards against us, orders to pay for the use of previously unrecognized third-party intellectual property or injunctions preventing us from continuing aspects of our business, which could in turn have a material adverse effect on our business, results of operations and financial position;
- our protective measures may not be adequate to protect our proprietary rights;
- other parties, including competitors with substantially greater resources, may independently develop or otherwise acquire equivalent or superior technology, and we may be required to pay royalties to license the intellectual property of those parties;
- patents may not be issued pursuant to our current or future patent applications, and patents issued pursuant to such applications, or any patents we own or have licenses to use, may be invalidated, circumvented or challenged;
- the rights granted under any such patents may not provide competitive advantages to us or adequately safeguard and maintain our technology;
- we could incur substantial costs in seeking enforcement of our patents against infringement or the unauthorized use of our trade secrets, proprietary know-how or other intellectual property by others; and
- the laws of foreign countries in which our products are manufactured and sold may not protect our products and intellectual property rights to the same extent as the laws of Japan, and such laws may not be enforced in an effective manner.

(7) Risks related to leaks of confidential information

In the normal course of business, we possess personal and other confidential information on our customers, other companies and other third parties with whom we do business as well as personal information of our employees. Although we have security measures, access control in research and development sites and strict management of CAD data, etc. in place to protect such information, we may be subject to liability or regulatory action if any of such information is leaked due to human or technical error, unauthorized access, other illegal conduct or otherwise. Failure to protect confidential information could also lead to a loss of our competitive advantage and customer and market confidence in us, adversely affecting our business, results of operations and financial position. Moreover, societal trust in our sales activities, systems and brand image will be lowered.

As these countermeasures, NIDEC has established the Information Security Management Office in 2019. In line with this, NIDEC has established an Information Security Committee which set policies on information security, and monitor activities in this area and the information security manager and the information security promoter in each organization to build a cross-group security management system.

Continued in the fiscal year ended March 31, 2023, the Information Security Management Office took the lead in conducting e-learning on information security for employees, and established the Information Security Enhancement Month to disseminate information for the purpose of raising awareness of information security. NIDEC is strengthening our information security measures, including those of companies that have joined the Group through M&As. NIDEC is working to equalize and level information security for the entire Group. In addition, as a measure to prevent information leakage related to M&A, we manage information by concluding confidentiality agreements with internal parties for each individual case.

(8) Risks related to our pension plans

Some companies of the NIDEC Group adopt both a defined benefit pension plan and a defined contribution pension plan for their employees who fulfill certain requirements. We may incur losses if the fair value of our pension plans' assets declines, if the rate of return on our pension assets declines, or if there is a change in the actuarial assumptions on which the calculations of the projected benefit obligations are based. We may also experience unrecognized service costs in the future due to amendments to existing pension plans. Moreover, fluctuation in interest rates, changes to the environment surrounding NIDEC and other factors may adversely affect the amount of unfunded pension obligations, among other factors. In addition, the assumptions used in the computation of future pension expenses may not remain constant.

At major Group companies in Japan, retirement benefit plans have been integrated into defined contribution pension plans. At the same time, past defined benefit corporate pension plans and defined contribution pension plans have been managed through the establishment of a governance structure for pension plans and such establishment is being done with expert and objective advice from third party organizations.

(9) Risks related to fluctuations of foreign currency exchange rates

A significant portion of our overseas sales is denominated in currencies other than the Japanese yen, primarily the U.S. dollar, Euro, the Chinese yuan and Thai baht. As a result, the appreciation of the Japanese yen against the U.S. dollar, Euro and other currencies will generally have a negative effect on our sales, operating profit and profit. In order to mitigate against this risk, in recent years we have been attempting to offset a portion of our foreign currency revenue by matching the currency of revenue with the currency of expense. For example, if revenue for a particular product is in U.S. dollars, we attempt to purchase the supplies and resources used to produce that product in U.S. dollars. Nevertheless, we remain exposed to the effects of foreign exchange fluctuations.

We may also experience significant effects from foreign currency exchange rate fluctuations when the results of operations of subsidiaries operating in currencies other than the yen are consolidated into our financial statements, which are reported in Japanese yen.

(10) Risks related to fluctuations of interest rates

We have long-term receivables and interest-bearing liabilities with fixed and variable interest rates, and we may enter into interest rate swaps and other contracts in order to prevent risks related to the fluctuation of such interest rates and to increases or decreases in cash flows. To the extent that their effects are not hedged, we are exposed to interest rate fluctuation risks which may affect our interest expenses, interest income and the value of our financial assets and liabilities.

(11) Risks related to our liquidity of funds

We rely on borrowings from financial institutions and direct equity financing from financial markets to finance our operations, capital expenditures and acquisitions of other companies.

NIDEC aims to achieve sales of 10 trillion yen in the fiscal year ended March 31, 2031. As the scale of fund procurement is expected to expand in the future, NIDEC is diversifying its sources of funding. To this end, it is necessary to further enhance our ability to raise funds by maintaining and improving our ratings. At the same time, it is important to comply with the corporate value judgment criteria that take into account ESG, which has been firmly established in recent years.

If, due to changes in financial market conditions or other factors, financial institutions reduce the amounts of their lending, credit lines, or terms of lending to us, and if we are unable to find alternative financing sources on equally or more favorable terms, our business may be materially adversely affected. In addition, if there is a significant downgrade of our credit ratings by one or more credit rating agencies as a result of any deterioration of our financial position or if investor demand significantly decreases due to economic downturns or otherwise, we may not be able to access funds when we need them on acceptable terms, our access to capital markets may become more restricted, or the cost of financing our operations through indebtedness may significantly increase. This could adversely affect our business, results of operations and financial position.

(12) Risks related to recoverability of deferred tax assets

We must assess the likelihood that our deferred tax assets will be recovered from future taxable profit and to the extent we believe that recovery is not likely, we are required to reduce our deferred tax assets. In the event of a deterioration in market conditions or results of operations in which we determine that there is additional uncertainty regarding realization of all or part of our net deferred tax assets, the resulting adjustment to our deferred tax assets would decrease our profit during the period in which such determination is made.

3. Governance risks

(1) Risks related to our dependence on our Representative Director and Chairman, Shigenobu Nagamori

The continued success of NIDEC has depended mainly on the abilities and skills of Mr. Shigenobu Nagamori, the founder of NIDEC. To grow out of this, we have actively promoted the appointment of executives, including candidates for successors, mainly from outside the Company. However, in the current situation where various economic and political risks have become apparent, we have not been able to create a new leader who will be the driving force behind the growth of “Do your work now; do it without hesitation; do it until completed.” which is the founding spirit of NIDEC. Mr. Kobe, who has supported NIDEC since its founding alongside Mr. Nagamori (Chief Executive Officer), was appointed as Representative Director and President (Chief Operating Officer) because he has the judgment and speed to overcome this difficult situation. Under the management system led by Mr. Nagamori and Mr. Kobe, we aim to achieve sales of 4 trillion yen in 2025 and 10 trillion yen in 2030 through the original swift management of NIDEC. In addition, this system is short-term based on succession planning. NIDEC has appointed five vice presidents and we plan to select the next president from the newly appointed vice presidents in 2024. By building a solid management foundation for the future, we will promote reform of the structure dependent on the founder, strengthen the organizational collaboration among the Group executives (strengthening the chief officer system), and exceed our business plan.

(2) Risks related to internal controls over financial reporting

As a public company, we are subject to the requirements regarding internal controls over financial reporting under the Financial Instruments and Exchange Act of Japan, and it is essential for us to have effective internal controls, corporate compliance functions and accounting systems to manage our assets and operations.

Designing and implementing an internal control system requires significant management, human and other resources. Once we identify any significant deficiencies or material weaknesses in our internal control systems, we may require additional resources and incur additional costs to remediate such deficiencies or weaknesses.

We are continuously reviewing to strengthen the global internal control system. However, if management determines that our internal control over financial reporting is not effective for any period or deviates from internal control, we may be unable to timely file financial reports or such internal control may interrupt stakeholders and management's effective decision making, and as a result, our market perception could be negatively affected. Depending on the severity of, and causes and other factors relating to, a material weakness in internal control over financial reporting, we could be subject to liabilities or sanctions of applicable laws and regulations. In addition, we could be restricted in our ability to access financial markets for capital raising.

In the fiscal year ended March 31, 2021, NIDEC shifted to a company with an Audit and Supervisory Committee in order to further strengthen internal controls and expand sustainable corporate value. In addition to strengthening the supervisory function of the Board of Directors, we are working to further enhance internal control by speeding up decision-making through increased management efficiency and enhancing discussions at the Board of Directors. NIDEC is also taking steps to steadily build and operate our corporate governance system. In February 2021, the Compensation Committee was established to ensure fairness, transparency, and objectivity through the appropriate involvement and advice of Independent Outside Directors with regard to compensation for directors and corporate auditors. The Company determined that this framework and management were on track, and then established the Nomination Committee in November 2022. Both the Compensation Committee and the Nomination Committee consist of five directors selected by the resolution of the Board of Directors, of whom three are Independent Outside Directors. As with the Compensation Committee, the Nomination Committee can be operated with appropriate involvement and advice from Independent Outside Directors with respect to important matters such as the election of candidates for directors. The Nomination Committee fully demonstrates its position as an advisory body to the Board of Directors. NIDEC will continue to further enhance our corporate governance system.

4. Risks related to contingencies

(1) Risks related to natural and human disasters

Natural disasters, fires, public health issues, armed hostilities, terrorism and other incidents, whether in Japan or any other country in which we or our suppliers operate, could bring about political or economic instability and cause damage to us, our suppliers or customers. In the event of a large-scale natural disaster or pandemic that severely damages transportation and energy infrastructure, production and sales activities by NIDEC and its supply chain in the affected area will be suspended until safety is assured. In the event of a disaster in China or other overseas regions where NIDEC's production and development bases, customers, and many of its supply chains are active, or in Japan where NIDEC's head office functions and other important R&D facilities are located, the damage will be particularly severe. Our network and information systems are important for normal operations, but such systems are vulnerable to shutdowns caused by unforeseen events such as power outages or natural disasters or terrorism, hardware or software defects, or computer viruses and computer hacking. Any such events, over which we have little or no control, could significantly hinder our production activities and our sales activities, delay the delivery of products, and make it difficult for us to obtain materials and components from suppliers, and also require large expenditures to repair or replace our facilities.

We maintain various types of third-party insurances against damage to property and other risks. The types and amounts of insurance that we obtain are determined based on the usefulness of the insurance, its cost, and the scope of compensation from self-insurance. Our insurance policies are subject to deductibles, policy limits and exclusions that result in our retention of a level of risk on a self-insured basis. While we believe our insurance coverage is comparable to the coverage maintained by similar companies in our industry, losses not covered by insurance could be significant, adversely affecting our business, results of operations and financial position.

The global epidemic of the new coronavirus (COVID-19) affected NIDEC's businesses and supply chain functions. In the fiscal year ended March 31, 2023, the strict zero-COVID policy by the Chinese government caused some of NIDEC's factories to shut down or reduce their operating rates, but they have recovered at the time of disclosure of this report.

(2) Climate Change Risks

Since COP21 adopted the Paris Agreement in December 2015, the issue of climate change has come to be positioned as a global priority for businesses in all countries and regions. For NIDEC, which develops businesses around the world centering on product development and production activities, climate change is not only an opportunity for business creation but also a source of wide-ranging medium- to long-term business risks. Defining the risk of incurring an indirect loss caused by changes in policies and regulations related to climate change, technology development, market trends, and the marketplace reputation and others is defined as “transition risk”, and the risk of incurring a direct loss due to disasters caused by climate change as “physical risk,” the realization of the following risk events could have adverse effects on NIDEC's financial position.

Transition risk

- a) The increase of tax burden due to delays in responding to carbon tax and other energy transformation measures aimed at realizing a decarbonized society;
- b) The loss of market opportunity and increased compliance costs due to stricter regulations applied to existing products and services, and non-compliance with new standards;
- c) The increased difficulty of acquiring raw materials for electronic components (rare minerals, steels, and other non-ferrous metals such as high-end aluminum and copper) as well as their rising procurement costs, due to global “electrification” trends;
- d) The delay in research and development of alternative raw materials required by new low-carbon products and increase of associated costs;
- e) The decrease of corporate value due to ineffective climate change actions, and the resultant decline of investment attractiveness and downward adjustment of credit rating.

NIDEC is implementing the following measures to address “transition risk”.

◇In July 2021, NIDEC established new environmental targets aimed at achieving carbon neutrality in 2040.

Specific activities are as follows.

- Promotion of energy conservation
- Shift to renewable energy
(The ratio of renewable energy will be 40% in FY 2025 and 80% in FY2030.)
- Shift to low-carbon fuels

◇Promotion of research and development activities based on the SDGs concept;

◇Establishment of multiple purchasing routes.

◇Eco-governance Department established in April 2022

◇Sustainability Committee established in August 2022

Physical risk

- a) Suspension of business activities due to frequent flood damage caused by typhoons and heavy rains;
 - Inundation and other forms of disruption in power and gas supply networks;
 - Damage to the employees' lives due to house collapses, road disruptions and others;
 - Stagnation of product transportation due to a suspension of transportation service.
- b) Restriction on business activities due to drought;
 - Lack of factory water due to tighter water intake restrictions by governmental authorities;
 - Lower productivity due to rising water prices (cleaning, cooling, domestic water in corporate dormitories and others).
- c) Health hazard due to rising temperature;
 - Increase in the number of heat strokes;
 - Acceleration of the spread of infection.
- d) Supply chain disruptions caused by the above factors.

NIDEC is implementing the following measures to deal with "physical risks".

- ◇Diversification of production risk through global location strategy;
- ◇Implementation of awareness surveys for offices operating in countries and regions with high risk of climate change;
- ◇Innovation in the product line
- ◇Visualization of supply chains and enhancement of their flexibility;
- ◇Continuation of BCP trainings at domestic and overseas offices.

5. Risks for foreign investors

(1) Japan's unit share system imposes restrictions in holdings of our common stock that do not constitute whole units

Our Articles of Incorporation provide that 100 shares of our stock constitute one "unit". The Companies Act of Japan imposes significant restrictions and limitations on holdings of shares that constitute less than a whole unit. Holders of shares constituting less than a unit do not have the right to vote. A shareholder who owns shares representing less than one unit will not be able to exercise any rights relating to voting rights, such as the right to participate in a demand for the resignation of a director, the right to participate in a demand for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose an agenda item to be addressed at a general meeting of shareholders. Under the unit share system, holders of shares constituting less than a unit have the right to require us to purchase their shares. However, holders of the American Depositary Shares ("ADSs") that represent other than multiples of whole units cannot withdraw the underlying shares representing less than one unit and, therefore, they will be unable to exercise the right to require us to purchase the underlying shares. As a result, holders of ADSs representing shares in lots of less than one unit may not have access to the Japanese markets to sell their shares through the withdrawal mechanism.

(2) Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions

Our Articles of Incorporation, Regulations of the Board of Directors, Share Trading Regulations and the other related regulations, as well as the Companies Act govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions within the United States. Shareholders may have more difficulty in asserting their rights as a shareholder than they would as a shareholder of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against us in actions brought in Japan that are based upon the securities laws of the United States or any U.S. state.

(3) A holder of our ADSs will have fewer rights than a shareholder has and will need to act through the depositary to exercise those rights

The rights of the shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders of record. Because the depositary, through its custodian agent, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs as instructed by the ADS holder and will pay to ADS holders the dividends and distributions collected from us. However, as an ADS holder, shareholders will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights in their capacity as ADS holder.

(4) Because of daily price range limitations under Japanese stock exchange rules, shareholders may not be able to sell their shares of our common stock at a particular price on any particular trading day, or at all

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

(5) Foreign exchange fluctuations may affect the dollar value of our ADSs and dividends payable to holders of our ADSs

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

(6) It may not be possible for investors to effect service of process within the United States upon us or our members of the Board of Directors or members of the Audit and Supervisory Board or to enforce against us or these persons judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States

We are a limited liability, joint-stock corporation incorporated under the laws of Japan. Most of our members of the Board of Directors or members of the Audit and Supervisory Board reside in Japan. A substantial portion of our assets and all or substantially all of the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States upon us or these persons or to enforce against us or these persons judgment obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Japan, in original actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

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

Forward-looking statements below were determined as of the end of the current fiscal year.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2023. Consolidated financial statements for the year ended March 31, 2022 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination.

(1) Significant accounting policies and estimates

NIDEC's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to the provision of Article 93 of the *Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements*.

In preparing IFRS-compliant consolidated financial statements, NIDEC developed and used estimates, judgment, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may be different from such estimates, judgment, and assumptions.

In the event that accounting estimates must be prepared under a high level of uncertainty at the time when accounting estimates are made, such accounting estimates will be different from accounting estimates based on rational comparison with the most recent accounting period or rational estimates of the corresponding period of occurrence, and can be expected to have significant effect on the estimates of financial position, changes in the financial position, and operating results.

For further information, refer "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 3. Significant accounting policies, 4. Significant accounting estimates, judgments and assumptions".

(2) Operating results

As of April 2023, the IMF forecasts global economic growth of 2.8% in 2023. During the fiscal year under review, economic indicators in major countries around the world showed signs of improvement. However, financial markets became unstable due to bank failures in the United States and financial instability in Europe. The business environment surrounding NIDEC continues to be severe, with shipments of IT equipment peaking out, global automobile production volume recovery delayed, demand related to capital investment peaking out, and a decline in unit growth rate in the Chinese EV market. As we celebrate our 50th anniversary in July, 2023, we recorded restructuring costs for this fiscal year in response to the recent deterioration in the market environment to realize drastic earning structure reform and reduce fixed costs significantly with the aim of achieving V-shaped recovery in fiscal year 2023 through "WPR-X" activity whose target is realizing drastic reduction of fixed cost by inventing products which can win overwhelmingly in the market under the policy of "cost is made by technology".

The following table sets forth consolidated operating results for the year ended March 31, 2023:

(Yen in millions)

	For the years ended March 31,		Increase or decrease	Ratio of change
	2022	2023		
Net sales	1,918,174	2,242,824	324,650	16.9%
Operating profit	170,374	100,081	(70,293)	(41.3)%
Operating profit ratio	8.9%	4.5%	-	-
Profit before income taxes	170,032	120,593	(49,439)	(29.1)%
Profit for the year from continuing operations	135,983	45,704	(90,279)	(66.4)%
Loss for the year from discontinued operations	(327)	(1,983)	(1,656)	-
Profit attributable to owners of the parent	135,759	45,003	(90,756)	(66.9)%

Consolidated net sales from continuing operations increased 16.9% to ¥2,242,824 million for this fiscal year compared to the previous fiscal year, and we renewed the highest annual net sales including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥270,900 million compared to the previous fiscal year, due to increased sales in equipment, including automotive products such as traction motor systems (E-Axle) and entry into the machine tool business despite the continued influences of the Russian invasion of Ukraine, and difficulties in procuring semiconductors and other electronic components among customers.

As a result of recording restructuring costs for this fiscal year, operating profit of this category decreased 41.3% to ¥100,081 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥24,500 million.

Profit before income taxes decreased 29.1% to ¥120,593 million, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥20,000 million.

Profit for the year from continuing operations decreased 66.4% to ¥45,704 million compared to the previous fiscal year, including the impact of approximately ¥75,000 million in corporate income tax expenses.

Profit attributable to owners of the parent decreased 66.9% to ¥45,003 million, including a negative effect of the fluctuations of the foreign currency exchange rates by approximately ¥2,000 million from discontinued operations.

The following table sets forth operating results by segment:

(Yen in millions)

	For the years ended March 31,					
	Net sales			Operating profit (loss)		
	2022	2023	Increase or decrease	2022	2023	Increase or decrease
SPMS	343,841	342,690	(1,151)	34,395	17,089	(17,306)
AMEC	227,506	305,143	77,637	(12,807)	(64,663)	(51,856)
MOEN	321,083	396,221	75,138	33,211	38,581	5,370
ACIM	394,080	437,402	43,322	33,400	21,349	(12,051)
Nidec Sankyo	149,374	165,891	16,517	12,599	18,000	5,401
Nidec Techno Motor	88,894	97,551	8,657	11,552	10,680	(872)
Nidec Mobility	99,124	120,168	21,044	10,282	11,410	1,128
Nidec Shimpo	117,214	177,114	59,900	18,246	19,121	875
Nidec Read	52,218	60,836	8,618	14,518	16,101	1,583
Others	203,209	218,447	15,238	28,533	27,358	(1,175)
Elimination/corporate	(78,369)	(78,639)	(270)	(13,555)	(14,945)	(1,390)
Consolidated total	1,918,174	2,242,824	324,650	170,374	100,081	(70,293)

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

2. NIDEC has changed its reporting segment classification in the three months ended June 30, 2022. For details, please refer to "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, (1) Consolidated Statements of Financial Position, Notes to Consolidated Financial Statements, 5. Segment information".

3. Nidec changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.

4. Nidec changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.

5. Nidec changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

Net sales of SPMS decreased ¥1,151 million to ¥342,690 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This decrease was due to a decrease in the number of HDD motors sold despite a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit decreased ¥17,306 million to ¥17,089 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This decrease was due to recording restructuring costs.

Net sales of AMEC increased ¥77,637 million to ¥305,143 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales of the traction motor system (E-Axle), others and a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit (loss) was ¥64,663 million operating loss for the year ended March 31, 2023 due to recording the restructuring costs.

Net sales of MOEN increased ¥75,138 million to ¥396,221 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales for power generator business and a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit increased ¥5,370 million to ¥38,581 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to a positive effect of the fluctuations of the foreign currency exchange rates despite recording restructuring costs.

Net sales of ACIM increased ¥43,322 million to ¥437,402 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit decreased ¥12,051 million to ¥21,349 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This decrease was due to recording restructuring costs.

Net sales of Nidec Sankyo (currently, "Nidec Instruments") increased ¥16,517 million to ¥165,891 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales of LCD panel handling robots, semiconductor robots and electronic and optical components. Operating profit increased ¥5,401 million to ¥18,000 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales.

Net sales of Nidec Techno Motor increased ¥8,657 million to ¥97,551 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to a positive effect of the fluctuations of the foreign currency exchange rates. However, operating profit decreased ¥872 million to ¥10,680 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This decrease was due to recording restructuring costs.

Net sales of Nidec Mobility increased ¥21,044 million to ¥120,168 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit increased ¥1,128 million to ¥11,410 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales.

Net sales of Nidec Shimpo (currently, "Nidec Drive Technology") increased ¥59,900 million to ¥177,114 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to the entry into machine tool business, can making presses moving towards deplasticization and a positive effect of the fluctuations of the foreign currency exchange rates. Operating profit increased ¥875 million to ¥19,121 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to the increase in sales.

Net sales of Nidec Read (currently, "Nidec Advance Technology") increased ¥8,618 million to ¥60,836 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to higher sales of semiconductor inspection systems. Operating profit increased ¥1,583 million to ¥16,101 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. This increase was due to an increase in sales.

With respect to the Others segment, net sales increased ¥15,238 million to ¥218,447 million for the year ended March 31, 2023 compared to the year ended March 31, 2022. Operating profit decreased ¥1,175 million to ¥27,358 million for the year ended March 31, 2023 compared to the year ended March 31, 2022.

Operating results by product category are as follows:

(Yen in millions)

	For the years ended March 31,					
	Net sales			Operating profit		
	2022	2023	Increase or decrease	2022	2023	Increase or decrease
Small precision motors	424,907	425,333	426	42,438	26,680	(15,758)
Automotive products	417,643	519,654	102,011	10,675	(42,291)	(52,966)
Appliance, commercial and industrial products	786,588	913,986	127,398	78,167	70,817	(7,350)
Machinery	215,588	296,482	80,894	41,232	45,538	4,306
Electronic and optical components	69,699	83,011	13,312	11,029	13,582	2,553
Other products	3,749	4,358	609	334	474	140
Elimination/corporate	-	-	-	(13,501)	(14,719)	(1,218)
Consolidated total	1,918,174	2,242,824	324,650	170,374	100,081	(70,293)

Net sales of small precision motors increased 0.1% to ¥425,333 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥63,400 million. Net sales of spindle motors for HDDs decreased 20.6% to ¥78,462 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥21,000 million, mainly due to a decrease in the number of units sold. Net sales of other small precision motors increased 6.4% to ¥346,871 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥42,400 million. As a result of recording restructuring costs for this fiscal year, operating profit of this category decreased 37.1% to ¥26,680 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥4,700 million.

Under the influences of the Russian invasion of Ukraine and difficulties in procuring semiconductors and other electronic components among customers, net sales of automotive products increased 24.4% to ¥519,654 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥46,600 million, due to higher sales of the traction motor system (E-Axle). As a result of recording restructuring costs for this fiscal year, operating profit (loss) of this category decreased ¥52,966 to ¥42,291 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥2,900 million.

Net sales of appliance, commercial and industrial products increased 16.2% to ¥913,986 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥140,500 million. This was due to an increase in the sales of power generator business for which we received many orders for large-scale projects, despite the continued impact of the Russian invasion of Ukraine. As a result of recording restructuring costs for this fiscal year, operating profit of this category decreased 9.4% to ¥70,817 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥15,600 million.

Net sales of machinery increased 37.5% to ¥296,482 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥15,800 million, due to the entry into machine tool business, in addition to higher sales of semiconductor inspection systems in strong demand for 5G, and can making presses due to the trend in deplasticization. As a result of recording restructuring costs for this fiscal year, operating profit of this category increased 10.4% to ¥45,538 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥1,200 million.

Net sales of electronic and optical components increased 19.1% to ¥83,011 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥4,700 million. Operating profit of this category increased 23.1% to ¥13,582 million for this fiscal year compared to the previous fiscal year, including a positive effect of the fluctuations of the foreign currency exchange rates by approximately ¥100 million.

Net sales of other products increased 16.2% to ¥4,358 million and operating profit of this category increased 41.9% to ¥474 million for this fiscal year compared to the previous fiscal year.

(3) Financial position

Our cash and cash equivalents decreased ¥13,557 million to ¥186,098 million as of March 31, 2023 from ¥199,655 million as of March 31, 2022. This decrease was due to a net cash outflow from investing activities of ¥164,943 million for additions of fixed asset and a net cash outflow from financial activities of ¥19,238 million, although they were supplemented by a net cash inflow from operating activities of ¥143,485 million. In order to use our working cash reserves efficiently, we continue to utilize surplus funds inside the NIDEC group by making effective use of our cash management systems (the CMSs) that we established on a region-by-region basis including Japan, China, U.S. and other countries. In addition, we have linked the CMSs one to another for expanding the CMSs network globally. As of March 31, 2023, approximately 78% of our cash and cash equivalents were held by our consolidated subsidiaries outside Japan.

NIDEC participates in an arrangement with a single financial institution to carry out notional pooling within the NIDEC group, including overseas subsidiaries, to fund short-term liquidity needs. The facility allows for cash withdrawals from this financial institution based upon our aggregate cash deposits within the same financial institution. Therefore, cash in banks includes cash deposits and cash withdrawals that are accounted for as a single unit of account under the notional pooling arrangement.

Cross-border cash transfers between group companies are subject to restrictions in certain circumstances. Where local restrictions prevent efficient intercompany transfers of funds, particularly to Nidec Corporation from its subsidiaries outside Japan, Nidec Corporation seeks to meet its liquidity needs through ongoing cash flows, external borrowings, or both, as further discussed below. We do not expect such restrictions on transfers of funds held outside Japan to have a material effect on our overall liquidity, financial condition or results of operations.

Our short term borrowings increased ¥28,644 million to ¥159,279 million as of March 31, 2023 compared to March 31, 2022. This increase was mainly due to an increase in yen-denominated borrowings. The short term borrowings as of March 31, 2023 consisted of borrowings from banks denominated in Yen. We had no commercial paper outstanding as of March 31, 2023.

Our long term debt due within one year decreased ¥83,436 million to ¥59,765 million as of March 31, 2023 compared to March 31, 2022. This decrease was mainly due to ¥135,000 million redemption of bonds. The long term debt due within one year as of March 31, 2022 consisted of Domestic Unsecured Bonds.

Our long term debt increased ¥164,431 million to ¥486,305 million as of March 31, 2023 compared to March 31, 2022. This increase was mainly due to ¥120,000 million issuance of corporate bonds. The long term debt as of March 31, 2023 consisted of Domestic Unsecured Bonds and the borrowings from banks denominated in Yen.

The total par values of corporate bonds carried on the consolidated statements of financial position as of March 31, 2023, were as follows:

Issue	Month of issuance	Total par value	Maturity	Use of proceeds
Eighth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	July 2019	100 billion yen	July 2024	Redemption of corporate bonds and repayment of short term borrowings
Tenth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) (Green bond)	November 2019	30 billion yen	November 2024	Manufacturing traction motors for electric vehicle
Eleventh Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause) (Green bond)	November 2019	20 billion yen	November 2026	Manufacturing traction motors for electric vehicle
Twelfth Series of Domestic Unsecured Bonds	June 2020	50 billion yen	June 2023	Redemption of corporate bonds and repayment of short term borrowings
Euro-Denominated Senior Unsecured Bonds (Green bond)	March 2021	500 million euro	March 2026	Manufacturing traction motors for electric vehicle
Thirteenth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	July 2022	30 billion yen	July 2025	Redemption of corporate bonds and repayment of short term borrowings
Fourteenth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	July 2022	20 billion yen	July 2032	Redemption of corporate bonds and repayment of short term borrowings
Fifteenth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	November 2022	20 billion yen	November 2025	Redemption of corporate bonds and repayment of short term borrowings
Sixteenth Series of Domestic Unsecured Bonds (with limited inter-bond pari-passu clause)	November 2022	50 billion yen	November 2027	Redemption of corporate bonds and repayment of short term borrowings

The above corporate bonds, except for Euro-Denominated Senior Unsecured Bonds, were issued pursuant to three shelf registration statements filed with the Director-General of the Kanto Local Finance Bureau, each authorizing up to ¥300 billion and ¥600 billion of bond issuance, respectively. The first, filed in March 2019, was valid from April 5, 2019, through April 4, 2020. The second, filed in April 2020, was valid from April 9, 2020, through April 8, 2021. The third, filed in April 2022, was valid from April 9, 2022, through April 8, 2024. We registered these issuance for the purpose of improving our financial stability through diversifying our financing methods by establishing a system that provides NIDEC with flexible availability of funds as required to complement our procurement of funds through indirect financing from financial institutions.

A substantial portion of our unsecured funding is raised by the parent company (Nidec Corporation), and is then lent to its subsidiaries to meet their respective capital requirements. Through this funding approach, we seek to lower our financing costs, maintain sufficient lines of credit and ensure agile funding for our group companies.

We expect to seek additional financing in connection with, among other things, our future mergers and acquisitions, research and development activities and facility investments. We may also consider and obtain additional financing in order to enhance our financial agility in mergers and acquisitions, research and development activities, and facility investments in the future.

As of the filing date, we have a share repurchase plan pursuant to which we are authorized to repurchase the lesser amount of an aggregate of 5,000,000 shares of treasury stock and an aggregate of ¥35,000 million of treasury stock between January 25, 2023 and January 24, 2024. From January 25, 2023 to March 31, 2023, we repurchased an aggregate of 1,020,000 shares for approximately ¥6,900 million under the plan. And we are authorized to repurchase the lesser amount of an aggregate of 5,500,000 shares of treasury stock and an aggregate of ¥50,000 million of treasury stock between April 22, 2022 and January 24, 2023. We repurchased an aggregate of 5,500,000 shares for approximately ¥46,700 million under the plan.

We believe that these funding sources, together with our cash flows from operating activities and undrawn credit lines will sufficiently meet our future capital requirements.

Total assets increased ¥194,108 million to ¥2,872,591 million as of March 31, 2023 compared to March 31, 2022. This was mainly due to increases of ¥71,294 million in property, plant and equipment, ¥61,976 million in inventories, and ¥20,825 million in trade and other receivables.

Total liabilities increased ¥137,112 million to ¥1,498,897 million as of March 31, 2023 compared to March 31, 2022. This was mainly due to a increases of ¥109,639 million in interest-bearing debt. Specifically, short term borrowings increased ¥28,644 million to ¥159,279 million, long term debt due within one year decreased ¥83,436 million to ¥59,765 million, and long term debt increased ¥164,431 million to ¥486,305 million as of March 31, 2023 compared to March 31, 2022.

Our working capital (subtract total current liabilities from total current assets) increased ¥130,337 million to ¥484,211 million as of March 31, 2023 compared to March 31, 2022.

Accounts receivable (trade and other receivables) turnover ratio (net sales divided by account receivables) increased 0.4 to 3.8 as of March 31, 2023 compared to March 31, 2022. In addition, inventory turnover ratio (cost of sales divided by inventories) increased 0.2 to 3.5 as of March 31, 2023 compared to March 31, 2022.

Total equity attributable to owners of the parent increased ¥62,264 million to ¥1,354,505 million as of March 31, 2023 compared to March 31, 2022. This was mainly due to increases in other components of equity of ¥102,837 million and retained earnings of ¥10,618 million. Ratio of total equity attributable to owners of the parent to total assets decreased to 47.2% as of March 31, 2023 from 48.2% as of March 31, 2022.

(4) Cash flows

1) Status of capital needs

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) purchases of raw materials, (4) employees' salaries, wages and other payroll costs, (5) mergers and acquisitions, (6) investments in subsidiaries, (7) repayment of short term borrowings and long term debt, and (8) purchase of treasury stock. As of March 31, 2023, we had ¥493,782 million of trade and other payables, ¥159,279 million of short term borrowings, and ¥546,070 million of long term debt, including the long term debt due within one year.

Investments for the purchase of property, plant, equipment and other assets totaled ¥137,814 million for the year ended March 31, 2023. We plan to invest ¥100,000 million in additions to property, plant and equipment for the year ending March 31, 2024. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥18,521 million as of March 31, 2023.

Research and development expenses were ¥81,337 million for the year ended March 31, 2023 and are expected to reach approximately ¥88,000 million for the year ending March 31, 2024.

In the year ended March 31, 2023, we acquired the following companies.

Company name	Geographic	Principal Businesses
PAMA S.p.A.	Europe, Asia, North America	Manufacturing and sale of machine tools (boring and milling machines, and machining centers, among others)
MIDORI PRECISION CO.,LTD.	Japan	Development, manufacturing, and sale of potentiometers and encoders

We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

2) Status of funding raising

NIDEC's required funds will be procured by cash flow from operating activities, borrowing from multiple financial institutions with good business relationships, issuance of corporate bond under the domestic bond shelf registration of ¥600 billion and a commercial paper program of ¥100 billion, and others, promoting a diversification of our financing means. As a general rule, we do not procure funds from financial institutions for our group companies, but we continue to promote the unification of fund raising and capital efficiency through intra-group financing using the cash management system of the controlling company and others.

(5) Production, Orders Received and Sales

1) Production results

Consolidated production results by reporting segment for the year ended March 31, 2023 were as follows:

Reporting segment	Amount (Yen in millions)	Current to previous year ratio (%)
SPMS	295,497	91.6
AMEC	213,367	133.2
MOEN	395,468	122.0
ACIM	428,484	113.1
Nidec Sankyo	163,367	109.2
Nidec Techno Motor	95,192	102.5
Nidec Mobility	116,350	113.7
Nidec Shimpo	149,356	132.3
Nidec Read	59,255	103.8
Others	227,962	98.4
Total	2,144,298	111.0

(Notes) 1. Amounts are recorded at sales price, including intersegment transfers.

2. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.

3. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.

4. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

2) Orders received

Consolidated orders received by reporting segment for the year ended March 31, 2023 were as follows:

Reporting segment	Amount (Yen in millions)	Current to previous year ratio (%)	Balance (Yen in millions)	Current to previous year ratio (%)
SPMS	330,807	98.7	21,773	76.0
AMEC	304,710	132.5	12,287	107.5
MOEN	458,313	117.4	289,801	137.5
ACIM	419,426	102.1	81,106	98.6
Nidec Sankyo	151,059	96.0	26,788	77.9
Nidec Techno Motor	89,079	107.8	2,386	95.7
Nidec Mobility	-	-	-	-
Nidec Shimpo	181,344	133.4	96,676	104.4
Nidec Read	45,923	65.0	29,646	67.0
Others	179,763	102.7	35,812	107.6
Total	2,160,424	108.7	596,275	110.4

(Notes) 1. Intersegment transactions are eliminated.

2. Nidec Mobility adopts the production system based on estimated orders.
3. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.
4. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.
5. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

3) Revenues

Consolidated revenues by reporting segment for the year ended March 31, 2023 were as follows:

Reporting segment	Amount (Yen in millions)	Current to previous year ratio (%)
SPMS	339,379	99.5
AMEC	304,733	134.8
MOEN	392,807	124.2
ACIM	428,193	111.0
Nidec Sankyo	158,675	109.1
Nidec Techno Motor	89,187	109.0
Nidec Mobility	118,361	121.5
Nidec Shimpo	173,947	165.1
Nidec Read	60,321	116.2
Others	177,221	106.1
Total	2,242,824	116.9

(Notes) 1. Intersegment transactions are eliminated.

2. Revenues of "Nidec Shimpo" segment have significantly increased due to the higher sales of can making press machines, and acquisitions of Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently, "Nidec Machine Tool Corporation") in the three months ended September 30, 2021, and OKK Corporation (currently, "Nidec OKK Corporation") in the three months ended March 31, 2022.
3. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.
4. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.
5. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

5. Material Agreements, etc.

(1) Cross license agreement

Party	Counterparty	Country	Item under contract	Contract description	Contract period
Nidec Corporation (The Company)	MinebeaMitsumi Inc.	Japan	Fluid dynamic bearing and spindle motors for HDD	Cross license agreement of patents, etc. *1	From December 18, 2004 to the expiration of the patent under contract
Nidec Corporation (The Company)	NTN Corporation	Japan	Motors with Fluid dynamic bearing (B, G type) (Mainly for 3.5-inch HDD)	Cross license agreement of patents, etc. *2	From July 24, 2009 to May 7, 2030. (Renew or extend the contract if the Company and NTN Corporation agree)
Nidec Corporation (The Company)	Panasonic Corporation	Japan	Fluid dynamic bearing and spindle motors for HDD	Cross license agreement of patents, etc. *3	From April 1, 2013 to the expiration of the patent under contract

(Notes) 1. This is an agreement under which the Company receives consideration from MinebeaMitsumi Inc. at once.

2. This is an agreement under which the Company pays consideration to NTN Corporation twice a year continuously.

3. This is an agreement under which the Company pays consideration to Panasonic Corporation at once.

(2) Joint Venture Agreement

(Nidec Energy AS)

On August 30, 2022 (Japan Standard Time), the Company signed a joint venture agreement with FREYR BATTERY SA (“FREYR”), a Norwegian semi-solid lithium-ion battery manufacturer.

1. Purpose

FREYR is a lithium-ion battery manufacturer founded in 2018, listed on the New York Stock Exchange in 2021, and planning to start mass production in 2024. FREYR has innovative semi-solid lithium-ion battery manufacturing technology in terms of quality and manufacturing process. FREYR will manufacture batteries in Norway, an advanced decarbonization country, exclusively using clean renewable hydroelectric power locally available. Consequently, FREYR’s production of battery cell is environmentally friendly, and it gains competitive advantage in terms of abundant energy supply and lower cost coupled with lower CO2 emissions.

Our Battery Energy Storage Solutions (“BESS”) provide services to the grid that enable accelerated adoption of renewable power generation which contributes to the realization of a carbon-zero society. FREYR will manufacture eco-friendly semi-solid lithium-ion batteries using 100% renewable energy through a dedicated Power Purchase Agreement with Statkraft (Europe’s largest renewable energy producer) based on 100% hydroelectric power. Our partnership with FREYR will ensure a stable procurement of competitive and clean semi-solid lithium-ion batteries for our BESS solutions. This will help reduce CO2 emissions significantly throughout the entire process from the battery manufacturing process to the use of our BESS solution by our customers.

The objective of the alliance is to jointly create a global leading provider of utility scale battery energy storage products drawing on FREYR’s innovative, low-carbon battery technology and our leading position in utility scale energy storage systems. By concluding this joint venture agreement, we will strengthen strategic partnership with FREYR and aim to further expand the BESS solution business in the future.

In parallel, we continues to work on strengthening its partnerships with leading lithium-ion battery suppliers in order to secure our needs for battery products and support our growth in the coming years.

2. Information on Joint Venture

Company Name	Nidec Energy AS
Headquarters	Oslo, Norway
Foundation	December 6, 2022
Business	Development, manufacturing, and sales of battery products
CEO	Dominique Llonch
Shareholder	Nidec Europe B. V. 66.7%, FREYR 33.3%

3. Information on FREYR BATTERY SA

Company Name	FREYR BATTERY SA
Headquarters	Luxembourg, Luxembourg
Foundation	2018
Business	Manufacture and sale of lithium-ion battery cells
CEO	Tom Einar Jensen
Listed Market	New York Stock Exchange (listed in 2021 under the ticker symbol FREY)
Production Location	The city of Mo i Rana, Norway (under construction, start of operation planned in 2024)

(Nidec Aerospace LLC)

On June 15, 2023, the Company's Board of Directors resolved to establish a joint venture to supply Electric Propulsion System for Electric Vertical Take-Off and Landing aircraft with Embraer S.A.. Details of the agreement are stated in "V. Consolidated Financial Statements and Other Information, 1. Consolidated Financial Statements, Notes to Consolidated Financial Statements, 42. Events after the reporting period".

(3) Share purchase and transfer agreement

(PAMA S.p.A.)

The Company passed a resolution on, among others, purchasing the shares of Italian machine tool manufacturer PAMA S.p.A. and its nine affiliates (collectively "PAMA") (the "Stock Acquisition") on November 28, 2022 (Japan Standard Time). The Company executed a transfer agreement on the Stock Acquisition, etc. on November 30, 2022 (Japan Standard Time).

1. Purpose

The Company entered into the machine tool business on a full scale after purchasing Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently, "Nidec Machine Tool Corporation", "Nidec Machine Tool") in August 2021, and purchasing the shares of OKK Corporation (currently, "Nidec OKK Corporation", "Nidec OKK") through a third-party allotment of common shares in February 2022. With the latest purchase of PAMA, the Company will be able to accelerate the generation of strong synergies with its existing two machine tool manufacturers in the product range, as well as product sale, development, and manufacturing.

PAMA is one of the most well-known companies in the machine tool industry for the wide range of product lineup and the high-level technological capabilities of its large machine tools, particularly boring and milling machines. The company is also known for its solid sales and service networks in Europe and other places such as China, the US, and India.

Nidec Machine Tool and Nidec OKK, whose main products are gear cutting machines, large machine tools and machining centers, have been in need of further developing the multitasking and 5-axis machining technology as well as expanding its lineup of boring and milling machines in the large machine tools. Also, both companies' main sales area has been in Japan and, compared with other major Japanese machine tool manufacturers, both companies have generated less sales from overseas markets such as European and American markets and Chinese market, where the future growth is expected.

Following completion of the Stock Acquisition, through reciprocal usage of management resources between PAMA and the two machine tool companies, we intend to pursue synergies in all the areas of sale, manufacturing, and product development, including:

- (1) expanding sales in the Asian, European and American markets based on a wide range of product lineup and cross-selling;
- (2) developing new products and components by combining the companies' technological expertise; and
- (3) reducing lead time for delivery and manufacturing cost based on a global production optimization in Europe, the US, and Asia.

After completing the Stock Acquisition, the Company will actively provide PAMA with resources and make necessary investments in PAMA to accelerate the growth of our machine tool business, which will contribute to the development of the machine tool market on a global scale.

2. Information on PAMA S.p.A

Company name	PAMA S.p.A.
Headquarters	Rovereto, Trentino-Alto Adige, Italy
Foundation	1926
Business	Manufacturing and sale of machine tools (boring and milling machines, and machining centers, among others)

(Midori Precisions Co., Ltd)

The Company passed a resolution in the meeting of the Board of Directors held on March 15, 2023 (Japan Standard Time) on the purchase by Nidec Copal Electronics Corporation (currently, "Nidec Components Corporation", "Nidec Components"), a subsidiary of the Company, of all the shares of Midori Precisions Co., Ltd. ("Midori Precisions"), a company that develops, manufactures, and sells potentiometers and other electronic components (the "Stock Acquisition"), and executed a transfer agreement on the Stock Acquisition, etc. on March 15, 2023 (Japan Standard Time).

1. Purpose

Nidec Components founded in 1967, is an electronic component manufacturer that, among other activities, develops, manufactures, and sells switches, semi-fixed resistors, pressure sensors, potentiometers, encoders, small precision motors, polygon mirrors, and other products. Having joined NIDEC in 1998, Nidec Components is focused on its sensing business at present, actively engaging in the transformation of its business portfolio and entry into growth markets. With, among other achievements, record-high consolidated net sales (41.7 billion yen) and operating profit in the fiscal year ended March 31, 2023, Nidec Components has long been growing constantly by utilizing synergies with other our group companies and implementing other measures.

With no overlaps in the potentiometer and encoder product lineup between them, Midori Precisions and Nidec Components will be able to generate synergies easily with each other, and expand sales together. In addition, bringing together the two companies' development resources will likely create synergies for them in the area of new product development.

Not only will the Stock Acquisition enable the use of Midori Precisions' technological strength and Nidec Components' production and manufacturing technologies and global sales channels to create synergies, it will ensure investment in Midori Precisions in a timely and appropriate manner. Thus, the two companies will be able to make the position sensing (i.e. potentiometer and encoder) business a new pillar of the Nidec Components group's sensing businesses, and walk the road to future prosperity together. Also, amid the growing demand for sensors around the world, we will engage in corporate business activities to contribute to social growth.

2. Information on Midori Precisions Co., Ltd

Company name	Midori Precisions Co., Ltd
Headquarters	Hamura-city, Tokyo
Foundation	1952
Business	Development, manufacturing, and sale of potentiometers and encoders

(4) Share Exchange Agreement

The Company and Nidec OKK Corporation (“Nidec OKK”) announced that, at their respective meetings of the Board of Directors held on December 12, 2022, the two companies have decided to enter into a share exchange transaction (the “Share Exchange”) to make Nidec OKK a wholly owned subsidiary of the Company, which will serve as the wholly owning parent company, and that the two companies have signed a share exchange agreement.

1. Purpose

Since its establishment in 1973, the Company has been developing its business with a focus on brushless DC motors, which have characteristics of cost-effectiveness, noiselessness and longer operation life. Through M&As, the Company has enhanced its motor product line-up from small precision motors to motors for supersized industrial systems, expanding into applied products such as machinery, electronic and optical components and other products. The Company has developed its business not only in IT and office automation areas, but in various other areas, including home appliance, automobile and industrial equipment to be the “world's leading comprehensive motor manufacturer.”

Whereas, Nidec OKK, a venerable machine manufacturer established more than a century ago, has been successfully growing its businesses required to meet the needs of the time, ranging from the production of centrifugal pumps and water meters, which are their initial business, to fiber and others. Recent years have witnessed Nidec OKK engage mainly in the machine tool business, which is the foundation of all industries. With its high-level basic machining capabilities combined with general versatility of its mother machines, Nidec OKK enjoys the trust of wide range of its customers.

Aiming to generate synergies in the area of machine tool, where the NIDEC operates business, the Company purchased the shares of Nidec OKK through a third-party allotment of common shares on February 1, 2022, owning 15,853,444 (66.61% of the total number of the shares issued as of September 30, 2022, i.e., 23,798,708 (except for treasury shares) (The percentage point is rounded off to the second decimal place. Share ownership ratios will be calculated the same way hereinafter)) of the shares as of December 12, 2022.

As part of the NIDEC, the Company and Nidec OKK share business strategies with each other, engaging in our group-wide efforts to generate synergies especially with Nidec Machine Tool Corporation (“Nidec Machine Tool”)’s machine tool business in such areas as element technology development, product manufacturing, and sales operations.

Nonetheless, in this rapidly globalizing economy, winning a global competition to achieve a dramatic business growth requires companies to invest in development and human resources more than ever, and further accelerate the pace of creating new products, markets, and technologies. Under such circumstances, where the Company and Nidec OKK, both listed, operate business separately, the Nidec Group as a whole could not make optimum decisions swiftly and flexibly enough. For example, to make a decision on the mutual use of the two companies’ joint business management and management resources, careful consideration had to be made by taking into account the profit of Nidec OKK’s minority shareholders. Such facts represented an issue in the further business development on a global scale and in the speedy new business and technology development. It was based on this understanding that the two companies concluded that executing the Share Exchange to make Nidec OKK a wholly owned subsidiary of the Company would: contribute to a swifter decision making and an effective use of management resources; and be an optimum choice for the Company and Nidec OKK to improve their corporate value.

2. Share Exchange Effective Date

March 1, 2023

3. Method of the Share Exchange

As a result of the Share Exchange, the Company became the parent company owning all of the outstanding shares in Nidec OKK, and Nidec OKK became a wholly owned subsidiary of the Company. The Share Exchange took effect on March 1, 2023, subject to approval by Nidec OKK’s shareholders at an extraordinary general meeting held on February 15, 2023. The Company used a simplified share exchange procedure in accordance with Article 796, Paragraph 2, of the Companies Act, without obtaining the approval of its shareholders for the Share Exchange.

4. Share Exchange Ratio

For each share of Nidec OKK common stock, 0.128 shares of the Company's common stock were allotted. No shares of the Company were allotted in exchange for Nidec OKK common stock directly held by the Company.

5. Basis for Calculation of the Share Exchange Ratio

To secure fairness and validity in the calculation of the Share Exchange Ratio, the two companies decided to separately request third-party calculation agents that are independent of the two companies to calculate the Share Exchange Ratio, with the Company selecting KPMG FAS ("KPMG") as its third-party calculation agent, and Nidec OKK selecting AGS Consulting Co., Ltd. ("AGS Consulting") as its third-party calculation agent.

KPMG calculated the value of the Company by using the market price method, based on the fact that the Company's Stock is listed on the Tokyo Stock Exchange's Prime Market, and that the Company's market price is available. Also, KPMG calculated the value of Nidec OKK by using the market price method, based on the fact that Nidec OKK's stock is listed on the Tokyo Stock Exchange's Standard Market, and Nidec OKK's market price is available. In addition, KPMG calculated the value of the Company by using the discounted cash flow ("DCF") method to reflect the status of Nidec OKK's future business activities in the calculation.

Whereas, AGS Consulting calculated the value of the Company by using the market price method, based on the fact that the Company's Stock is listed on the Tokyo Stock Exchange's Prime Market, and that the Company's market price is available. Also, AGS Consulting calculated the value of Nidec OKK by using the market price method, based on the fact that Nidec OKK's stock is listed on the Tokyo Stock Exchange's Standard Market, and that Nidec OKK's market price is available. In addition, AGS Consulting calculated the value of Nidec OKK by using the DCF method to reflect the status of Nidec OKK's future business activities in the calculation.

After mutual negotiations and discussion based on the results of the calculation on respective sides, the two companies determined the Share Exchange Ratio.

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

Company name	Nidec OKK Corporation
Headquarters	8-10-1, Kita-Itami, Itami-city, Hyogo
Company representative	Yoshihide Morimoto, Representative Director and President
Business	Manufacturing and sales of machine tools
Share capital	9,022 million yen

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

Company name	Nidec Corporation
Headquarters	338 Kuzetonosiro-cho, Minami-ku, Kyoto
Company representative	Hiroshi Kobe, Representative Director and President
Business	Manufacturing and sales of small precision motors, automotive products, appliance, commercial, and industrial products, machinery, electronic and optical components, and other products
Share capital	87,784 million yen

6. Research and Development

The long-term objectives of our R&D activities are to increase the efficiency of drive technology, which contributes to decarbonization in society, and to reduce the size and weight of motors, which promote resource conservation. At the same time, we are pursuing the creation of added value per function (module) through the optimum combination of basic components. An important organizational theme is the integration of technologies among research and development organizations that reliably link the rapidly changing needs of society with our sustainable growth.

The market trends we are paying attention to are “electrification of cars,” “spread of the use of robots,” “brushless DC of home appliances,” “labor saving in agriculture and logistics”, and “spread of next-generation technologies associated with 5G communications”. These are new needs created against the backdrop of global issues such as reductions in CO2 emissions, traffic accidents, and the aging of society. We plan to concentrate our management resources on these markets as promising markets where we can make use of our accumulated technological expertise. The spread of COVID-19, which developed into a global threat in 2020, has become a watershed that determines market orientation and brought about changes in market structure. Rapid progress in labor-saving and automation has led to stricter requirements for drive technologies used in automobiles, unmanned transport robots, drones, and other products. The growth in data traffic due to the establishment and spread of telework has boosted demand for HDD motors and cooling modules for servers, and at the same time has led to the diversification of digital home appliances. In addition, the spread of 5G communications will ensure the effectiveness of new technologies in terms of infrastructure.

In addition, as raw material prices have risen due to recent geopolitical risks and supply chain disruptions, NIDEC is conducting a fundamental review of product designs with a view to reducing medium- and long-term risks associated with the availability of key raw materials.

Our research and development expenses for the fiscal year ended March 31, 2023 were ¥81,337 million. Internally developed costs recorded as intangible assets were ¥9,812 million.

In addition to the development divisions established within each business division, as “Corporate” division which does not belong to each segment, there are Nidec Research and Development Centers in Japan (*1) and Taiwan to research fundamental technologies on motors in general for our future business. At the core of our global technology development strategy, we are promoting further advances in research on fundamental technologies such as electronic circuit technology, heat, noise and vibration technology, and control. Nidec Center for Industrial Science and Technology (*2) engages in research and development activities aiming to realize smart factories with robot and IoT. We focus on R&D of new materials and systems, and production technology evolution which is independent of existing manufacturing methods, such as inspection technology innovation, data analysis, simulation, and others. These centers engage in enhancing the technological synergy effect between each development department and diversifying domestic and overseas group companies, and then promote the growth.

The research and development expenses for the fiscal year ended March 31, 2023, which is categorized as "Corporate," were ¥5,284 million.

A status report of the research and development activities and the associated research and development expenses by business segment are as follows:

(1) SPMS

In the SPMS segment, we conduct basic and applied research on precision small motors in general, such as precision small DC motors and fan motors, research and development for new products, and research to provide technical support to other research bases.

Our research and development activities during the fiscal year ended March 31, 2023 were as follows:

As for fan motors, we are developing a new model that applies the FDB technology that has been used for HDD motors. In addition, we are developing thermal solution technologies such as server water cooling modules and air-conditioning heat pumps, as well as mobility solution fields such as motors for small EV, electric motorcycles and electric bicycles.

The SPMS segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥15,653 million.

(2) AMEC

In the AMEC segment, we are engaged in R&D aimed at the mass production of new products and new models, and the improvement of product quality of various in-vehicle motors, including those for driving electric vehicles (EVs) which will contribute to the realization of a decarbonized society.

Our research and development activities during the fiscal year ended March 31, 2023 were as follows:

As for automotive motors, we are strengthening the development of drive motors for electric vehicles (EVs), mainly for customers in China and Europe. At the same time as launching drive motors for second generation EVs that are smaller and lighter with significantly reduced use of raw materials, we are also developing drive motors for next-generation EVs that are magnet free as part of the Green Innovation Fund, which was established by the New Energy and Industrial Technology Development Organization (NEDO) to realize a decarbonized society. In addition, we are developing small, high-performance motors for next-generation power steering, motors for applications other than power steering (seats, brakes, sunroofs, etc.), associated electronic control units, and brushless motors for dual clutch transmissions, and hydraulic and electric systems. The Company is lately also developing package products that combine driving and automotive motors for electric vehicle (EV) with sensors and control units.

The AMEC segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥25,244 million.

(3) MOEN

In the MOEN segment, our research and development activities during the fiscal year ended March 31, 2023 were as follows:

- Power storage device
 - BESS (Battery Energy Storage System)
 - Electric vehicle charging station
 - Renewable energy power quality solutions

- Industrial Automation
 - Mobile robot for automated warehouse systems
 - Robot arm

- Industrial and data center electrical generators
 - Industrial / commercial / residential / construction electrical generators
 - Communication base station electrical generators

- Electric equipment for construction machinery and commercial vehicles
 - Large traction motor
 - Motors, gears and control devices for material handling and aerial workers

- Drive units
 - Micro drive (Commander S)
 - Pump and HVAC drives

-High power drives for infrastructure

- Elevator
 - Slim hoisting machine for MRL (Machine Roomless Elevator), gearless traction machines for freight elevators
 - Control equipment and peripheral equipment
 - Package solutions for traction machine and control equipment
- Parts for electric vehicles
 - EV traction motor
- Other products developed for new markets
 - Motors for driving electric trailers and refrigeration units
 - Platform systems for high altitude (sub-stratosphere)
 - Motors for electric vertical takeoff and landing aircraft

The global trend toward the realization of a decarbonized society is rapidly promoting electrification and energy saving in the industrial world. In particular, there is a growing demand for highly energy-efficient industrial equipment. At the same time, demand for production automation systems is expanding, reflecting a shortage of labor.

Against this backdrop, we are currently focusing on the research and development of battery energy storage systems (BESS) that enable efficient use of electricity, electrical generators for data centers, mobile robots for automated warehouses, and motors for driving industrial vehicles. In particular, the development of products that contribute to decarbonization is rapidly becoming more important. The main focus of BESS development, which can be said to be at the top of this, is the stable supply of low-cost electricity and the reduction of greenhouse gas emissions from industrial facilities. We are developing solutions that integrate renewable energy generation, storage, and transmission and distribution. In August 2022, we entered into a joint venture agreement with FREYR BATTERY SA, a Norwegian manufacturer of semi-solid lithium-ion batteries, with the aim of strengthening battery technology. In the development of motors for driving industrial vehicles, we are focusing on the contribution to hybridization and electrification for large vehicles such as construction and agricultural machinery. At the same time, we are promoting the modularization of SR motors (switched reluctance motors) that do not use rare earths, which tend to be involved in geopolitical and human rights issues, by combining them with control components such as encoders.

The MOEN segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥5,085 million.

(4) ACIM

In the ACIM segment, we mainly conduct research and development of motors for residential, commercial, home appliance and industrial uses. Our research and development activities during the fiscal year ended March 31, 2023 were as follows:

- Residential and commercial use: motors used in air conditioning equipment and commercial refrigeration equipment, and others
- Home appliance use: motors used in washing machines, dryers, dishwashers, and compressors, and refrigerator compressors
- Industrial use: IE3 (premium efficiency), IE4 and IE5 compatible motors, and motors for various pumps used in water supply and sewerage, irrigation facilities and gas mining

This business focuses on the research and development of super premium class (IE4 and IE5) high-efficiency motors, and contributes to energy conservation in industrial facilities by reducing power consumption by motors.

The ACIM segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥7,062 million.

(5) Nidec Sankyo (*3)

The Nidec Sankyo segment develops stepping motors, smartphone/game-related products, motor drive unit products and system device-related products as part of its line-up of "karakuri-tronics" products integrating its "karakuri," or internal device mechanism technologies, with the motor technologies and servo technologies developed through its business diversification.

With respect to stepping motors, in an effort to expand the range of their applications to automobiles, Nidec Sankyo has been downsizing products, enhancing product performance and improving cost-performance. In addition, NIDEC is developing its own optical image stabilizer for smartphones (TiltAC), as well as tactile devices for gaming devices and AR/VR applications. With respect to the motor drive product group, Nidec Sankyo is expanding its operations into a range of products integrating small and high-power motors, sensors, servo controls and control software into mechanical units, aiming to enter the automotive thermal management products, which meet the demand for thermal cooling related to the electrification of automobile, and industrial equipment markets. In the area of system equipment-related business, Nidec Sankyo is strengthening the security of peripheral equipment for various types of card media, and aggressively expanding into the fields of liquid crystal and organic EL displays, semiconductor robots, and transportation within vacuum devices.

The Nidec Sankyo segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥4,063 million.

(6) Nidec Techno Motor

The Nidec Techno Motor segment develops air conditioner and home appliance motors in Fukui, Japan and China, and industrial motors in Fukuoka, Japan. In the area of motors for air conditioners and home appliances, NIDEC has been strengthening initiatives for new product development and value engineering (VE) development from a global perspective.

Demand for DC motors has grown due to increased energy-saving regulations, particularly in China, and demand for copper wire, steel, and resin materials has soared. Against this background, we are accelerating business expansion by introducing new products with new motor structures, such as light, thin, short, and small motors, ahead of the industry.

The Nidec Techno Motor segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥1,224 million.

(7) Nidec Mobility

In the Nidec Mobility segment, we are developing automobile body control business and power electronics business centered on electronic control and motor control technology, and have development or design functions in 6 countries: Japan, the United States, Canada, Brazil, China, and South Korea. In the Body Control Business, we mainly develop body control modules, door peripheral control units including power window switches, and smart systems for motorcycles. In the Power Electronics Business, we mainly develop electric power steering, DC/DC converters for electric vehicles, and in-vehicle chargers. In addition, NIDEC group synergies recently enable us to promote technology development such as electric water pumps, electric oil pumps, inverters, which are one of the components of traction units for electric vehicles, and product development through power packs.

The Nidec Mobility segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥7,289 million.

(8) Nidec Shimpo (*4)

In the Nidec Shimpo segment, we are developing products for reduction engines using integrated mechanical and electrical technologies in Japan, China and Germany. In addition, for press engine series product we are developing a wide range of products in Japan, the United States, and Spain, from compact high-speed precision presses to ultra-large servo presses, as well as peripheral high-speed feed devices. As for reduction engine series product we are developing the FLEXWAVE as precision control reduction gears, the S-CART and a motor driver for AGVs that contributes to the unmanned operation in various distribution systems, as well as to labor saving and factory automation. In particular, we are focusing on the development of the FLEXWAVE products for use in industrial equipment such as robots and semiconductor devices, as well as consumer equipment, targeting markets, not only in Japan, but in Asia, Europe and the United States. As for press machine related products, we are conducting research on coil material supply equipment for the market of EV press lines such as motor cores for driving electric vehicles in China, South Korea, Europe and the United States.

The Nidec Shimpo segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥2,012 million.

(9) Nidec Read (*5)

The Nidec Read segment is developing inspection equipment for determining the quality of electronic circuits wired on semiconductor package substrates and printed circuit boards.

The functions and performance of electronic devices used in electronic equipment and automobiles are increasing and diversifying. We are developing a new type of inspection equipment that can accurately and quickly inspect various substrates. We are also conducting research and development on process automation with the aim of improving production efficiency and shortening delivery of inspection jigs to be mounted on such inspection equipment.

Also, targeting the expanding EV market, we are developing equipment for performance tests and endurance tests of traction (for driving) motors and equipment for automatically inspecting the characteristics of IGBT modules in normal and high temperature environments.

The Nidec Read segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥2,531 million.

(10) Others

The Others segment is engaged in research and development of automotive products, equipment and devices, electronic components, and other small motors.

The Others segment's research and development expenses for the fiscal year ended March 31, 2023 were ¥5,888 million.

- (Notes) 1. The name of "Nidec Research and Development Center" was changed to "Nidec Shinkawasaki Technology Center" effective April 1, 2023
2. The name of "Nidec Center for Industrial Science and Technology" was changed to "Nidec Keihanna Technology Center" effective April 1, 2023.
3. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.
4. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.
5. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

III. Property, Plant and Equipment

1. Summary of Capital Investment, etc.

The total capital investment in property, plant and equipment for the year ended March 31, 2023 was ¥137,814 million. This mainly consists of capital investment to strengthen domestic R&D and increase production capacity of overseas subsidiaries, such as the construction of a new base in Muko-city, Kyoto.

The amounts of capital investment by segment are as follows:

(Yen in millions)

	For the year ended March 31, 2023
SPMS	17,568
AMEC	39,485
MOEN	7,199
ACIM	15,290
Nidec Sankyo	6,134
Nidec Techno Motor	4,474
Nidec Mobility	4,504
Nidec Shimpo	10,075
Nidec Read	1,816
Others, Corporate	31,269
Total	137,814

(Notes) 1. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.

2. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.

3. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

2. Major Property, Plant and Equipment

Major property, plant and equipment of NIDEC are as follows:

(1) The Company

(As of March 31, 2023)

Name of business place (location)	Name of segment	Details of major facilities and equipment	Carrying amount (Yen in millions)					Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Headquarters (Minami-ku, Kyoto)	-	Head office facilities	2,816	43	3,591 (20)	620	7,070	340 (6)
Nidec PARK Building C and Central Technical Laboratory (Muko-city, Kyoto)	-	Head office facilities and development facilities for small precision motors	18,646	157	4,240 (77)	1,003	24,046	607 (4)
Tokyo Office (Shinagawa-ku, Tokyo)	-	Sales facilities for products	1,138	2	2,026 (2)	53	3,219	38 (-)
Shiga Technical Center (Aisho-cho, Echigo-gun, Shiga)	AMEC	Development facilities for automotive products	3,158	338	1,780 (61)	360	5,636	663 (36)
Nidec Research and Development Center (Saiwai-ku, Kawasaki-city, Kanagawa)	-	Fundamental and applied research facilities	2,941	9	1,281 (6)	130	4,361	250 (10)
Nidec Corporation Head Office ANNEX Global Learning Center (Minami-ku, Kyoto)	-	Employee training facilities	2,816	0	410 (4)	143	3,369	20 (-)
Nidec Center for Industrial Science and Technology (Seika-cho, Soraku-gun, Kyoto)	-	Fundamental and applied research facilities	5,793	522	1,068 (27)	355	7,738	212 (3)

(Notes) 1. Carrying amounts are the carrying amounts of the non-consolidated financial statements based on Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

3. The name of "Nidec Research and Development Center" was changed to "Nidec Shinkawasaki Technology Center" effective April 1, 2023.

4. The name of "Nidec Center for Industrial Science and Technology" was changed to "Nidec Keihanna Technology Center" effective April 1, 2023.

(2) Domestic subsidiaries

(As of March 31, 2023)

Name of company (location)	Name of segment	Details of major facilities and equipment	Carrying amount (Yen in millions)					Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Nidec Sankyo Corporation (Shimosuwa- cho, Suwa-gun, Nagano)	Nidec Sankyo	Manufacturing facilities for small precision motors, automotive products, machinery and electronic parts	5,519	782	5,451 (493) [-]	498	12,250	971 (100)
Nidec OKK Corporation (Itami-city, Hyogo)	Nidec Shimpo	Manufacturing facilities for machinery	389	247	10,466 (97) [-]	115	11,217	622 (41)
Nidec-Shimpo Corporation (Muko-city, Kyoto)	Nidec Shimpo	Manufacturing facilities for machinery	2,777	3,710	3,960 (23) [-]	453	10,900	622 (97)
Nidec Copal Corporation (Itabashi-ku, Tokyo)	Others	Manufacturing facilities for small precision motors, machinery electronic and optical parts	2,259	3,976	2,905 (52) [117]	213	9,353	494 (196)
Nidec Mobility Corporation (Komaki-city, Aichi)	Nidec Mobility	Manufacturing facilities for automotive products	2,901	2,439	1,968 (11) [-]	261	7,569	682 (187)

(Notes) 1. Carrying amounts are the carrying amounts of the non-consolidated financial statements based on Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

3. The figures of "Land" in square bracket are excluded from the area of land and indicate area of leased land (in thousands of m²).

4. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023

5. The name of "OKK Corporation" was changed to "Nidec OKK Corporation" on July 1, 2022

6. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023

7. The name of "Nidec Copal Corporation" was changed to "Nidec Precision Corporation" effective April 1, 2023.

(3) Overseas subsidiaries

(As of March 31, 2023)

Name of company (location)	Name of segment	Details of major facilities and equipment	Carrying amount (Yen in millions)					Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Nidec Automotive Motor (Zhejiang) Corporation (Pinghu, Zhejiang, China)	AMEC	Manufacturing facilities for automotive products	3,409	38,643	- (-) [40]	248	42,300	2,384 (488)
Nidec Powertrain systems (Zhejiang) Corporation (Pinghu, Zhejiang, China)	Others	Manufacturing facilities for automotive products	3,829	21,527	- (-) [70]	1,733	27,089	765 (673)
Nidec motor (Dalian) Ltd. (Dalian, Liaoning, China)	AMEC	Manufacturing facilities for small precision motors and automotive products	3,592	19,845	275 (-) [138]	2,430	26,142	2,224 (53)
Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda. (Santa Catarina, Brazil)	ACIM	Manufacturing facilities for appliance, commercial and industrial products	5,330	11,966	63 (689) [123]	184	17,543	3,674 (41)
Nidec Motors & Actuators (Poland) Sp.z o.o. (Niepolomice, Poland)	AMEC	Manufacturing facilities for automotive products	4,570	11,634	232 (74) [-]	641	17,077	829 (84)

(Notes) 1. Carrying amounts are based on IFRS.

- The figures of "Number of employees" in round bracket are those of the annual average number of temporary employees, which are excluded from the number of employees.
- The figures of "Land" in square bracket are excluded from the area of land and indicate area of leased land (in thousands of m²).
- The name of "Nidec Tosok (Zhejiang) Corporation" was changed to "Nidec Powertrain systems (Zhejiang) Corporation" effective March 2, 2023.
- The name of "Nidec (Dalian) Ltd." was changed to "Nidec Motor (Dalian) Ltd." effective November 29, 2022.
- The name of "Nidec Global Appliance Compressores e Solucoes em Refrigeracao Ltda." was changed to "Nidec Global Appliance Brazil Ltda." effective April 1, 2023.

3. Plans for Capital Investment, Disposals of Property, Plant and Equipment, etc.

NIDEC determines capital investments considering the economic forecast, the trends of the industry, and investment efficiency, etc. in total. In principle, each of the consolidated companies prepares individual facilities plans.

Plans for new construction and disposition of major facilities as of March 31, 2023 were as follows:

(1) New construction of major facilities, etc.

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 Corporation	Muko-city, Kyoto	-	2nd head office and group companies' consolidation base	200,000	25,349	Own funds, borrowing	year 2020	year 2030
Nidec Automotive Motor (Zhejiang) Corporation	Pinghu, Zhejiang, China	AMEC	Manufacturing factory for automotive products	45,000	41	Own funds	August 2022	July 2024

(2) Disposition of major facilities, etc.

Not applicable.

IV. 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	1,920,000,000
Total	1,920,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (Shares) (March 31, 2023)	Number of shares issued as of the filing date (Shares) (June 21, 2023)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	596,284,468	596,284,468	Tokyo Stock Exchange, Inc Prime Market	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	596,284,468	596,284,468	-	-

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

1) Details of share option plans

Not applicable.

2) Description of rights plan

Not applicable.

3) 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)
April 1, 2020	298,142,234	596,284,468	-	87,784	-	92,005

(Note) Change due to share split (1:2).

(5) Shareholders composition

(As of March 31, 2023)

Category	Status of shares (one unit of shares: 100 shares)								Number of shares less than one unit (Shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	-	155	73	2,297	905	383	135,236	139,049	-
Share ownership (Unit)	-	2,312,298	96,505	395,176	1,669,877	1,950	1,479,401	5,955,207	763,768
Ownership percentage of share (%)	-	38.83	1.62	6.64	28.04	0.03	24.84	100	-

(Notes) 1. Of 21,059,236 treasury stock, 210,592 units are included in the "Individuals and others", while 36 shares are included in the "Number of shares less than one unit". Also, this treasury stocks include a total of 3,531 fractional shares arising from the exchange of shares with Nidec OKK Corporation with an effective date of March 1, 2023.

2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated, 712 units are included in the "Other institution" column and 72 shares are included in the "Number of shares less than one unit" column.

(6) Major shareholders

(As of March 31, 2023)

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of issued shares (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	84,576	14.70
Shigenobu Nagamori	Nishikyo-ku, Kyoto	49,473	8.60
Custody Bank, of Japan, Ltd. (trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	29,980	5.21
The Bank of Kyoto, Ltd. (Standing proxy: Custody Bank, of Japan, Ltd.)	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	24,798	4.31
S.N. Kosan, LLC.	518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto	20,245	3.51
The Bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	14,851	2.58
THE BANK OF NEW YORK MELLON 140042 (Standing proxy: Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286 USA (Shinagawa Intercity A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	14,105	2.45
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)	13,159	2.28
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank, of Japan, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	12,804	2.22
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	9,605	1.66
Total	-	273,601	47.56

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

- The Number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) and Custody Bank, of Japan, Ltd. (trust account) for their trustee business is not described because the Company is not able to grasp it.
- 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 March 31, 2023 (Record date for the exercise of voting rights), 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:

NIDEC implemented a two-for-one common stock split, effective April 1, 2020. The below figures are based on the number of share before the split.

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 Changes to a Statement of Large-Volume Holdings, made available for public inspection on January 7, 2022, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of December 31, 2021, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2023 (Record date for the exercise of voting rights), 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. (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	7,011,600	1.18
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakouen 1-chome, Minato-ku, Tokyo	18,684,034	3.13
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	8,425,400	1.41
Total	-	34,121,034	5.72

5. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on November 22, 2022, has been received from Baillie Gifford & Co and states that each of these companies held shares as of November 15, 2022, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2023 (Record date for the exercise of voting rights), 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. (%)
Baillie Gifford & Co	Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN Scotland	1,572,800	0.26
Baillie Gifford Overseas Limited	Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN Scotland	23,165,889	3.89
Total	-	24,738,689	4.15

6. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 7, 2020, has been received from Capital Research and Management Company and states that each of these companies held shares as of March 31, 2020, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2023 (Record date for the exercise of voting rights), 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. (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	18,482,435	6.20
Capital International Inc.	11100 Santa Monica Boulevard, 15th Fl., Los Angeles, CA 90025, U.S.A.	1,485,710	0.50
Capital International Co., Ltd.	1-1-14F, Marunouchi 2-chome, Chiyoda-ku, Tokyo	2,453,800	0.82
Capital International Sarl	3 Place des Bergues, 1201 Geneva, Switzerland	329,668	0.11
Total	-	22,751,613	7.63

7. The Statement of Large-Volume Holdings, made available for public inspection on October 7, 2022, has been received from Nomura Securities Co., Ltd. and states that each of these companies held shares as of September 30, 2022, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2023 (Record date for the exercise of voting rights), 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. (%)
Nomura Securities Co., Ltd.	13-1, Nihombashi 1-chome, Chuo-ku, Tokyo	2,494,217	0.42
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-chome, Koto-ku, Tokyo	27,720,700	4.65
Total	-	30,214,917	5.07

8. The Statement of Large-Volume Holdings, made available for public inspection on March 3, 2023, has been received from BlackRock Japan Co., Ltd. and states that each of these companies held shares as of February 28, 2023, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2023 (Record date for the exercise of voting rights), 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. (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi, 1-chome, Chiyoda-ku, Tokyo, Japan	9,785,100	1.64
BlackRock Advisers, LLC	251, Little Falls Drive, Wilmington, Delaware, USA	1,078,820	0.18
BlackRock Investment Management LLC	251, Little Falls Drive, Wilmington, Delaware, USA	814,039	0.14
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	1,502,758	0.25
BlackRock Fund Managers Limited	12, Throgmorton Avenue, London, United Kingdom	1,197,620	0.20
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	2,461,700	0.41
BlackRock Fund Advisors	400, Howard Street, San Francisco, CA, USA	7,151,800	1.20
BlackRock Institutional Trust Company, N.A.	400, Howard Street, San Francisco, CA, USA	5,756,648	0.97
BlackRock Investment Management (UK) Limited	12, Throgmorton Avenue, London, United Kingdom	695,900	0.12
Total	-	30,444,385	5.11

(7) Information on voting rights

1) Issued shares

(As of March 31, 2023)

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 21,059,200	-	-
Shares with full voting rights (others)	Ordinary share 574,461,500	5,744,615	-
Shares less than one unit	Ordinary share 763,768	-	-
Number of issued shares	596,284,468	-	-
Total number of voting rights	-	5,744,615	-

- (Notes) 1. The "Shares with full voting rights (others)" row includes 71,200 shares registered in the name of Japan Securities Depository Center ("JASDEC") and the "Number of voting rights" column includes 712 voting rights for those shares. The "Shares with full voting rights (others)" row includes 400 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 4 voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 400 shares (4 voting rights) registered in its name. The name of "Nidec-Shimpo Corporation" was changed to "Nidec Drive Technology Corporation" on April 1, 2023.
2. Ordinary shares in the "Shares less than one unit" row include 36 shares of the Company's treasury stock. In addition, this treasury stocks include 31 fractional shares arising from the exchange of shares with Nidec OKK Corporation with an effective date of March 1, 2023.
3. Ordinary shares in the "Shares with full voting rights (others)" row include 315,200 shares (3,152 voting rights) of the BIP Trust and 156,700 shares (1,567 voting rights) of the ESOP Trust.

2) Treasury stock, etc.

(As of March 31, 2023)

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	21,059,200	-	21,059,200	3.53
Total	-	21,059,200	-	21,059,200	3.53

(Note) The above treasury stock do not include shares of the Company held by the BIP (Board Incentive Plan) Trust and the ESOP (Employee Stock Ownership Plan) Trust, but include 3,500 fractional shares arising from the exchange of shares with Nidec OKK Corporation with an effective date of March 1, 2023.

(8) Officer/employee stock ownership plans

① Performance-linked share-based remuneration plan for members of the Board of Directors et al. of NIDEC

In FY2018, the NIDEC Group introduced a performance-linked share-based remuneration plan (the "Plan") for the Company's members of the Board of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto and for group companies' members of the Board of Directors (excluding outside members of the Board of Directors) and Executive Officers. As the Company became a company with an Audit and Supervisory Committee in FY2020, the Plan covered the Company's Members of its Board of Directors who are not Audit and Supervisory Committee Members (except for outside Members of the Board of Directors), Vice Presidents, and those individuals who have the equivalent status (collectively, the "Eligible Board Members"). This Plan was partially revised in the 48th Regular General Meeting Shareholders held on June 22, 2021.

1) Overview of the Plan

The Plan is structured as a BIP (Board Incentive Plan) trust (the "BIP Trust"). The BIP Trust is a share-based remuneration plan for officers that grants Company shares and pay cash proceeds from the liquidation of Company shares to the Eligible Board Members based on their rank, operating performance targets' degree of attainment, and other factors, like U.S. and European performance share plans and restricted stock plans.

2) Content of trust agreement

Type of trust:	Specified individually operated trust of money other than money trust (third-party benefit trust)
Purpose of trust:	To incentivize the Eligible Board Members
Trustor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	The Eligible Board Members who meet beneficiary requirements
Trust administrator:	A third-party (certified public accountant) with no interest in NIDEC
Trust extension agreement date:	July 26, 2021
Trust period:	July 26, 2018, through August 31, 2024 (tentative)
Plan inception date:	July 26, 2018
Exercise of voting rights:	Not to be exercised
Class of shares to be acquired:	The Company's ordinary shares
Amount of trust funding:	¥2.53 billion
Share acquisition period:	August 5, 2021
Share acquisition method:	Acquired by third-party allotment of the Company's treasury stock
Rights holder:	The Company
Residual assets:	Residual assets receivable by the Company as the rights holder will be limited to unspent reserves for trust expenses and any other funds remaining after deduction of funds spent to acquire shares from the funds deposited into the trust.

Note: The above tentative date is subject to change to other appropriate date in compliance with applicable laws and regulations.

3) Total number or total value of shares to be granted to beneficiaries from the BIP Trust

About 300,000 shares (three-year total) (including shares for group companies)

② Performance-linked share-based payment plan for domestic and overseas NIDEC executives

The Company resolved to adopt a performance-linked share-based payment plan (the "Plan") for domestic and overseas executives of NIDEC (the "NIDEC Executives") at the meeting of its Board of Directors held on April 24, 2018. However, the Company revised a part of the content of this Plan at the meeting of the Board of Directors held on July 21, 2021.

1) Overview of the Plan

The Plan is structured as an ESOP (Employee Stock Ownership Plan) trust (the "ESOP Trust"). The ESOP Trust is an employee incentive plan modeled after U.S. ESOP plans. More specifically, it is a share-based payment plan that grants Company shares and pay cash proceeds from the liquidation of Company shares to the NIDEC Executives based on their respective job titles, operating performance targets' degree of attainment, and other factors.

2) Content of trust agreement

Type of trust:	Specified individually operated trust of money other than money trust (third-party benefit trust)
Purpose of trust:	To incentivize the NIDEC Executives
Trustor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	The NIDEC Executives who meet beneficiary requirements
Trust administrator:	A third-party (certified public accountant) with no interest in NIDEC
Trust extension agreement date:	July 26, 2021
Trust period:	July 26, 2018, through August 31, 2024 (tentative)
Plan inception date:	July 26, 2018
Exercise of voting rights:	Not to be exercised
Class of shares to be acquired:	The Company's ordinary shares
Amount of trust funding:	¥1.58 billion
Share acquisition period:	August 5, 2021
Share acquisition method:	Acquired by third-party allotment of the Company's treasury stock
Rights holder:	The Company
Residual assets:	Residual assets receivable by the Company as the rights holder will be limited to unspent reserves for trust expenses and any other funds remaining after deduction of funds spent to acquire shares from the funds deposited into the trust.

Note: The above tentative date is subject to change to other appropriate date in compliance with applicable laws and regulations.

3) Total number or total value of shares to be granted to beneficiaries from the ESOP Trust

About 160,000 shares (three-year total) (including shares for group companies)

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of ordinary shares under Article 155, item 3 of the Companies Act and acquisition of ordinary shares under Article 155, item 7 of the Companies Act.

(1) Acquisition of treasury stock under the resolution of the General Meeting of Shareholders

Not applicable

(2) Acquisition of treasury stock under the resolution of the Meetings of the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on January 26, 2022 (Term of validity: from January 27, 2022 to January 24, 2023)	4,000,000	50,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2023	4,000,000	40,257,054,900
Treasury stock acquired during the fiscal year ended March 31, 2023	-	-
Treasury stock not acquired for the fiscal year ended March 31, 2023	-	9,742,945,100
The percentage of remaining treasury stock not acquired as of March 31, 2023 (%)	-	19.49
Treasury stock acquired during the period after the reporting period to the filing date of this report	-	-
The percentage of remaining treasury stock not acquired as of filing date (%)	-	19.49

Classification	Number of shares (Shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on April 21, 2022 (Term of validity: from April 22, 2022 to January 24, 2023)	5,500,000	50,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2023	-	-
Treasury stock acquired during the fiscal year ended March 31, 2023	5,500,000	46,672,436,900
Treasury stock not acquired for the fiscal year ended March 31, 2023	-	3,327,563,100
The percentage of remaining treasury stock not acquired as of March 31, 2023 (%)	-	6.66
Treasury stock acquired during the period after the reporting period to the filing date of this report	-	-
The percentage of remaining treasury stock not acquired as of filing date (%)	-	6.66

Classification	Number of shares (Shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on January 24, 2023 (Term of validity: from January 25, 2023 to January 24, 2024)	5,000,000	35,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2023	-	-
Treasury stock acquired during the fiscal year ended March 31, 2023	1,020,000	6,882,558,300
Treasury stock not acquired for the fiscal year ended March 31, 2023	3,980,000	28,117,441,700
The percentage of remaining treasury stock not acquired as of March 31, 2023 (%)	79.60	80.34
Treasury stock acquired during the period after the reporting period to the filing date of this report	151,400	983,247,800
The percentage of remaining treasury stock not acquired as of filing date (%)	76.57	77.53

(Note) 1. Treasury stock acquired during the period after the reporting period to the filing date of this report does not include acquisition of treasury stock from June 1, 2023 to the filing date of this report.

2. It was confirmed that treasury stocks in the amount of ¥1,715 million repurchased in September 2022 based on the resolution of the Company's Board of Directors on 21 April 2022, and ¥6,883 million repurchased from 15 February 2023 to 20 March 2023 based on the resolution of the Company's Board of Directors on 24 January 2023, exceeded the distributable amount determined by the Companies Act of Japan and the Regulation on Corporate Accounting. Of these amounts, the treasury shares repurchased as at 31 March 2023, are included in "Purchase of treasury stock" and "Balance at 31 March 2023" in the consolidated statement of changes in equity.

(3) Details of acquisition of treasury stock not under the resolution of the General Meeting of Shareholders or the Meetings of the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2023	3,058	23,349,220
Treasury stock acquired during the period after the reporting period to the filing date of this report	4,295	28,792,335

(Note) Treasury stock acquired during the period after the reporting period to the filing date of this report does not include acquisition of shares less than one unit purchased from June 1, 2023 to the filing date of this report.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2023		Period after the reporting period to the filing date of this report	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock which was retired	-	-	-	-
Acquired treasury stock for which transfer of shares was conducted due to merger, share exchange or company separation	1,014,859	7,906,856,663	-	-
Others (-)	-	-	-	-
Total number of treasury stock held	21,055,705	-	21,211,400	-

(Note) Total number of treasury stock held during the period after the reporting period to the filing date of this report does not include acquisition of treasury stock resolved at the Meetings of the Board of Directors and shares less than one unit purchased during the period from June 1, 2023 to the filing date of this report.

3. Dividend Policy

NIDEC's dividend policy is to maintain stable dividends and raise dividends based on its consolidated net profit results and at the same time, to increase internal reserves to further strengthen its operational structure and to promote bold business development.

NIDEC generally aims to pay dividends of surplus twice a year by interim and year-end dividends. The Board of Directors has the authority to declare these dividends of surplus.

In view of its current fiscal position separately described and to meet the support of shareholders and investors, the Board of Directors has determined to set the year-end dividend at ¥35.00 per share for the fiscal year ended March 31, 2023 together with the interim dividend of ¥35.00 per share. As a result, the dividend payout ratio for the fiscal year ended March 31, 2023 on a consolidated basis was 89.5%.

Internal reserves are used to further strengthen our operational structure and invest in business expansion to increase revenues.

NIDEC stipulates in its Article of Incorporation that it may pay interim dividends pursuant to Article 454, Paragraph 5 of the Companies Act of Japan, and that it may, by resolution of the Board of Directors, pay dividends of surplus pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

Dividends of surplus for the current fiscal year are as follows:

Date of resolution	Total dividends (Yen in millions)	Cash dividends per share (Yen)
The Meeting of the Board of Directors on October 24, 2022	20,133	35
The Meeting of the Board of Directors on May 26, 2023	20,133	35

(Note) The Company resolved at a meeting of its Board of Directors held on October 24, 2022 to pay an interim dividend of 35 yen per share (the "Interim Dividend"). In the course of a careful examination of the distributable amount for the fiscal year ended March 31, 2023, it was discovered that the Interim Dividend exceeded the distributable amount calculated in accordance with the Companies Act of Japan and the Regulation on Corporate Accounting. In addition, subsequent investigation revealed that the acquisition of the Company's shares conducted by the trust bank under the trust agreement from September 2022 to March 2023 also exceeded the distributable amount. In response to this situation, the Company has decided to conduct external investigations by outside attorneys, and received the results of the Investigation by the External Investigation Committee in June 16, 2023. For details of the Investigation, please refer to the investigation report posted on our website.

Nidec will take measures to prevent recurrence based on the proposals of the External Investigation Committee and work to further improve Company's corporate governance.

The Company has also confirmed that the amount of the determined Year-End Dividend is within the distributable amount for the fiscal year ended March 31, 2023. The above dividend policy will not be affected by this matter.

4. Corporate Governance, etc.

(1) Overview of Corporate Governance

① Basic policy regarding corporate governance

NIDEC's basic policy is to strengthen its business and corporate management capabilities while following its corporate slogan, "high growth, high profit, and high share price", "Mission Statement", and "3 Principles of Nidec's Operations".

② Corporate governance system

1) The overview of NIDEC's corporate governance system and reasons NIDEC uses the system

In addition to the Board of Directors, the Audit and Supervisory Committee and the Accounting Auditor as stipulated in the Companies Act, the Company has established the Executive Management Meeting and the Management Committee as executive bodies. NIDEC has also established a Nomination Committee and a Remuneration Committee as advisory bodies to the Board of Directors.

As of March 31, 2023, the Board of Directors consists of 10 directors, including Shigenobu Nagamori, the Chairman and Representative Director, a majority of whom are independent Outside Directors. These directors make decisions on important management matters and supervise business execution. The Audit and Supervisory Committee, which comprises 5 members of the Board of Directors who are Audit and Supervisory Committee Members, and itself audits the execution of business operations by members of the Board of Directors of the Company, receives an audit report from the accounting auditor. The Company includes among the members of its Board of Directors and members of the Board of Directors (Audit and Supervisory Committee Members), highly independent outside people who have no special interests in the Company to strengthen the audit and supervisory function of its business management. The Company's 3 outside members of the Board of Directors who are not Audit and Supervisory Committee Members, based on their broad experience and deep insight, make decisions on material business management-related matters from an objective and neutral standpoint, and supervise the execution of business operations. The Company's 3 outside members of the Board of Directors who are Audit and Supervisory Committee Members, based on their broad experience and deep insight, audit and supervise the Company's business management from an objective and neutral standpoint.

The Company holds an Executive Management Meeting (Keiei-kaigi) monthly to summarize its monthly financial performance and deliberate in a cross-sectional manner material matters concerning administrative departments, affiliated companies, Business Units, etc. in order to better understand the status of business executions, while making decisions on business executions going forward. The member of this meeting consists of Representative Directors including Representative Director, Chairman, Shigenobu Nagamori and Executive members. Management Committee, twice a month meeting to advise the Company's Representative Director and Chairman and chaired by the Company's Representative Director and President, deliberates overall business execution policies and plans, as well as individual material matters. The member of this meeting consists of Board of Directors, including Representative Director, President and Chief Executive Officer, Hiroshi Kobe and Executive members.

The majority of the members of the Nomination Committee are independent Outside Directors, with 5 members consisting of 2 Inside Directors and 3 independent Outside Directors. The Nomination Committee deliberates on matters such as basic policies and criteria concerning the election of Directors and Executive Officers, etc., and decisions on candidate proposals in response to requests by the Board of Directors and reports the results to the Board of Directors. The majority of the members of the Remuneration Committee are independent Outside Directors, with 5 members consisting of 2 Inside Directors and 3 independent Outside Directors. The Remuneration Committee deliberates on basic policies and remuneration structures related to executive remuneration in response to requests from the Board of Directors and reports the results to the Board of Directors. The Nomination Committee and the Remuneration Committee secure fairness, transparency and objectivity by obtaining appropriate involvement and advice from independent Outside Directors, and further enhance the NIDEC's corporate governance system in order to strengthen global competitiveness and lead to sustainable growth and development of the business.

To further enhance its business management efficiency, the Company adopts "vice president" and "business unit" systems. The vice president system aims to clearly divide the roles of the members of the Board of Directors, who are legally responsible for the Company's business management and supervising, and those of the vice presidents, who are in charge of executing business operations, and to make the roles of the Company's Board of Directors be more concentrated on decision making regarding company-wide business operations and ensure active discussions on those matters. The vice president system also aims to transfer authorities from the members of the Board of Directors to vice presidents to expedite the Company's decision-making process. The business unit system aims to clarify the areas of responsibility for individuals to maintain and strengthen the effective internal control system.

2) Other matters related to corporate governance

In accordance with the Companies Act of Japan and Ordinance for Enforcement of the Companies Act, the Company has in place the following system to ensure proper business operations by the Company and its subsidiaries:

i) System to ensure the execution of duties by the Company's and its subsidiaries' members of the Board of Directors and employees comply with laws and regulations and the Articles of Incorporation

The Company has in place the following system to obtain social trust by complying with laws and regulations, relevant rules, internal rules and standards, social ethics codes, etc. while enhancing the ethical awareness of the officers and employees, and to establish corporate integrity:

- The Company has established "Nidec Group Compliance Regulations" to put in place the basic notions, the organization and operational methods for compliance throughout our group, and establish a compliance system and promote total awareness of this system through properly executing business operations based on laws and regulations, and by continuously checking and improving the process of executing such business operations.
- The Company has a Compliance Committee under its Board of Directors, establishes basic compliance policies, and monitors our group's compliance status.
- The Company establishes specific compliance-related action guidelines, i.e., "the Nidec Group Compliance Code of Conduct," and ensures that all of our group's officers and employees understand and act on them.
- As part of its compliance promotion activity, the Company holds compliance seminars for our individual companies, along with initiatives such as the preparation and use of the "Nidec Compliance Handbook," in an effort to raise their officers' and employees' awareness on compliance.
- To spread compliance throughout our group, the Company has in place a group-wide internal reporting system, "Nidec Global Compliance Hotline," to encourage our group's employees to make reports and point out problems regarding violations of laws and regulations, and internal rules, and to protect whistleblowers of such problems.
- To promote the aforementioned activity, the Company's Legal & Compliance Department works with our group's regional compliance officers in the Americas, China, Europe and Southeast Asia to secure compliance in our individual companies, forming a global compliance system.
- To address compliance violations, the Company tries to prevent their recurrence by performing investigations for resolutions based on reports, notifications, etc., made to its Legal & Compliance Department or internal point of contact for such notifications. The Company deliberates compliance violations that must be dealt with penalties in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties.
- The Company has its head office departments provide the entire of our group with internal control system-related instructions and support, and manage and audit our companies to ensure legal, proper, and efficient business operations.
- The internal audit departments of the Company and its subsidiaries conduct internal audits on our individual companies to provide them with instruction, support, and advice for better business operations.

ii) System to store and manage information concerning the execution of duties by the members of the Company's Board of Directors

The Company organizes and stores documents concerning the execution of duties by the members of its Board of Directors and Vice Presidents for a certain number of years based on "Document Regulations," and Audit and Supervisory Committee Members may view those documents at any time.

- iii) Regulations and other systems to manage risks of loss concerning the Company and its subsidiaries
- The Company established "Risk Management Regulations" to have in place a group-wide risk management system, as well as a Risk Management Committee and Risk Management Office. Risk Management Committee, supervised by the Company's Board of Directors, decides the Company's risk management policies each fiscal year, while general managers of the Company's risk management departments and our companies work under the committee to make and implement the annual plan in order to encourage thorough risk management, response, and reporting. Risk Management Office supports such actions and collects information on those actions' statuses, while Corporate Administration & Internal Audit Department audits our companies on the design of their risk management systems, as appropriate.
 - In addition to "Risk Management Regulations," which are intended to manage daily risks, the Company adopts our group-wide "Crisis Management Regulations" to prepare for a situation in which a risk is actualized and must be handled in reality.
 - The Company formulates the basic policy, management systems and operation methods regarding information security to manage information security risk group-wide. The Company established the Information Security Basic Regulations to secure our group's information assets which are important management assets for business activity as well as to assure proper use of the information assets.
 - The Company has established the Information Security Committee under the supervision of the Board of Directors, and formulated the basic policy regarding information security. The Company monitors and supervises the implementation and process of information security measures.
 - The division responsible for managing information security supports the execution of the related measures and responds to accidents and issues related to information security. The Corporate Administration & Internal Audit Department conducts information security auditing, supervises and supports the implementation of the related measures, as appropriate.
- iv) System to ensure an efficient execution of duties by the members of the Company's and its subsidiaries' Boards of Directors
- As the basis of the "system to ensure an efficient execution of duties by the members of the Company's Board of Directors," the Company adopts a vice president system to empower its Vice Presidents with authorities to execute business operations. The Company's Board of Directors makes decisions on material matters concerning the Company's business policies, management strategies, etc., appoints and dismisses Vice Presidents, and supervises the execution of business operations.
 - Our group establishes a mid-term business plan to realize its long-term vision that was set as a specific numerical and qualitative target, uses it as the basis of its annual business plans. When making the mid-term business plan, the Company identifies, deliberates and makes decisions based on analysis of the feasibility of accomplishing the mid-term goals, the compatibility with the long-term vision, and the issues and risks that must be overcome to successfully achieve the plan. The Company regularly reviews and rolls the plan based on changes in the market and the status of progress against the plan.
 - The Company and its subsidiaries have in place "Approval Request (Ringi) Regulations," which covers matters that require approval requests and approval request procedures, to define clearly the authorities to make judgments and decision on business operations and to improve business management efficiency and transparency.
 - The Company and its subsidiaries hold a risk management meeting daily to promptly report and share material information, and the minutes of the meeting is sent to each department general manager every day for daily business operations, while, as necessary such important issues are discussed widely and shared among participants in the Management Committee and the Executive Management Meeting.
- v) Matters concerning reports to the Company regarding the execution of duties by the members of the Board of Directors of the Company's subsidiaries
- The members of the Board of Directors and Vice Presidents of the Company serve as members of the Board of Directors and Vice Presidents of our group companies as well, attend their Executive Management Meetings (Keiei-kaigi), hold a group-wide CEO Conference quarterly, and take other actions to efficiently share policies and information, and communicate instructions and requests within our group.
 - The administrative departments responsible for our individual companies' business operations work to improve collaboration with those companies, and request them to submit reports, documents, etc. as necessary to understand their management status accurately.

- vi) Matters concerning employees to support the work of the Audit and Supervisory Committee, and matters concerning ensuring the independence of those employees from other members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) and the effectiveness of instructions given by the Audit and Supervisory Committee to those employees
- In accordance with the Audit and Supervisory Committee's requests, the Corporate Administration & Internal Audit Department audits matters that Audit and Supervisory Committee Members request to be audited, and reports the audit results to the Audit and Supervisory Committee.
 - During such an audit, support is provided for performing the audit if ordered or requested by Audit and Supervisory Committee Members. Other members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) or Vice Presidents of the Company pose no improper restrictions on such reports.
- vii) System for members of the Board of Directors and employees of our group, members of the Audit & Supervisory Board of subsidiaries, or those who received reports from any of these people to report to the Company's Audit and Supervisory Committee, and system to protect whistleblowers
- The members of the Board of Directors, Vice Presidents and employees of the Company promptly report to the Audit and Supervisory Committee, in addition to statutory matters, matters that materially affect the entire of our group, the progress of internal audit, the status of whistle blowing based on the internal whistle blowing system, and subjects reported by whistle blowing. The method for reporting is based on the decision made following discussion between other members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) and Vice Presidents, and the Audit and Supervisory Committee.
 - The Company's Corporate Administration & Internal Audit Department holds a meeting to report matters to the Company's Audit and Supervisory Committee on a regular basis, and reports the internal audit results at our group companies.
 - The Company's Legal & Compliance Department reports the status of whistle blowing by our group's officers and employees to the Company's Audit and Supervisory Committee on a regular basis.
 - Our group protects whistleblowers so that they will not be affected negatively after whistle blowing based on the group-wide internal whistle blowing system, Nidec Global Compliance Hotline.
- viii) Matters concerning the policy for handling advanced payments of the cost incurred due to the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee), for handling procedures for reimbursement, and for handling the cost or liability incurred due to the execution of any other duties by Audit and Supervisory Committee Members
- In accordance with the Company's Audit and Supervisory Committee Regulations and the standards for audit by the Audit and Supervisory Committee, the Company's Audit and Supervisory Committee is entitled to independently deliberate matters, such as budget for auditing expenses, that Audit and Supervisory Committee Members deem it necessary to execute their duties, and may request the Company to redeem urgently or temporarily incurred costs at a later date.
- ix) Other systems to ensure an effective audit by the Audit and Supervisory Committee
- Audit and Supervisory Committee Members exchange their opinions with the Company's executives.
 - Audit and Supervisory Committee Members prepare each month's activities in an audit report, and submit it to the Company's Board of Directors.
 - Audit and Supervisory Committee Members visit our individual companies onsite to conduct audits on operations.

3)Activities of the Board of Directors

NIDEC holds a meeting of the Board of Directors once a month in principle, and as needed. During the fiscal year under review, the Board of Directors meetings were held 26 times. The attendance of individual directors is as follows.

Name	Number of times held	Number of times attended
Shigenobu Nagamori	26	26
Hiroshi Kobe	21	20
Jun Seki	12	12
Shinichi Sato	21	17
Yayoi Komatsu	21	20
Takako Sakai	26	24
Kazuya Murakami	26	26
Hiroyuki Ochiai	26	26
Takeshi Nakane	13	12
Aya Yamada	26	24
Tamame Akamatsu	21	15
Junko Watanabe	13	11
Teiichi Sato	5	5
Osamu Shimizu	5	5

(Notes) 1. The difference in the number times held is due to the difference in the timing of appointment.

2. Changes in the Members of the Board of Directors (Audit and Supervisory Committee Members) at the Regular General Meeting of Shareholders held on June 17, 2022 are as follows:

- (1) Mr. Hiroshi Kobe, Mr. Shinichi Sato and Ms. Yayoi Komatsu have been newly elected and appointed as the Members of the Board of Directors, and Ms. Tamame Akamatsu has been newly elected and appointed as a Member of the Board of Directors (Audit and Supervisory Committee Member).
- (2) Since Ms. Takako Sakai retired from a Member of the Board of Directors (Audit and Supervisory Committee Member) and was elected and appointed as a Member of the Board of Directors as of the same date, her number of the times attended includes the number of times she attended as a Member of the Board of Directors (Audit and Supervisory Committee Member).
- (3) Mr. Teiichi Sato and Mr. Osamu Shimizu resigned from the Members of the Board of Directors.

3. Members of the Board of Directors and Directors (Audit and Supervisory Committee Members) who retired during the fiscal year are as follows.

- (1) Mr. Jun Seki retired from a Member of the Board of Directors on September 2, 2022.
- (2) Mr. Takeshi Nakane passed away on October 12, 2022 and retired from a Member of the Board of Directors (Audit and Supervisory Committee Member) as of the same date. As a result, Ms. Junko Watanabe, a substitute Member of the Board of Directors (Audit and Supervisory Committee Member), assumed the Member of the Board of Directors (Audit and Supervisory Committee Member) on October 13, 2022.

4. Hiroe Toyoshima was newly elected as a Medirector (Audit and Supervisory Committee Member) at the Regular General Meeting of Shareholders held on June 20, 2023. Therefore, her number of the times attended in this fiscal year is not recorded.

Specific details of activities by the Board of Directors are as follows.

The Board of Directors determines matters stipulated by laws and regulations, important matters related to corporate management and group management, and other matters stipulated in the Regulations of the Board of Directors. It also supervises the execution of Directors and Executive Officers' duties by receiving reports on the status of execution of duties from Directors and Executive Officers.

4)Activities of the Nomination Committee

In the current fiscal year, the company held 3 Nomination Committee meetings. The attendance of each Nomination Committee members is as follows.

Name	Number of times held	Number of times attended
Shigenobu Nagamori	3	3
Hiroshi Kobe	3	3
Yayoi Komatsu	3	3
Takako Sakai	3	3
Aya Yamada	3	3

Specific details of activities by the Nomination Committee are as follows.

The Nomination Committee deliberates the selection policy and criteria of the Members of the Board of Directors, Vice Presidents, etc., the succession plan, the draft of the list of candidates for the Executive Vice Presidents, and methods for selecting the President.

5)Activities of the Remuneration Committee

In the current fiscal year, the company held 1 meeting of the Remuneration Committee, and attendance of the individual Remuneration Committee members is as follows.

Name	Number of times held	Number of times attended
Shigenobu Nagamori	1	1
Hiroshi Kobe	0	0
Jun Seki	1	1
Shinichi Sato	0	0
Takako Sakai	1	1
Aya Yamada	0	0
Takeshi Nakane	0	0
Teiichi Sato	1	1
Osamu Shimizu	1	1

(Notes) 1. The difference in the number of times held is due to the difference in the timing of appointment.

2. For Jun Seki, Takeshi Nakane, Teiichi Sato, and Osamu Shimizu, activities until their retirements are provided in the above.

Specific details of activities by the Renomination Committee are as follows.

The Remuneration Committee formulates policies for determining remuneration for directors and corporate auditors, and deliberates on the design of remuneration systems (setting performance targets, the rationality of performance-linked remuneration, the appropriateness of the remuneration structure, and individual remuneration based on the remuneration system).

6)Overview of the contents of the liability limitation contact

The company executed a contract that limits its liability for damages with its outside members of the Board of Directors and outside members of the Board of Directors (Audit and Supervisory Committee Members). The contact's summary is as follows:

-The maximum amount of liability that any outside members of the Board of Directors or any outside members of the Board of Directors who are Audit and Supervisory Committee Members is held accountable against the Company as a result of his/her negligence to perform his/her duty shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

-The aforementioned liability limitation shall be applicable only if the duty that resulted in any outside members of the Board of Directors or any outside members of the Board of Directors who are Audit and Supervisory Committee Members being held accountable was executed under good will, and if no material negligence is identified in such duty.

7) Overview of the directors and officers liability insurance contract

i) The scope of the insured

Members of the Board of Directors, members of the Audit & Supervisory Board, Vice Presidents, accounting advisors, and employees in the positions of supervisors (including those who have already resigned from their positions and those who will assume the above positions during the insurance period) at the Company and all of its subsidiaries, and their successors.

ii) Outline of the insurance contract

The policy covers damages and litigation costs incurred by the insured, arising out of claims in connection with the acts performed by the insured (including omissions) in the course of their duties in the positions mentioned in item (i). Provided, any damages and costs incurred by Members of the Board and Directors themselves who commit criminal acts such as bribery and intentional illegal acts will not be covered, as measures to ensure that the contract does not impair the appropriate execution of duties by Members of the Board of Directors, etc. Insurance premiums are fully paid for by the Company.

③ Matters of the Members of the Board of Directors

1) The number of the Members of the Board of Directors

The Company's Articles of Incorporation sets forth that the number of the Members of the Board of Directors who are not Audit and Supervisory Committee Members shall not exceed 15, and that the number of the Members of the Board of Directors who are Audit and Supervisory Committee Members shall not exceed 5.

2) Requirements for a resolution on the election of the Members of the Board of Directors

The Company's Articles of Incorporation sets forth that a resolution on the election of Members of the Board of Directors be adopted by a majority of the voting rights of shareholders attending the general meeting of shareholders who collectively hold one-third or more of all voting rights, and that the Members of the Board of Directors who are Audit and Supervisory Committee Members shall be distinguished from those members of the Board of Directors who are not. Also that cumulative voting not be applied to pass a resolution on the election of the Members of the Board of Directors.

In addition, in case there are not enough Members of the Board of Directors who are Audit and Supervisory Committee Members to meet their statutory number, the Company's Articles of Incorporation sets forth that the Company may elect a substitute member of the Board of Directors who is a Supervisory Committee Member at a General Meeting of Shareholders, and that the resolution regarding the election of such substitute Member of the Board of Directors who is a Supervisory Committee Member shall remain in effect until the beginning of the Regular General Meeting of Shareholders for the final fiscal year that ends within 2 years after such resolution.

④ Matters related to the resolution of the General Meeting of Shareholders

-The Company's Articles of Incorporation prescribe that matters specified in the items of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act of Japan, including those related to dividends of surplus, shall be decided by resolution of the Board of Directors without obtaining a resolution at a General Meeting of Shareholders, unless otherwise stipulated by laws and regulations. This is intended to enable the expeditious return of profits to shareholders by putting dividends of surplus, etc., under the Board of Directors' jurisdiction.

- The Company's Articles of Incorporation prescribe that a special resolution of the General Meeting of Shareholders, as specified by Article 309, Paragraph 2 of the Companies Act of Japan be adopted by at least two-thirds of the voting rights of the shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights. This is intended to facilitate the operation of the General Meetings of Shareholders by easing the quorum for special resolutions of the General Meeting of Shareholders.

(2) Members of the Board of Directors

① List of Members of the Board of Directors

5 men and 5 women

(Percentage of the members of the Board of Directors of NIDEC that are women: 50.0%)

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Representative Director and Chairman Chief Executive Officer (CEO)	Shigenobu Nagamori	August 28, 1944	<p>Jul. 1973: Founded NIDEC Representative Director, Chairman of the Board and President Chief Executive Officer (CEO)</p> <p>Oct. 2014: Representative Director, Chairman of the Board and President</p> <p>Mar. 2018: Chairman of the Board, Kyoto Gakuen Educational Foundation (currently, Nagamori Gakuen Educational Foundation) (current position)</p> <p>Jun. 2018: Representative Director and Chairman (current position)</p> <p>Apr. 2022: Chief Executive Officer (CEO) (current position)</p>	*4	49,473
Representative Director and President Chief Operating Officer (COO)	Hiroshi Kobe	March 28, 1949	<p>Jul. 1973: Participated in the foundation of NIDEC</p> <p>Mar. 1982: GM, Sales Dept.</p> <p>Nov. 1984: Member of the Board of Directors</p> <p>Nov. 1991: Member of the Board of Directors and Senior Vice President</p> <p>Apr. 1996: Member of the Board of Directors and First Senior Vice President</p> <p>Apr. 2000: Member of the Board of Directors and Executive Vice President</p> <p>Apr. 2005: Chief Operating Officer (COO)</p> <p>Jun. 2006: Representative Director and Executive Vice President</p> <p>Jun. 2008: Representative Director and Executive Vice President</p> <p>Jun. 2015: Representative Director and Vice Chairman Chief Sales Officer (CSO)</p> <p>Jun. 2020: Vice Chairman</p> <p>May. 2022: Chief Performance Officer (CPO)</p> <p>Jun. 2022: Representative Director and Vice Chairman</p> <p>Sep. 2022: Representative Director and President (current position) Chief Operating Officer (COO) (current position)</p>	*4	948

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Member of the Board of Directors (Fulltime Audit and Supervisory Committee Member)	Kazuya Murakami	January 18, 1955	<p>Apr. 1977: Joined Ministry of Finance of Japan</p> <p>Jul. 1983: Director, Ise Tax Office, Nagoya Regional Taxation Bureau</p> <p>Jul. 1984: Executive Director's Assistant, International Monetary Fund</p> <p>Jun. 1996: Director, Central Asia Team, European Bank for Reconstruction and Development</p> <p>Jul. 2002: Director-General, the Fukuoka Local Finance Branch Bureau, the Ministry of Finance of Japan</p> <p>Jul. 2004: Deputy Director-General, Minister's Secretariat (in charge of Customs and Tariff Bureau)</p> <p>Jul. 2005: Board Director, European Bank for Reconstruction and Development</p> <p>Jul. 2008: Director-General, the Kanto Local Finance Bureau, the Ministry of Finance of Japan</p> <p>Aug. 2009: Executive Director, Organization for Small & Medium Enterprises and Regional Innovation, Japan</p> <p>Jun. 2012: Fulltime Member of the Audit and Supervisory Board, NIDEC</p> <p>Feb. 2013: Registered as attorney-at-law, the Kyoto Bar Association</p> <p>Jun. 2013: Vice President</p> <p>Jun. 2017: Fulltime Member of the Audit and Supervisory Board</p> <p>Jun. 2019: Member of the Audit and Supervisory Board, Nidec Techno Motor Corporation (current position) Member of the Audit and Supervisory Board, Nidec-Shimpo Corporation (current position) Member of the Audit and Supervisory Board, Nidec-Read Corporation (current position) Member of the Audit and Supervisory Board, Nidec Global Service Corporation (current position) Member of the Audit and Supervisory Board, Nidec Machinery Corporation (current position)</p> <p>Jun. 2020: Member of the Board of Directors (Fulltime Audit and Supervisory Committee Member) (current position)</p> <p>Aug. 2021: Member of the Audit and Supervisory Board, Nidec Machine Tool Corporation (current position)</p> <p>Apr. 2023: Member of the Audit and Supervisory Board, Nidec OKK Corporation (current position)</p>	*5	3

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Member of the Board of Directors (Fulltime Audit and Supervisory Committee Member)	Hiroyuki Ochiai	July 3, 1959	<p>Apr. 1983: Joined Ministry of International Trade and Industry of Japan (currently, the Ministry of Economy, Trade and Industry of Japan)</p> <p>Jul. 2000: Director, Foreign Exchange and Trade Finance Division, Trade Bureau</p> <p>Jul. 2002: Director - General, International Cooperation Department, New Energy and Industrial Technology Development Organization (currently, National Research and Development Agency New Energy and Industrial Technology Development Organization)</p> <p>Jul. 2003: Director, Personnel Division, Japan Patent Office</p> <p>Oct. 2005: Director, Trade Promotion Division, Trade and Economic Cooperation Bureau</p> <p>Aug. 2006: Counsellor, Minister's Secretariat, the Ministry of Agriculture, Forestry and Fisheries of Japan</p> <p>Jul. 2008: Counsellor, Cabinet Secretariat (to Assistant Chief Cabinet Secretary)</p> <p>Aug. 2010: Seconded to NIDEC</p> <p>Aug. 2012: Returned to the Ministry of Economy, Trade and Industry of Japan. Director - General, Training Institute of Economy, Trade and Industry</p> <p>Dec. 2012: Left Ministry of Economy, Trade and Industry of Japan</p> <p>Mar. 2013: General Manager, General Affairs Department, NIDEC</p> <p>Jun. 2018: Fulltime Member of the Audit and Supervisory Board</p> <p>Jun. 2019: Member of the Audit and Supervisory Board, Nidec Sankyo Corporation (current position) Member of the Audit and Supervisory Board, Nidec Copal Electronics Corporation (current position) Member of the Audit and Supervisory Board, Nidec Copal Corporation (current position) Member of the Audit and Supervisory Board, Nidec Servo Corporation (current position)</p> <p>Nov. 2019: Member of the Audit and Supervisory Board, Nidec Mobility Corporation (current position)</p> <p>Jun. 2020: Member of the Board of Directors (Fulltime Audit and Supervisory Committee Member) (current position) Member of the Audit and Supervisory Board, Nidec Tosok Corporation (current position) Member of the Audit and Supervisory Board, Nidec Elesys Corporation (current position)</p>	*5	1

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Outside Member of the Board of Directors	Shinichi Sato	November 4, 1956	<p>Apr. 1980: Joined Ministry of Finance of Japan</p> <p>Jul. 1985: Director, Karatsu Tax Office, Fukuoka Regional Taxation Bureau</p> <p>Jul. 1997: Deputy Director-General, the Embassy of Japan in the UK, the Ministry of Foreign Affairs</p> <p>Jul. 2000: Director, the Administrative Management Bureau, the Management and Coordination Agency (currently, the Ministry of Internal Affairs and Communications)</p> <p>Jul. 2002: Budget Examiner for Education, Culture, Sports, Science and Technology, the Budget Bureau, the Ministry of Finance of Japan</p> <p>Jul. 2003: Director, the Research Division, the Tax Bureau, the Ministry of Finance of Japan</p> <p>Jul. 2004: Director, Indirect Tax Policy Division, the Tax Bureau, the Ministry of Finance of Japan</p> <p>Jul. 2005: Director, Income Tax and Property Tax Policy Division, the Tax Bureau, the Ministry of Finance of Japan</p> <p>Jul. 2006: Director, Secretarial Division, the Minister's Secretariat, the Minister's the Ministry of Finance of Japan</p> <p>Jul. 2009: Deputy Director-General, the Tax Bureau, the Ministry of Finance of Japan</p> <p>Jan. 2010: Councilor, the Cabinet Secretariat (to Assistant Chief Cabinet Secretary)</p> <p>Aug. 2011: Deputy Vice Minister for Policy Planning and Co-ordination, the Minister's Secretariat, the Ministry of Finance of Japan</p> <p>Jun. 2013: Director-General, the Minister's Secretariat, the Ministry of Finance of Japan</p> <p>Jul. 2014: Director-General, the Tax Bureau, the Ministry of Finance of Japan</p> <p>Jun. 2016: Vice-Minister of Finance</p> <p>Jul. 2017: Left Ministry of Finance of Japan</p> <p>Nov. 2017: Executive Consultant, Suntory Holdings Limited (current position)</p> <p>Jun. 2022: Outside Member of the Board of Directors, NIDEC (current position)</p>	*4	-

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Outside Member of the Board of Directors	Yayoi Komatsu	March 23, 1959	<p>Apr. 1981: Joined Ministry of Education, Science, Sports and Culture of Japan (currently, the Ministry of Education, Culture, Sports, Science and Technology of Japan)</p> <p>Apr. 2001: Director, Early Childhood Education Division, Elementary and Secondary Education Bureau, the Ministry of Education, Culture, Sports, Science and Technology of Japan</p> <p>Apr. 2003: Director, Medical Education Division, Higher Education Bureau, the Ministry of Education, Culture, Sports, Science and Technology of Japan</p> <p>Jul. 2004: Counselor to the Cabinet Office's Director-General for Science and Technology Policy (currently, the Secretariat of Science, Technology and Innovation Policy)</p> <p>Jul. 2005: Director, Traditional Culture Division, the Cultural Properties Department, the Agency for Cultural Affairs</p> <p>Apr. 2007: Director, the Director-General's Secretariat, the Agency for Cultural Affairs</p> <p>Jul. 2009: Deputy Director-General, the Science and Technology Policy Bureau, the Ministry of Education, Culture, Sports, Science and Technology of Japan</p> <p>Jul. 2010: Director-General, the Cultural Affairs Department, the Agency for Cultural Affairs</p> <p>Jan. 2012: Trustee and President, the Independent Administrative Institution National Museum of Art</p> <p>Aug. 2015: Director-General, Research Promotion Bureau, the Ministry of Education, Culture, Sports, Science and Technology of Japan</p> <p>Dec. 2016: Left Ministry of Education, Culture, Sports, Science and Technology of Japan</p> <p>May. 2022: Executive Director, The National Museum of Modern Art, Tokyo (current position)</p> <p>Jun. 2022: Outside Member of the Board of Directors, NIDEC (current position)</p>	*4	-

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Outside Member of the Board of Directors	Takako Sakai	August 28, 1972	<p>Apr. 2002: Research Associate, Graduate School of Law, Kyoto University</p> <p>Apr. 2003: Lecturer, Graduate School of Economics, Osaka Prefecture University</p> <p>Mar. 2007: Completed Doctoral Program at Graduate School of Kyoto University and received a Doctor of Laws (LL. D.)</p> <p>Oct. 2007: Associate Professor, Graduate School of Economics, Osaka Prefecture University</p> <p>Apr. 2018: Professor, Graduate School of Economics, Osaka Prefecture University</p> <p>Jun. 2020: Outside Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC</p> <p>Apr. 2022: Professor, Graduate School of Law, Osaka Metropolitan University (current position)</p> <p>Jun. 2022: Outside Member of the Board of Directors, NIDEC (current position)</p>	*4	-
Outside Member of the Board of Directors (Audit and Supervisory Committee Member)	Aya Yamada	February 12, 1967	<p>Apr. 1990: Research Associate, Faculty of Law, Tohoku University</p> <p>Apr. 1995: Assistant Professor, Faculty of Law, Okayama University</p> <p>Apr. 2003: Assistant Professor, Graduate School of Law, Kyoto University</p> <p>Apr. 2006: Professor, Graduate School of Law, Kyoto University (current position)</p> <p>Jun. 2020: Outside Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC (current position)</p>	*5	-

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Outside Member of the Board of Directors (Audit and Supervisory Committee Member)	Junko Watanabe	October 17, 1965	<p>Apr. 1994: Research Associate, Faculty of Economics, Hokkaido University</p> <p>Apr. 1997: Research Associate, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Apr. 1998: Assistant Professor, Faculty of Humanities (currently, Faculty of Humanities & Social Sciences), Shizuoka University</p> <p>Oct. 2002: Assistant Professor, Department of Human Communication, Faculty of Electro- Communications, The University of Electro- Communications</p> <p>Apr. 2004: Assistant Professor, Graduate School of Economics & Faculty of Economics, Kyoto University</p> <p>Mar. 2005: Visiting Scholar, the University of Paris 7 - Denis Diderot (France)</p> <p>Jul. 2011: Received a Ph. D. in Economics from Kyoto University</p> <p>Oct. 2011: Visiting Scholar, Edwin O. Reischauer Institute of Japanese Studies, Harvard University</p> <p>Apr. 2012: Professor, Graduate School of Economics & Faculty of Economics, Kyoto University (current position)</p> <p>Aug. 2012: Visiting Associate Professor, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Jun. 2016: Outside Member of the Audit and Supervisory Board, NIDEC</p> <p>Apr. 2020: Outside Member of the Board of Directors (Audit and Supervisory Committee Member), Morozoff Limited (current position)</p> <p>Oct. 2022: Outside Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC (current position)</p>	*5	-

Position	Name	Date of birth	Brief personal records	Term of office	Number of shares held (thousands of shares)
Outside Member of the Board of Directors (Audit and Supervisory Committee Member)	Hiroe Toyoshima	September 28, 1967	<p>Apr. 1998: Registered as attorney-at-law, the Osaka Bar Association Joined Nakamoto & Partners</p> <p>Nov. 2005: Registered as attorney-at-law in the state of New York, USA</p> <p>Apr. 2009: Partner, Nakamoto & Partners (current position)</p> <p>Oct. 2015: Outside Member of the Board of Directors, Sanesu Co., Ltd.</p> <p>Jun. 2020: Outside Member of the Board of Directors, Nitta Corporation (current position) Outside Member of the Board of Directors (Audit and Supervisory Committee Member), Nitto Fuji Flour Milling Co., Ltd. (current position)</p> <p>Jun. 2023: Outside Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC (current position)</p>	*6	-
Total					50,427

* 1. Number of shares held has been rounded down to the nearest 1,000 shares.

2. Members of the Board of Directors, Mr. Shinichi Sato, Ms. Yayoi Komatsu, Ms. Takako Sakai, Ms. Aya Yamada, Ms. Junko Watanabe, and Ms. Hiroe Toyoshima are Outside Members of the Board of Directors.

3. In preparation for the contingency that the number of Members of the Board of Directors who are Audit and Supervisory Committee Members falls below the required number stipulated in laws and ordinances, the Company has appointed a substitute Member of the Board of Directors who is an Audit and Supervisory Committee Member as stipulated under the provisions in Article 329, Paragraph 3 of the Companies Act. Career summary of the substitute Member of the Board of Directors who is an Audit and Supervisory Committee Member is as follow.

Name	Date of birth	Brief personal records	Number of shares held (thousands of shares)
Hiroko Takiguchi	December 24, 1963	Apr. 1992: Registered as attorney-at-law, the Osaka Bar Association Joined Kitahama Law Office (currently, Kitahama Partners L.P.C.) Jan. 2003: Partner, Kitahama Partners L.P.C. (current position) May. 2005: Outside Member of the Board of Directors, Medical Ikkou Group Co., Ltd. Apr. 2018: Specially Appointed Professor, Osaka University Law School Sep. 2020: Auditor, Kyoto Institute of Technology (current position) Apr. 2021: Vice Chairperson, Osaka Bar Association Mar. 2022: Outside Audit and Supervisory Board Member, Senshukai Co., Ltd. (current position) Jun. 2022: Outside Audit and Supervisory Board Member, Mitsubishi Belting Ltd. (current position)	-

Note: The term of office of a substitute Member of the Board of Directors who is an Audit and Supervisory Committee Member shall be until the expiration of the term of office of the retired Member of the Board of Directors who was an Audit and Supervisory Committee Member.

4. A year from the end of the Regular General Meeting of Shareholders held on June 20, 2023.
5. Two years from the end of the Regular General Meeting of Shareholders held on June 17, 2022.
6. Two years from the end of the Regular General Meeting of Shareholders held on June 20, 2023.
7. The official name of Ms.Hiroko Takiguchi, a substitute Member of the Board of Directors who is an Audit and Supervisory Committee Member, in the family register is Hiroko Tamaizumi.
8. The name of "Nidec-Shimpo Corporation" was changed to "Nidec Drive Technology Corporation" effective April 1, 2023.
9. The name of "Nidec-Read Corporation" was changed to "Nidec Advance Technology Corporation" effective April 1, 2023.
10. The name of "Nidec Sankyo Corporation" was changed to "Nidec Instruments Corporation" effective April 1, 2023.
11. The name of "Nidec Copal Electronics Corporation" was changed to "Nidec Components Corporation" effective April 1, 2023.
12. The name of "Nidec Copal Corporation" was changed to "Nidec Precision Corporation" effective April 1, 2023.
13. The name of "Nidec Servo Corporation" was changed to "Nidec Advanced Motor Corporation" effective April 1, 2023.
14. The name of "Nidec Tosok Corporation" was changed to "Nidec Powertrain Systems Corporation" effective April 1, 2023.

② The Outside Members of the Board of Directors and the Outside Members of the Board of Directors who are Audit and Supervisory Committee Members

Of the 10 Members of the Board of Directors, 6 are Outside Members, of whom 3 are Audit and Supervisory Committee Members.

The Outside Members of the Board of Directors make material management decisions and oversee NIDEC's overall business operations from an objective and neutral standpoint based on their expertise and experience in the area of management and law.

The Company appoints Outside Members of the Board of Directors by referencing the rules for independent officers defined by Tokyo Stock Exchange, Inc. They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, and possess no conflict of interest with ordinary shareholders. The Company has notified the Tokyo Stock Exchange, Inc. that 6 Outside Members of the Board of Directors are independent officers.

With regard to the 6 Outside Members of the Board of Directors appointed as such following the end of the Regular General Meeting of Shareholders on June 20, 2023, the relationships between the Company and them or the organizations they individually belong to are as follows.

Outside Member of the Board of Directors Mr. Shinichi Sato's experience includes important posts at the Ministry of Finance of Japan, Vice-Minister, and so forth. Currently, he holds the position of Consultant at other business corporation, and so forth. There is no current or past special interest between the Company and him or the organizations he belongs to.

Outside Member of the Board of Directors Ms. Yayoi Komatsu's experience includes important posts at the Ministry of Education, Culture, Sports, Science and Technology of Japan, Director-General of Research Promotion Bureau, and so forth. Currently, she holds the positions of Executive Director, The National Museum of Modern Art, Tokyo, and so forth. There is no current or past special interest between the Company and her or the organizations she belongs to.

Outside Member of the Board of Directors Ms. Takako Sakai currently holds the positions of Professor of the Osaka Metropolitan University Graduate School of Law, and so forth. There is no current or past special interest between the Company and her or the organizations she belongs to.

Outside Members of the Board of Directors Ms. Aya Yamada and Ms. Junko Watanabe who are also Audit and Supervisory Committee Members currently hold the positions of Professor of Graduate School of Law, and Professor of Graduate School of Economics & Faculty of Economics, Kyoto University and so forth, respectively. The Company made donations to a donated course of the Graduate School of Engineering of Kyoto University to support its educational and research activities. The amounts of donations are ¥45 million in FY2018 (total amount of the university's donation-based income in the same fiscal year: ¥5,163 million), ¥39 million in FY2019 (total amount: ¥5,352 million), ¥39 million in FY2020 (total amount: ¥5,766 million), ¥39 million in FY2021 (total amount: ¥5,416 million), and ¥49 million in FY2022. The FY2022 donation includes those made for the university's 125th anniversary project. For any of the aforementioned fiscal years, the amounts of the Company's donations to Kyoto University are insignificant compared with the total amount of the university's donation-based income. Furthermore, based on its joint research contract with the university's Graduate School of Engineering, the Company made a payment of ¥18 million in FY2022. In addition, the faculty to which the Company made donations and payment are different from the faculty to which they belong, and they are not a representative of the university. Thus, there is no direct interest between the Company and them. Therefore, we believe that the donations will not in any way affect Ms. Yamada and Ms. Watanabe's independence as Outside Members of the Board of Directors who are Audit and Supervisory Committee Members. There is no current or past special interest between the Company and them or the organizations they belong to.

Outside Member of the Board of Directors Ms. Hiroe Toyoshima, who is also Audit and Supervisory Committee Member currently holds the position of Partner, Nakamoto & Partners and so forth. There is no current or past special interest between the Company and her or the organizations she belongs to.

The ownership of the Company's shares by the Outside Members of the Board of Directors is stated in "① List of Members of the Board of Directors".

As stated above, the Company enhances its supervisory function to improve its management's transparency and objectivity by appointing highly independent people who have no special interest with the Company as Outside Members of the Board of Directors.

(3) Audit Status

① Status of the Audit by the Audit and Supervisory Committee

1) Organization, members and procedures of audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 5 members (including 3 members of outside directors who are Audit and Supervisory Committee Members) and audits the execution of duties by directors in accordance with the audit policy and implementation plan established by the Audit and Supervisory Committee, and produces an annual audit report. Mr. Kazuya Murakami, Chairman of the Audit and Supervisory Committee, held an important position at the Ministry of Finance of Japan and has a significant amount of insight in the areas of finance and accounting. Mr. Hiroyuki Ochiai held an important position at the Ministry of Economy, Trade and Industry of Japan, etc. and has abundant experience and considerable insight. Ms. Aya Yamada has considerable insight gained in the area of law as a university professor. Ms. Junko Watanabe has a high level of knowledge and expertise in economics as a university professor. Ms. Hiroe Toyoshima has a wealth of experience and expertise in the fields of corporate legal affairs, compliance, M&A, etc. as a lawyer. Ms. Aya Yamada, Ms. Junko Watanabe, and Ms. Hiroe Toyoshima, Audit and Supervisory Committee Members, are outside directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

The outside directors, who are Audit and Supervisory Committee Members oversee NIDEC's overall business operations from an objective and neutral standpoint based on their respective expertise and experience in the area of corporate management and law. The Company appoints outside directors, who are Audit and Supervisory Committee Members by referencing the rules for independent officers defined by Tokyo Stock Exchange, Inc. (TSE). They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, and possess no conflict of interest with ordinary shareholders. These members enhance the supervisory function of the Company to improve its management's transparency and objectivity. The Company has notified the TSE that 3 outside directors, who are Audit and Supervisory Committee Members, are independent officers.

- (Notes) 1. Mr. Takeshi Nakane, who was an Outside Director (Audit and Supervisory Committee Member), passed away on October 12, 2022, and retired from his position as a Director (Audit and Supervisory Committee Member) on the same date. Accordingly, Ms. Junko Watanabe, a substitute Outside Director (Audit and Supervisory Committee Member), was appointed as an Outside Director (Audit and Supervisory Committee Member) as of October 13, 2022.
2. Ms. Hiroe Toyoshima was elected and assumed as an Outside Director (Audit and Supervisory Committee Member) at the Regular General Meeting of Shareholders held on June 20, 2023.
3. Ms. Tamame Akamatsu, who was an Outside Director (Audit and Supervisory Committee Member), resigned the position as a Director (Audit and Supervisory Committee Member) as of June 20, 2023.

2) Status of the Audit and Supervisory Committee

The Company holds meetings of the Audit and Supervisory Committee once a month in principle, and as needed. In the current fiscal year, the Company holds meetings of the Audit and Supervisory Committee totally 14 times, and the attendance status of each Audit and Supervisory Committee Members is as follows.

Category	Name	Number of times held	Number of times attended
Full-time Member of the Audit and Supervisory Committee	Kazuya Murakami	14	14
Full-time Member of the Audit and Supervisory Committee	Hiroyuki Ochiai	14	14
Member of the Audit and Supervisory Committee	Takeshi Nakane	9	8
Member of the Audit and Supervisory Committee	Aya Yamada	14	14
Member of the Audit and Supervisory Committee	Takako Sakai	4	4
Member of the Audit and Supervisory Committee	Tamame Akamatsu	10	9
Member of the Audit and Supervisory Committee	Junko Watanabe	5	5

(Notes) 1. The difference in the number of times held is due to the difference in the timing of appointment.

2. Ms. Takako Sakai retired from the position of Audit and Supervisory Committee Member and was newly appointed as an outside member of the Board of Directors who is not an Audit and Supervisory Committee Member at the conclusion of the Regular General Meeting of Shareholders held on June 17, 2022.
3. Ms. Junko Watanabe was newly appointed as an Outside Director (Audit and Supervisory Committee Member) as of October 13, 2022 due to the retirement of Mr. Takeshi Nakane.
4. As Ms. Hiroe Toyoshima is a newly appointed Audit and Supervisory Committee Member who was elected at the Regular General Meeting of Shareholders held on June 20, 2023, her attendance status for the fiscal year is not stated.

The activities of the Audit and Supervisory Committee are outlined below

Matters to be resolved	Revision of the Audit and Supervisory Committee Regulations and Auditing and Supervising Standards (following the enforcement of the revised Companies Act in fiscal 2019)
	Preparation of the audit plan
	Selection of Full-time Audit and Supervisory Committee Members and Chairman
	Election, remuneration and others of Directors, etc. (Decision not to state opinions at the General Meeting of Shareholders)
	Consent to election of Directors who are Audit and Supervisory Committee Members
	Preparation of audit reports
	Decision on reappointment of the Accounting Auditor, consent to the amount of audit fees, etc.
Matters to be reported	Interview with Executive Officers such as the Representative Director and President
	Audit and review report by the Accounting Auditor
	Report of plan and result for internal audit (accounting audit and internal control audit)
	Report on status of compliance promotion and whistleblowing, etc.
Matters to be discussed	Remuneration for Audit and Supervisory Committee Members

Specific details of activities by the Audit and Supervisory Committee are as follows.

The Audit and Supervisory Committee Members review the proposals of meetings of the board of directors with other Outside Directors and all Audit and Supervisory Committee Members attend them to ensure that decisions are made based on sufficient discussions.

The Audit and Supervisory Committee conducts direct interviews with Executive Officers such as the Representative Director and President. Full-time Audit and Supervisory Committee Members attend important meetings such as the Management Meeting, and inspect the minutes of risk meetings, etc. and important documents for approval. In addition, the Company audits the status of business execution, etc. by means such as interviews with Directors, Executive Officers and key employees of the Company and its subsidiaries and conducting on-site audits. The results are reported to the Audit and Supervisory Committee, and important issues related to business risks are reported to the Board of Directors as necessary.

The Audit and Supervisory Committee shares information and exchanges opinions with the Corporate Administration & Internal Audit Department and the Accounting Auditor. The Full-time Audit and Supervisory Committee Members exchange audit information on a monthly basis with the Corporate Administration & Internal Audit Department, which is in charge of internal audit. The Corporate Administration & Internal Audit Department also requests the Audit and Supervisory Committee to report regularly and as needed.

The Audit and Supervisory Committee holds meetings with the Accounting Auditor as necessary, in addition to quarterly meetings, to exchange information and opinions on audit and review results, audit system, audit plan, audit implementation status, etc. Cooperation with the Accounting Auditor is as follows.

Cooperation with Accounting Auditor (2022-2023)

Quarterly review report	August, November, February
Annual accounting audit report	May, June
Explanation of audit plan, etc.	August
Discussions related to KAM (Key Audit Matters)	June, November

Among the above, “Evaluation of goodwill which belongs to AMEC segment,” “Evaluation of development assets,”(both on consolidated financial statements) and “Evaluation of shares of subsidiaries and affiliates without market price” (on non-consolidated financial statements), which were recognized as KAM for the fiscal year, and other important matters were explained in detail by the executive department and the Accounting Auditor, and questions were asked.

The Audit and Supervisory Committee has been checking whether the independence of the Accounting Auditor is secured when judging the appropriateness of the methods and results of audits conducted by the Accounting Auditor. In particular, since January 2023, in cases where the Company and its subsidiaries receive non-assurance services from the Accounting Auditor or its network firm, the Company has implemented a procedure whereby the Accounting Auditor first judges that there is no problem with its independence before agreeing to the provision of such services, and then the Audit and Supervisory Committee gives consent on an individual basis.

In addition to the above, the Audit and Supervisory Committee reviews the election and remuneration of Directors who are not Audit and Supervisory Committee Members, etc., including confirmation of discussions at the Nomination Committee and the Remuneration Committee, which are advisory bodies to the Board of Directors, and determines its opinion.

② Status of the Internal Audit

1) Internal audit organization, personnel and procedures

The Company's Corporate Administrative & Internal Audit Department, which is made up of 27 members and reports directly to the Representative Director and President, conducts internal audit based on an audit plan. Also the Company's Corporate Administration & Internal Audit Department conducts internal audit on the Company and other NIDEC Group companies to give instructions, support and advice for the improvement of business procedures, and, as necessary, reports and explains to the Company's management and at the Risk Management Meeting, etc. the issues and problems identified in relation to internal control and other matters to ensure that all departments concerned will improve those matters.

2) Mutual cooperation among internal audit, audit by the Audit and Supervisory Committee, and accounting audit

The Company's Corporate Administration & Internal Audit Department holds a meeting with the Company's Audit and Supervisory Committee on a regular basis, to report the results of internal audit on NIDEC group. If necessary, the Corporate Administrative & Internal Audit Department exchanges opinions and information with the Audit and Supervisory Committee and conducts onsite audits in accordance with requests from the Audit and Supervisory Committee. Also, the Corporate Administration & Internal Audit Department receives reports of audit results from the Accounting Auditor, exchanges opinions with them and is advised for improvement by them.

3) Measures to ensure the effectiveness of internal audit

As described in 1) and 2) above, the Corporate Administration & Internal Audit Department, which is in charge of internal audit, as an organization under the direct control of the Representative Director and President, ensures that it is independent in terms of organizational structure and actual operations. It also directly reports on the results of audits not only to the Representative Director and President but also to the Audit and Supervisory Committee, thereby ensuring the reliability and effectiveness of internal audit.

③ Status of the audit by the Accounting Auditor

1) Name of Auditor

The Company has an auditing agreement with PricewaterhouseCoopers Kyoto to conduct audits required under the Companies Act and the Financial Instruments and Exchange Act. PricewaterhouseCoopers Kyoto conducts the financial statement audits from a standpoint of an independent third party. The Company receives reports of audit results from them, exchanges opinions with them and is advised for improvement by them.

2) Continuous audit period

38 years

(Note) The above-mentioned period is the result of an investigation based on the time when the Company was listed on the stock because the investigation was extremely difficult, and the continuous audit period may exceed this period.

3) Certificated public accountants who executed audits

Designated and Engagement Partner	Minamoto Nakamura
Designated and Engagement Partner	Keiichiro Kagi
Designated and Engagement Partner	Tatsuro Iwai

4) Assistants in auditing operations

9 CPAs, 6 members of the Japanese Institute of Junior Accountants, and 21 others

5) Reason and assessment for selection of Auditor

The reappointment of the Accounting Auditor is appropriately decided at the Audit and Supervisory Committee meeting, after collecting information from the Company's Finance Department, and Accounting Department, Corporate Administrative & Internal Audit Department and the Accounting Auditor. The Audit and Supervisory Committee confirmed that the audit system is well established based on the Standard on Quality Control for Audits and the audit was suitably conducted.

6) Evaluation contents of the auditor of the submitting company conducted by the Audit and Supervisory Committee

The Audit and Supervisory Committee considers the necessity of reappointment based on the status of quality control of auditor, the independence and expertise of the auditing team, the appropriateness of audit fees, the status of communication with the Members of the Audit and Supervisory Committee and management, the system of group auditors, and others. If the accounting auditors fall under any of the items of Article 340, Paragraph 1 of the Companies Act in Japan and it is deemed appropriate to dismiss the accounting auditor, the Audit and Supervisory Committee shall dismiss the accounting auditor with the consent of all members of the Audit and Supervisory Committee. In the event that it is deemed that there has been a cause that hinders the accounting auditors from performing an appropriate audit, the Audit and Supervisory Committee shall determine the content of a proposal to be submitted to the General Meeting of Shareholders for the dismissal or non-reappointment of the accounting auditors. Based on the above, the Audit and Supervisory Committee has evaluated that there have been no problems with the execution of the duties of the accounting auditors for the current fiscal year and decided to reappoint them.

④ Audit fee, etc.

1) Details of fees paid to the accounting auditor involved in the audit

Category	For the year ended March 31,			
	2022		2023	
	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)
The Company	237	-	226	4
The Company's consolidated subsidiaries	340	-	346	-
Total	577	-	572	4

(For the fiscal year ended March 31, 2022)

Audit fees for non-audit services are not applicable.

(For the fiscal year ended March 31, 2023)

The Company consigns and pays consideration to the accounting auditor for services concerning the preparation of comfort letters, which are non-audit services outside the scope of Article 2, Paragraph 1 of Certified Public Accountants Act of Japan.

2) Details of fees paid to the member firms of PricewaterhouseCoopers International Limited, which belong to the same network as the Company's accounting auditor

Category	For the year ended March 31,			
	2022		2023	
	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)
The Company	5	1	5	-
The Company's consolidated subsidiaries	1,183	64	1,303	39
Total	1,188	65	1,308	39

(For the fiscal year ended March 31, 2022)

Audit fees for non-audit services for the Company and its consolidated subsidiaries include the preparation of comfort letters and tax-related work, etc.

(For the fiscal year ended March 31, 2023)

Audit fees for non-audit services for the Company's consolidated subsidiaries include tax-related work, etc.

3) Policy for determining the audit fee

In determination of audit fees, factors such as the validity of the auditing plans are verified.

4) Reason for Accepting Audit fee by the Audit & Supervisory Committee

The Audit and Supervisory Committee has confirmed the simulated figures based on audit plan, audit details, and the number of man-hours required to conduct the audit and the personnel allocation plan to carry out the plan. The relationship between auditing service and audit fee are logical, detailed, and clarity. The Audit and Supervisory Committee has approved the audit fee according to Article 399, Paragraph 1 of the Companies Act of Japan.

(4) Remuneration etc, for the members of the Board of Directors

① Matters concerning the policy to determine the amounts of executives' remuneration or the way to calculate such amounts, and the process to determine the amounts

1) Policy to make decisions on executive remuneration and the process to determine its amounts

a) Basic policy

The Company's remuneration for members of the Board of Directors shall be determined based on the following policy with the aim of strengthening global competitiveness and the sustainable growth of its business.

- Motivate the executives to improve the Company's value;
- Contribute to securing talented managerial human resources; and
- Ensure that the amount of such remuneration is proper based on the Company's scale and area of business.

b) Outline of remuneration composition

<Outside members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members)>

To ensure their independence, the remuneration of outside members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) shall be fixed remuneration only, which is paid monthly.

<Members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members)>

The remuneration of members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members) shall be (i) fixed remuneration according to ranks, (ii) variable remuneration (bonus) based on the evaluation of performance achievement in the previous fiscal year, etc., and (iii) performance-linked share-based remuneration based on performance achievement for three fiscal years, etc.

(ii) Variable remuneration (bonus) is determined taking into account the level of achievement of consolidated net sales and consolidated operating profit targets for each fiscal year and performance and other factors of members of the Board of Directors. Variable remuneration fluctuates from zero (no payment) to twice its median value (50% of fixed remuneration).

(iii) Performance-linked share-based remuneration covers three consecutive fiscal years, during which the number of points that fluctuates within a range of 0% to 200% according to ranks and the level of achievement of consolidated net sales and consolidated operating profit targets for each fiscal year will be granted. After the lapse of the applicable period, the number of the Company's shares calculated based on the cumulative value of points granted will be delivered, and money equivalent to the amount of the Company's shares will be paid (one unit is equivalent to one share).

The ratio of (i) fixed remuneration, (ii) variable remuneration (bonus), and (iii) performance-linked share-based remuneration for members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members) shall be approximately 3 : 1.5 : 1.

Type of remuneration	Payment criteria	Payment method	Remuneration ratio
			Members of the Board of Directors
Fixed remuneration	<ul style="list-style-type: none"> Set according to ranks 	Monthly cash payment	3
Variable remuneration (bonus)	<ul style="list-style-type: none"> Level of achievement of consolidated net sales/consolidated operating profit targets for the previous fiscal year. Performance and other factors of members of the Board of Directors are taken into account Fluctuate from zero to twice the median value of variable remuneration 	Monthly cash payment	1.5
Performance-linked share-based remuneration	<ul style="list-style-type: none"> Standard amount for each rank × Level of achievement of achievement of consolidated net sales/consolidated operating profit targets The number of points that fluctuates within a range of 0% to 200% will be granted After the lapse of three fiscal years, the number of the Company's shares corresponding to the cumulative points will be delivered, and money equivalent to the amount of the Company's shares will be paid 	After the lapse of three fiscal years (shares and money)	1

c) Process of determining remuneration

The Board of Directors shall determine the amount of fixed remuneration and variable remuneration for each member of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) in accordance with the criteria stipulated in the above policy and based on the recommendations of the Remuneration Committee, which is a voluntary advisory body. In addition, the Board of Directors shall similarly determine the content of performance-linked share-based remuneration in view of the recommendations of the Remuneration Committee.

d) Forfeiture of remuneration (clawback and malus)

Fixed and variable remuneration may be reduced with the consent of the relevant person if he or she has caused serious damage to the Company.

In addition, if a person eligible for performance-linked share-based remuneration commits a serious violation of his or her duties or internal rules or other misconduct after the beneficiary right vesting date, the Company may seek compensation from that person.

2) Details of the performance-linked share-based remuneration plan to be launched in FY2021

In FY2018, our group introduced a performance-linked share-based remuneration plan (the "Plan") for the Company's members of Directors (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto and for the group companies' members of the Board of Directors (excluding outside members of the Board of Directors) and Executive Officers. As the Company became a company with an Audit and Supervisory Committee in FY2020, the Plan covered the Company's Members of the Board of Directors who are not Audit and Supervisory Committee Members (excluding outside members of the Board of Directors), Executive Officers and other executives equivalent in rank thereto (collectively, the "Eligible Board Members"). This Plan was partially revised in the 48th Regular General Meeting of Shareholders held on June 22, 2021 (The number of the members of the Board of Directors who will become eligible for the Plan after this General Meeting Shareholders will be two). Even after the aforementioned change to the Plan, its purpose of motivating those covered by it to, among others, achieve a performance target to further improve our group's corporate value on a mid- and long-term basis remains unchanged. Since FY2021, though, the Plan has been modified for remuneration to fluctuate based on the degree of achieving each fiscal year's consolidated net sales and operating profit targets. Specifically, based on the following method, the amount of each remuneration is finalized after calculating the number of units (shares) to be provided to the Eligible Board Members under the Plan for three consecutive fiscal years (which are from the fiscal year ending in March 2022 to the one ending in March 2024, or which, if the trust period is extended, are three fiscal years thereafter, hereinafter referred to as the "Applicable Period"). In principle, the number of shares that correspond to the number of accumulated units will be issued to the Eligible Board Members under the Plan in the month of July after the Applicable Period ends. In principle, shares are issued to 50% of the shares that correspond to the units (rounded down to the nearest whole trading unit), whereas money are provided for the rest, from the aspect of securing funds for tax payment.

The Company also adopts a similar share-based payment plan for certain other executives of the Company.

<Metrics related to performance-linked share-based remuneration>

a) Metrics and weightings to be used to link base units to performance

Metric to be used	Weighting	FY2021 Target	FY2021 Result	FY2022 Target	FY2022 Result
Consolidated net sales	50%	¥ 1.7600 trillion	¥ 1.8030 trillion	¥ 2.3000 trillion	¥ 2.0921 trillion
Consolidated operating profit	50%	¥ 200.0 billion	¥ 162.5 billion	¥ 237.0 billion	¥ 95.7 billion

(Note) The Remuneration Committee in May 2022 concluded that the impact of foreign exchange fluctuations should be excluded in the evaluation for FY21 Result. Therefore, the FY21 Results were revised this year.

b) Reasons for the metrics to have been selected

The Company sees the above index, which is used in its mid-term business plan, as an index to improve its corporate value on a mid- to long-term basis.

c) How the amounts of the remuneration are determined

Based on the degree of achievement against the aforementioned index, the Company multiplies the base units provided to eligible members of the Board of Directors and others in accordance with their job grades by a performance-linked coefficient (0 – 200%), to calculate the number of performance-linked units, which are given to the members and accumulated annually. In principle, the number of shares that are equivalent to that of the accumulated units will be issued to the eligible members of the Board of Directors and others in July, after the end of the applicable period. However, this rule will not apply to, among cases, someone who has become a non-resident or deceased during an applicable period, or who has retired from office at the expiration of his/her term of office.

3) Treatment of units granted before the Plan revision (the period from FY2018 to FY2020)

Our group introduced this Plan in 2018. With respect to it for the FY2018 – FY2020 period, based on the resolutions of the 45th Regular General Meeting of Shareholders held on June 20, 2018 (the number of the members of the Board of Directors who will become eligible for the Plan after this Regular General Meeting of Shareholders will be seven) and of the 47th Regular General Meeting of Shareholders held on June 17, 2020 (the number of the members of the Board of Directors who will become eligible for the Plan after this Regular General Meeting of Shareholders will be two), we made it a purpose of this Plan to motivate our entire group to be motivated and united to, among others, achieve its performance target to realize Vision 2020, the group's mid-term business plan and improve the group's corporate values on a mid- and long-term basis. Thus, we ensured that the remuneration of the Eligible Board Members will change based on the degree of achieving the consolidated sales and operating profit targets set forth in the mid-term business plan. Specifically, based on the following method, the Plan would calculate and finalize the number of units (shares) to be provided to the Eligible Board Members, got the fiscal years covered by the Company's mid-term business plan (three fiscal years from the one ended in March 2019 to the one ended in March 2021, *i.e.* the remaining period of Vision 2020, the Company's mid-term business plan). In principle, the Plan would issue the shares that correspond to the accumulated units to the Eligible Board Members when they leave office.

As for the units provided prior to the revision of this Plan, our plan, from the beginning, was to grant shares that correspond to the number of units to the Eligible Board Members when they leave office. Therefore, even after the revision of this Plan, the rules on the aforementioned units will continue to be granted to the Eligible Board Members, etc. when they leave office. In principle, shares are issued to 50% of the shares that correspond to the units (rounded down to the nearest whole trading unit), whereas money are provided for the rest, from the aspect of securing funds for tax payment.

i) Eligible Board Members

The Eligible Board Members include "executive officers" as defined in Article 34, Paragraph 1 of the Corporation Tax Act.

ii) Level of total share grants to Eligible Board Members

The maximum total numbers of shares (one unit per Company share) that may be granted to the Eligible Board Members over the Applicable Period (three fiscal years) are specified in the table below. The maximum number of shares that may be granted individually to Eligible Board Members will be calculated by the formula set forth below from iii) onward.

Due to the stock split conducted on April 1, 2020, one unit for every two shares of the Company. The initial target period will be calculated as one unit for every two shares of the Company.

Company	Maximum number of shares
Nidec Corporation	133,800 shares
Nidec Sankyo Corporation	22,200 shares
Nidec Techno Motor Corporation	7,800 shares
Nidec Elesys Corporation	15,000 shares
Nidec Tosok Corporation	11,400 shares
Nidec-Shimpo Corporation	15,000 shares
Nidec Copal Electronics Corporation	11,400 shares
Nidec Copal Corporation	15,600 shares
Nidec Servo Corporation	4,200 shares
Nidec-Read Corporation	18,600 shares
Nidec Mobility Corporation	2,000 shares
Nidec Machinery Corporation	4,200 shares
Nidec Global Service Corporation	7,800 shares

(Notes) 1. The Company conducted a stock split on April 1, 2020, and the maximum number of shares before the stock split is stated.

2. At the Regular General Meeting of Shareholders held in June 2020, a resolution was made for Nidec Mobility Corporation to introduce the plan from November 2019, when it became a member of the Group. The maximum number of shares for the applicable period is stated.

3. The business transfer of Nidec Seimitsu Corporation to Nidec Copal Corporation was completed by May 31, 2019. Therefore, the maximum number of shares of Nidec Copal Corporation is combined with the maximum number of shares of Nidec Seimitsu Corporation.

4. The name of "Nidec Sankyo Corporation" was changed to "Nidec Instruments Corporation" effective on April 1, 2023.

5. The name of "Nidec Tosok Corporation" was changed to "Nidec Powertrain Systems Corporation" effective on April 1, 2023.

6. The name of "Nidec-Shimpo Corporation" was changed to "Nidec Drive Technology Corporation" effective on April 1, 2023.

7. The name of "Nidec Copal Electronics Corporation" was changed to "Nidec Components Corporation" effective on April 1, 2023.

8. The name of "Nidec Copal Corporation" was changed to "Nidec Precision Corporation" effective on April 1, 2023.

9. The name of "Nidec Servo Corporation" was changed to "Nidec Advanced Mortor Corporation" effective on April 1, 2023.

10. The name of "Nidec-Read Corporation" was changed to "Nidec Advance Technology Corporation" effective on April 1, 2023.

iii) Calculation method and level of individual grants

The number of units to be awarded to individual Eligible Board Members will be determined individually by the following formula.

Calculation formula

■ The number of base units to be awarded per fiscal year will be determined by the following formula.

- Short-term performance units = share-based remuneration by company and rank (*1) ÷ base share price (*2) × 60%
- Medium-term performance units = share-based remuneration by company and rank (*1) ÷ base share price (*2) × 40%
- * Rounded down to the nearest whole unit

■ Cumulative unit totals for the Applicable Period (three fiscal years) will be tallied by summing the following.

Short-term performance units

- First fiscal year's short-term performance units × short-term performance linkage coefficient (*3)
- Second fiscal year's short-term performance units × short-term performance linkage coefficient (*3)
- Third fiscal year's short-term performance units × short-term performance linkage coefficient (*3)

Medium-term performance units

- (First fiscal year's medium-term performance units + second fiscal year's medium-term performance units + third fiscal year's medium-term performance units) × medium-term performance linkage coefficient (*4)

(*1) Share-based remuneration by company and rank

■ Nidec Corporation

Share-based remuneration by rank (Yen in thousands)							
Chairman	Vice Chairman	President	Executive Vice President	First Senior Vice President	Senior Vice President	Vice President	MG3
10,000	6,000	8,000	5,000	4,000	3,000	2,000	1,500

■Group companies

Company	Share-based remuneration by rank (Yen in thousands)			
	Chairman	President	First Senior Vice President	Senior Vice President
Nidec Sankyo Corporation	-	4,000	3,000	2,000
Nidec Techno Motor Corporation	-	3,000	2,000	2,000
Nidec Elesys Corporation	-	3,000	2,000	2,000
Nidec Tosok Corporation	-	3,000	2,000	2,000
Nidec-Shimpo Corporation	-	3,000	2,000	2,000
Nidec Copal Electronics Corporation	3,000	3,000	2,000	2,000
Nidec Copal Corporation	-	3,000	2,000	2,000
Nidec Servo Corporation	-	3,000	2,000	2,000
Nidec-Read Corporation	3,000	3,000	2,000	2,000
Nidec Mobility Corporation	-	4,000	3,000	2,000
Nidec Global Service Corporation	-	2,000	-	-
Nidec Machinery Corporation	-	2,000	-	-

(Notes) 1.The number of units to be awarded are determined based on rank as of March 31 of every year.

2.The above tables will also apply to individuals who are appointed as members of the Board of Directors in the next fiscal year or later.

3.The amount of share-based remuneration applicable to individuals appointed as an executive officer of NIDEC while on secondment at that company will be the amount based on their rank at the company from which they are seconded.

4.The name of “Nidec Sankyo Corporation” was changed to "Nidec Instruments Corporation" effective on April 1, 2023.

5.The name of “Nidec Tosok Corporation” was changed to "Nidec Powertrain Systems Corporation" effective on April 1, 2023.

6.The name of “Nidec-Shimpo Corporation” was changed to "Nidec Drive Technology Corporation" effective on April 1, 2023.

7.The name of “Nidec Copal Electronics Corporation” was changed to "Nidec Components Corporation" effective on April 1, 2023.

8.The name of “Nidec Copal Corporation” was changed to "Nidec Precision Corporation" effective on April 1, 2023.

9.The name of “Nidec Servo Corporation” was changed to "Nidec Advanced Mortor Corporation" effective on April 1, 2023.

10.The name of “Nidec-Read Corporation” was changed to "Nidec Advance Technology Corporation" effective on April 1, 2023.

(*2) Base share price

The base share price is ¥16,946.8896, which is the average per-share acquisition price (rounded off to the fourth decimal place) of the Company shares held in the trust used by the Plan. The acquisition of the Company shares took place in July 2018.

(*3) Method of linking short-term performance unit

Metrics, values and weightings to be used to link short-term performance units

Metric to be used	Value to be used	Weighting	FY2020	
			Target	Result
Consolidated net sales	Forecast (quantified in yen in millions) for the given fiscal year in the Company's financial results released in April or May of that fiscal year	50%	¥1.5000 trillion	¥1.6181 trillion
Consolidated operating profit	Same as above	50%	¥125.0 billion	¥160.0 billion

Performance linkage coefficient to be used to link short-term performance units

Target's degree of attainment	Performance linkage coefficient
120% or more	200%
115% to less than 120%	175%
110% to less than 115%	150%
105% to less than 110%	125%
100% to less than 105%	100%
90% to less than 100%	50%
Less than 90%	0%

(*4) Method of linking medium-term performance unit

Metrics, values and weightings to be used to link medium-term performance units

Metric to be used	Value to be used	Weighting	FY2020	
			Target	Result
Consolidated net sales	Medium-term management plan target (quantified in yen in millions) disclosed at the beginning of said plan's period	50%	¥2.0000 trillion	¥4.6283 trillion
Consolidated operating profit	Same as above	50%	¥300.0 billion	¥399.6 billion

(Note) The above "Result" shows the total amount of the results for each year from FY2018 to FY2020.

Performance linkage coefficient to be used to link medium-term performance units

Target's degree of attainment	Performance linkage coefficient
120% or more	200%
115% to less than 120%	175%
110% to less than 115%	150%
105% to less than 110%	125%
100% to less than 105%	100%
90% to less than 100%	50%
Less than 90%	0%

4) Reason why the Board of Directors determined that the content of individual remuneration, etc. for Members of the Board of Directors who are not Audit and Supervisory Committee Members for the fiscal year is in line with the Determination Policy

In determining the content of remuneration, etc. for each individual director, the Remuneration Committee conducts a multi-faceted examination of the draft, including consistency with the decision policy, so the Board of Directors basically respects the report and determines that it is in line with the decision policy.

② Committee that is involved in the determination of the policy to determine the amounts of executive remuneration, etc. or their calculation method

1) Name of the committee: The Remuneration Committee

2) Main issues discussed in the Remuneration Committee

The committee was held in May 2023 to discuss the following.

- The policy and details to determine the amount of remuneration for the Members of the Board of Directors who are not Audit and Supervisory Committee Members and Vice Presidents

③ Date of the General Meeting of Shareholders resolved the amount of remuneration, etc., for Members of the Board of Directors, and the details of the resolution

1) Members of the Board of Directors who are not Audit and Supervisory Committee Members, etc.

Type of remuneration	Date of resolution	Recipient	Upper limit	Number of those in attendance at the time of the resolution
Fixed	June 17, 2020	Members of the Board of Directors who are not Audit and Supervisory Committee Members	¥1,000 million per year (including ¥100 million per year for outside members of the Board of Directors)	4
Share-based	June 22, 2021	Members of the Board of Directors who are not Audit and Supervisory Committee Members (excluding outside members of the Board of Directors), Vice Presidents, and those of equal positions	The upper limit of the three fiscal years, which are the initial period, is ¥2,730 million, 252,000 shares	Members of the Board of Directors: 2 Vice Presidents, etc.: 31

2) Members of the Board of Directors who are Audit and Supervisory Committee Members

Type of remuneration	Date of resolution	Recipient	Upper limit	Number of those in attendance at the time of the resolution
Fixed	June 17, 2020	Members of the Board of Directors who are Audit and Supervisory Committee Members	¥100 million per year	5

④ The total amount of remuneration, etc., by officer category, the total amount of remuneration, etc., by type, and the number of persons are as follows:

Category	Total amount of remuneration, etc. (Yen in millions)	Total amount of remuneration, etc. by type (Yen in millions)				Number of persons
		Fixed remuneration	Variable remuneration	Performance-linked share-based remuneration	Retirement benefits	
Members of the Board of Directors (excluding Audit and Supervisory Committee Members and outside members of the Board of Directors)	179	158	6	15	-	5
Audit and Supervisory Committee Members (excluding outside members of the Board of Directors)	34	34	-	-	-	2
Outside members of the Board of Directors and outside members of the Audit & Supervisory Committee	41	41	-	-	-	9

(Notes) 1. The above performance-linked share-based remuneration amount includes the settlement of remuneration for 2 members of the Board of Directors who retired from their posts in the fiscal year 2020, and 1 member of the Board of Directors who retired from the post in the fiscal year 2022.

2. Introduction of the performance-linked share-based compensation plan for Members of the Board of Directors, etc. was resolved at the 45th Regular General Meeting of Shareholders held on June 20, 2018. The aforementioned amounts are the amounts recorded as expenses in the fiscal year 2022 based on Japanese GAAP. Outside members of the Board of Directors are not covered by this plan.

⑤ Total amount of consolidated remuneration, etc. for Members of the Board of Directors

Name	Total Amount of remuneration, etc. (Yen in millions)	Category	Company	Total amount of remuneration, etc. by type (Yen in millions)		
				Fixed remuneration	Variable remuneration	Performance-linked share-based remuneration
Shigenobu Nagamori	106	Representative Director	Nidec Corporation	78	6	22

(Note) 1. The above includes the only Members who received ¥100 million or more as total remuneration.

(5) Status of shares held

① Framework and way of thinking for category about investment shares

We specify the separation about shares for investment held for any purpose pure investment or other than pure investment as follows.

(Purpose for pure investment)

Shares for investment held for any purpose to gain the benefits by occurring capital gain from stock price fluctuations and receiving dividend income solely

(Purpose other than pure investment)

Shares for investment held for any purpose other than pure investment out of investment securities recorded on the balance sheet

② Shares for investment held for any purpose other than pure investment

1) Our way to assess holding policy and economic rationality, contents that were assessed share holding appropriateness about each share at Board of Directors meeting

Basic policy for cross-shareholding

NIDEC holds shares in the companies that NIDEC has relationships with in terms of trading and cooperation in its business or other areas when it judges the shareholding contributes to the company's corporate value expansion through stabilizing its business for a mid to-long-term perspectives by maintaining and strengthening the relationship with them. NIDEC assesses its cross-held shares individually at the Board of Directors every year on not only qualitative aspect such as purposes of the shareholding, but also, on quantitative aspect such as benefits that can be brought through the shareholding from the perspective of economic rationality. According to the results of the assessment, NIDEC intends to reduce the number of shares held if the cross-shareholding would make insignificant benefits.

2) Number of issuer and carrying value

	Number of issuer	Total carrying value (Yen in millions)
Unlisted shares	7	1,282
Other than unlisted shares	14	12,921

(Issuers of increased shares within current fiscal year)

	Number of issuer	Total acquisition cost of increased shares (Yen in millions)	Reasons for increase in number of shares held
Unlisted shares	-	-	-
Other than unlisted shares	-	-	-

(Issuers of decreased shares within current fiscal year)

	Number of issuer	Total selling value of decreased shares (Yen in millions)
Unlisted shares	-	-
Other than unlisted shares	-	-

3) Issuer, number of shares held, carrying value and purposes for ownership of the shares for investment held for any purpose other than pure investment

Issuer	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares	Owned by another company (Yes / No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
ROHM Co., Ltd.	228,600	228,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	2,508	2,192		
Brother Industries, Ltd.	1,120,300	1,120,300	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	2,232	2,506		
NICHICON Corporation	1,184,600	1,184,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1,635	1,392		
The Bank of Kyoto, Ltd.	205,656	205,656	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1,285	1,100		
KYOCERA Corporation	175,600	175,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1,210	1,208		
Mitsubishi UFJ Financial Group, Inc.	1,251,129	1,251,129	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1,061	951		

Issuer	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares	Owned by another company (Yes / No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
HORIBA, Ltd.	124,500	124,500	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	985	834		
The Shiga bank, Ltd.	318,488	318,488	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	853	704		
SCREEN Holdings Co., Ltd.	57,600	57,600	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	671	712		
Sumitomo Mitsui Financial Group, Inc.	31,483	31,483	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	167	123		
The Hachijuni Bank, Ltd.	256,439	256,439	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	147	104		
Nissha Printing Co., Ltd.	56,300	56,300	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	105	82		

Issuer	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares	Owned by another company (Yes / No)
	Number of shares held	Number of shares held		
	Carrying value (Yen in millions)	Carrying value (Yen in millions)		
The Fukui Bank, Ltd.	42,100	42,100	-Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	63	59		
NAGANO KEIKI Co., Ltd.	665	665	-Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship -Verifying both whether purposes for ownership are appropriate or not, and economic rationality about benefits from shareholding at a board meeting every fiscal year	Yes
	1	1		

③ Shares for investment held for pure investment purposes

Classification	Current fiscal year		Previous fiscal year	
	Number of issuer	Total carrying value (Yen in millions)	Number of issuer	Total carrying value (Yen in millions)
Unlisted shares	-	-	-	-
Other than unlisted shares	-	-	1	1,940

Classification	Current fiscal year		
	Total amount of dividends received (Yen in millions)	Total amount of gains and losses on sale (Yen in millions)	Total amount of valuation gains and losses (Yen in millions)
Unlisted shares	-	-	-
Other than unlisted shares	11	781	(192)

V. Consolidated Financial Statements and Other Information

1. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Yen in millions)

	Note	As of March 31,	
		2022	2023
Assets			
Current assets			
Cash and cash equivalents	8	199,655	186,098
Trade and other receivables	10	572,123	592,948
Other financial assets	11, 35	4,828	3,811
Income tax receivables		8,290	10,536
Inventories	12	457,372	519,348
Other current assets	13	50,396	71,877
Total current assets		1,292,664	1,384,618
Non-current assets			
Property, plant and equipment	14	764,397	835,691
Goodwill	15	339,904	363,480
Intangible assets	15	214,498	221,740
Investments accounted for using the equity method	37	1,241	3,097
Other investments	16, 35	20,839	25,943
Other financial assets	35	6,613	9,610
Deferred tax assets	25	21,545	12,091
Other non-current assets	17	16,782	16,321
Total non-current assets		1,385,819	1,487,973
Total assets		2,678,483	2,872,591

(Yen in millions)

	Note	As of March 31,	
		2022	2023
Liabilities			
Current liabilities			
Short term borrowings	21, 22, 35	130,635	159,279
Long term debt due within one year	21, 22, 35	143,201	59,765
Trade and other payables	18	526,108	493,782
Other financial liabilities	19, 35	2,155	4,473
Income tax payables		20,083	27,363
Provisions	26	36,691	50,815
Other current liabilities	20	79,917	104,930
Total current liabilities		938,790	900,407
Non-current liabilities			
Long term debt	21, 22, 35	321,874	486,305
Other financial liabilities	35	264	485
Retirement benefit liabilities	23	36,566	32,337
Provisions	26	1,121	1,377
Deferred tax liabilities	25	58,219	71,210
Other non-current liabilities		4,951	6,776
Total non-current liabilities		422,995	598,490
Total liabilities		1,361,785	1,498,897
Equity			
Common stock	28	87,784	87,784
Additional paid-in capital	28	103,216	97,670
Retained earnings		1,118,594	1,129,212
Other components of equity	24, 28	103,919	206,756
Treasury stock		(121,272)	(166,917)
Total equity attributable to owners of the parent		1,292,241	1,354,505
Non-controlling interests		24,457	19,189
Total equity		1,316,698	1,373,694
Total liabilities and equity		2,678,483	2,872,591

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

Consolidated Statements of Income

(Yen in millions)

	Note	For the years ended March 31,	
		2022	2023
Continuing operations			
Net Sales	5, 30	1,918,174	2,242,824
Cost of sales	31	(1,514,845)	(1,829,623)
Gross profit		403,329	413,201
Selling, general and administrative expenses	31	(154,940)	(231,783)
Research and development expenses	31	(78,015)	(81,337)
Operating profit	5	170,374	100,081
Financial income	32	4,287	17,709
Financial expenses	32	(5,653)	(13,146)
Derivative gain (loss)	34	213	(177)
Foreign exchange differences		2,272	20,031
Share of net profit (loss) from associate accounting using the equity method	37	(1,461)	(3,905)
Profit before income taxes		170,032	120,593
Income tax expenses	25	(34,049)	(74,889)
Profit for the year from continuing operations		135,983	45,704
Discontinued operations			
Loss for the year from discontinued operations	6	(327)	(1,983)
Profit for the year		135,656	43,721
Profit for the year attributable to:			
Owners of the parent		135,759	45,003
Non-controlling interests		(103)	(1,282)
Profit for the year		135,656	43,721
Earnings (loss) per share attributable to owners of the parent-basic (yen)			
Continuing operations	33	232.96	81.64
Discontinued operations		(0.56)	(3.45)
Total		232.40	78.19

Consolidated Statements of Comprehensive Income*(Yen in millions)*

	Note	For the years ended March 31,	
		2022	2023
Profit for the year		135,656	43,721
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		1,810	5,221
Fair value movements on FVTOCI equity financial assets		247	895
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		155,876	102,243
Effective portion of net changes in fair value of cash flow hedges		(749)	996
Fair value movements on FVTOCI debt financial assets		2	(54)
Total other comprehensive income for the year, net of taxation	24	157,186	109,301
Comprehensive income for the year		292,842	153,022
Comprehensive income for the year attributable to:			
Owners of the parent		291,328	153,845
Non-controlling interests		1,514	(823)
Comprehensive income for the year		292,842	153,022

(3) Consolidated Statements of Changes in Equity

For the year ended March 31, 2022

(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, 2021		87,784	105,179	1,016,559	(49,633)	(63,869)	1,096,020	17,915	1,113,935
Comprehensive income									
Profit for the year				135,759			135,759	(103)	135,656
Other comprehensive income	24				155,569		155,569	1,617	157,186
Total comprehensive income							291,328	1,514	292,842
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(57,496)	(57,496)	-	(57,496)
Dividends paid to the owners of the parent	29			(35,132)			(35,132)	-	(35,132)
Dividends paid to non-controlling interests							-	(138)	(138)
Share-based payment transactions			420				420	-	420
Transfer to retained earnings				2,016	(2,016)		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries			(2,402)				(2,402)	4,872	2,470
Other			19	(608)	(1)	93	(497)	294	(203)
Balance at March 31, 2022		87,784	103,216	1,118,594	103,919	(121,272)	1,292,241	24,457	1,316,698

For the year ended March 31, 2023

(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, 2022		87,784	103,216	1,118,594	103,919	(121,272)	1,292,241	24,457	1,316,698
Comprehensive income									
Profit for the year				45,003			45,003	(1,282)	43,721
Other comprehensive income	24				108,842		108,842	459	109,301
Total comprehensive income							153,845	(823)	153,022
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(53,578)	(53,578)	-	(53,578)
Dividends paid to the owners of the parent	29			(40,426)			(40,426)	-	(40,426)
Dividends paid to non-controlling interests							-	(268)	(268)
Share-based payment transactions			475				475	-	475
Transfer to retained earnings				6,004	(6,004)		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries (Note)			(6,029)	(5)		7,888	1,854	(4,166)	(2,312)
Other			8	42	(1)	45	94	(11)	83
Balance at March 31, 2023		87,784	97,670	1,129,212	206,756	(166,917)	1,354,505	19,189	1,373,694

(Note) Including changes due to share exchanges resulting from making Nidec OKK a wholly owned subsidiary.

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	For the years ended March 31,	
Note	2022	2023
Cash flows from operating activities:		
Profit for the year from continuing operations	135,983	45,704
Loss for the year from discontinued operations	(327)	(1,983)
Profit for the year	135,656	43,721
Adjustments to reconcile profit for the year to net cash provided by operating activities		
Depreciation	87,287	99,768
Amortization	17,645	19,701
Loss (gain) from sales, disposal and impairment of property, plant and equipment	(2,247)	15,446
Loss from sales of discontinued operations	327	1,983
Financial expenses (income)	995	(3,121)
Share of net (profit) loss from associate accounting using the equity method	1,461	3,905
Deferred income taxes	(2,983)	18,339
Current income taxes	37,033	56,551
Foreign currency adjustments	(16,224)	(5,373)
Increase (decrease) in retirement benefit liability	(2,345)	(6,788)
Decrease (increase) in accounts receivable	(68,540)	4,412
Decrease (increase) in inventories	(114,179)	(24,794)
Increase (decrease) in accounts payable	65,144	(61,274)
Other, net	(8,629)	28,477
Interests and dividends received	3,830	16,051
Interests paid	(4,913)	(11,357)
Income taxes paid	(34,324)	(52,162)
Net cash provided by operating activities	94,994	143,485

(Yen in millions)

		For the years ended March 31,	
	Note	2022	2023
Cash flows from investing activities:			
Additions to property, plant and equipment		(98,580)	(137,814)
Proceeds from sales of property, plant and equipment		9,695	5,950
Additions to intangible assets		(16,641)	(15,924)
Acquisitions of business, net of cash acquired		(5,930)	(7,372)
Other, net		(1,141)	(9,783)
Net cash used in investing activities		(112,597)	(164,943)
Cash flows from financing activities:			
	9		
Increase (decrease) in short term borrowings		93,380	26,554
Proceeds from issuance of long term debt		20,000	76,009
Repayments of long term debt		(43,575)	(9,783)
Proceeds from issuance of bonds		—	120,000
Redemption of bonds		(38,940)	(135,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(4,156)	(2,775)
Purchase of treasury stock		(57,496)	(53,578)
Dividends paid to the owners of the parent		(35,132)	(40,426)
Other, net		1,526	(239)
Net cash provided (used in) by financing activities		(64,393)	(19,238)
Effect of exchange rate changes on cash and cash equivalents		62,127	27,139
Net increase (decrease) in cash and cash equivalents		(19,869)	(13,557)
Cash and cash equivalents at beginning of year		219,524	199,655
Cash and cash equivalents at end of year	8	199,655	186,098

Notes to 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/>).

Consolidated Financial Statements as of March 31, 2023 and for the fiscal year then ended consist of the Company and its consolidated subsidiaries ("NIDEC") and interests in associates of NIDEC. See "I. Overview of the Company, 4. Information on Affiliates" for a structure of group companies.

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, and traction motor system.
- 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, power transmission drives and machine tools.
- 5) Electronic and optical components, which include switches, sensors, lens units and camera shutters.
- 6) Others, which include music boxes and services.

2. Basis of preparation of consolidated financial statements

(1) Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of NIDEC have been prepared in accordance with IFRS pursuant to the provision of Article 93 of the Regulations on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), as the Company meets the criteria of a "Designated IFRS Specified Company" defined in Article 1-2 of the Regulations.

(2) Basis of measurement

As stated in "Note 3. Significant accounting policies", the consolidated financial statements have been prepared on a historical cost basis, except for retirement-defined benefit plan assets, some assets and liabilities, including derivative and other financial instruments measured at fair value.

(3) Presentation currency and level of rounding

The 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) Issued IFRS standards and interpretations not yet adopted by NIDEC

The following is a list of major IFRS standards and interpretations that are issued or amended before the approval date of the consolidated financial statements, but not yet adopted by NIDEC. This potential impacts on NIDEC's consolidated financial statements are still under consideration and cannot be estimated at this time

IFRS		Effective date (Fiscal year beginning on or after)	NIDEC's application date (Fiscal year ending)	Summaries of new standards and amendments
IAS 1	Presentation of Financial Statements	January 1,2023	March 31, 2024	Amendments to disclose material accounting policies instead of significant accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1,2023	March 31, 2024	Amendments to clarify the definitions between changes in accounting policies and changes in accounting estimates.
IAS 12	Income Taxes	January 1,2023	March 31, 2024	Clarified accounting processing for deferred taxes on leases and disposal obligations.
IAS 12	Income Taxes	January 1,2023	March 31, 2024	Requirements for disclosure on specific information relating corporate income tax arising from the application of the Pillar 2 Model Rules
IAS 1	Presentation of Financial Statements	January 1, 2024	March 31, 2025	Clarified classification of liabilities into current or non-current liabilities
IFRS 16	Leases	January 1, 2024	March 31, 2025	Clarified accounting processing related to post-measurement of lease liabilities arising from sales and leaseback transactions
IAS 7 IFRS 7	Statement of Cash Flows Financial Instruments: Disclosures	January 1, 2024	March 31, 2025	Requirements for disclosure to increase transparency in supplier finance
IFRS 10 IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Undecided	Undecided	Amendments of accounting processing for sales of assets to affiliates

3. Significant accounting policies

Significant accounting policies apply to all periods mentioned in the consolidated financial statements.

(1) Basis of consolidation

The consolidated financial statements include financial statements of NIDEC and investments in associates.

(i) Subsidiaries

Subsidiaries are all entities over which NIDEC has the control. NIDEC controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Financial statements of subsidiaries are included in the consolidated financial statements from the date when NIDEC gets control to the date when NIDEC loses control of it.

The financial statements of the subsidiaries may be adjusted where accounting policies are different to those of NIDEC.

Inter-company receivables and payables, transactions, and unrealized gains and losses on transactions between group companies are eliminated in the preparation of the consolidated financial statements.

There may be additional purchase and/or partial sale of shares of the subsidiaries by NIDEC. Changes in NIDEC's ownership interests in subsidiaries that do not result in a loss of control are reported as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributable to the owners of the parent. When losing control, any gain or loss associated with the loss of control is recognized as net profit or loss.

(ii) Non-controlling interests

Non-controlling interests of consolidated subsidiaries are presented separately from the equity of the owners of the parent.

Non-controlling interests consist of those interests on the date of the initial business combination and changes of the non-controlling interests from the date of the combination. Comprehensive income is allocated to the controlling and non-controlling interests, even when the allocation results in negative non-controlling interests.

(iii) Associates

Associates are all entities over which NIDEC has the ability to exercise significant influence on their financial and operating policies but does not have control.

Associates are accounted for using the equity method from the date when NIDEC acquires significant influence to the date when NIDEC loses it. The investments in associates include goodwill recognized upon acquisition.

(2) Business combinations

Business combinations are accounted for on the date when NIDEC acquires controls over the businesses according to the acquisition method. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the aggregate of the consideration transferred, acquiree's non-controlling interest, and, in a business combination achieved in stages, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of NIDEC's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of income as a gain on bargain purchase.

Non-controlling interests are presented separately from the equity of the owners of the parent. The non-controlling interest can be measured using either of the following methods:

- 1) Measuring a non-controlling interest at its fair value.
- 2) Measuring the non-controlling interest's proportional share of the net value of the identifiable assets acquired and the liabilities assumed.

This policy choice is made for each business combination.

NIDEC uses provisional amounts in its consolidated financial statements if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. NIDEC retrospectively adjusts the provisional amounts during the measurement period, which shall not exceed one year from the acquisition date.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid / received is not recognized as goodwill or gains and losses but recognized in additional paid-in capital.

(3) Foreign currency translation

(i) Functional currency

Each entity in NIDEC group determines its own functional currencies and transactions of each entity are measured in its own functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or an exchange rate which approximates the prevailing rates. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using closing rates are recognized in the consolidated statements of income, except for those deferred in equity as effective cash flow hedges.

(iii) Foreign operations

With regard to the financial statements of foreign subsidiaries and associates, assets and liabilities are translated into Japanese yen by using the exchange rates prevailing at the closing date. Income and expenses are translated into Japanese yen at the average exchange rates prevailing during the fiscal period. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When NIDEC disposes a foreign operation and loses control or significant influence of the foreign operation, the cumulative exchange differences related to the operation are recognized in the consolidated statements of income as part of the gain or loss on disposal.

(4) Cash and cash equivalents

Cash and cash equivalents are cash, deposits readily withdrawn as needed and highly liquid investments which have original maturities within three months from the acquisition date that are convertible to cash of the presented amount and are subject to an insignificant risk of changes in value caused by interest rate fluctuation due to short maturity. NIDEC participates in an arrangement with a single financial institution to carry out notional pooling between group companies including foreign subsidiaries, to fund short-term liquidity needs. The facility allows for cash withdrawals from this financial institution up to our aggregate cash deposits within the same financial institution. This arrangement represents a single unit of account for accounting purposes.

(5) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the average cost basis. Cost of projects in progress, which mainly relate to production of factory automation equipment based on contracts with customers, are determined by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable completion cost and selling expense.

(6) Property, plant and equipment

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment includes costs directly attributable to the acquisition, the initial estimate of costs of dismantling and removing the items and restoring the site on which they are located, and the borrowing cost that meets the criteria for capitalization.

Costs incurred after initial recognition are recognized as an asset, either by including the amount in the carrying amount of the acquired asset or recognizing the amount as a separate asset, only when it is probable that future economic benefits associated with the costs will flow to NIDEC and the amount can be reliably measured. All other costs of repairs and maintenance are charged to the income statement during the fiscal year in which they are incurred.

The depreciable amounts of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each asset. The depreciable amount of an asset is determined by deducting its residual value from its cost.

The estimated useful lives of major classes of property, plant and equipment are as follows:

Buildings 3–50 years

Machinery and equipment 2–15 years

The estimated useful lives, residual values, and depreciation methods of property, plant and equipment are reviewed at the end of the period. Any changes are regarded as a change in accounting estimate and recognized prospectively.

(7) Goodwill and intangible assets

(i) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized, but allocated to cash-generating units, based on the allocation of expected benefits from business combination, and tested for impairment annually or whenever there is an indication of impairment. Impairment losses of goodwill are recognized on the consolidated statements of income and cannot be reversed.

Initial measurement policies of goodwill are stated in "(2) Business combinations".

(ii) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost less accumulated amortization and impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition, and those acquired by business combination are recognized separately from goodwill at fair value at acquisition date if these intangible assets meet the definition of intangible assets, are identifiable, and are able to be measured reliably at fair value.

Research expenditure, which is defined as investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense as incurred.

Costs incurred on development projects are recognized as intangible assets when the following conditions are met: the costs incurred can be measured reliably, the assets are technologically feasible to be industrialized, the assets are estimated to provide economic benefit to NIDEC, and NIDEC has intention and ample resources to complete the development and utilize and/or commercialize the assets. Other development expenditure is recognized as an expense as incurred.

Intangible assets that have a definite useful life are mainly amortized by a straight-line method based on estimated useful lives. These estimated useful lives of major intangible assets are described below.

Customer relationships	5 – 30 years
Proprietary technology	10 – 20 years
Software	2 – 10 years
Capitalized development costs	2 – 11 years

The useful lives and amortization method of intangible assets with finite useful lives are reviewed at the end of the period. Any changes are regarded as a change in accounting estimate and recognized prospectively.

For intangible assets with finite useful life, an impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets with indefinite useful life or which are not available for use are not amortized, and impairment test is carried out on an annual basis (January 1) or at time when there is an indication that the unit may be impaired, or situation is changed.

(8) 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.

1. Lessee

If the contract is a lease or contains a lease, the right-of-use assets and lease liabilities are included in the consolidated financial statements at the inception date.

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 and adjusted for any remeasurement for the lease liability. Acquisition costs include the initial measurement of lease liabilities, lease payments made at or before the commencement date, 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. When NIDEC as the lessee is reasonably certain to exercise a purchase option, NIDEC shall depreciate the right-of-use asset over the useful life of the underlying asset.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the inception date and discounted using the interest rate implicit in the lease (if that rate can be readily determined) or NIDEC's incremental borrowing rate.

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 low-value leases 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.

2. Lessor

Among the lease transactions, those that substantially transfer all the risks and rewards of ownership to the Group are classified as finance lease agreements, and leases other than finance leases are classified as operating leases.

For finance leases, net investments in finance leases are recognized as lease receivables (presented in "Trade and other receivables"). Lease payments receivable are categorized into amounts equivalent to the principal and interest of lease receivables, and the effective interest method is used to calculate the amount equivalent to the interest of each lease payment receivable.

For operating leases, lease income is recognized in profit or loss over the lease term.

(9) Government grants

Government grants are recognized at fair value if there is reasonable assurance that NIDEC will comply with the conditions associated with the grants and they will be received.

When government grants are related to expense items, they are deducted from the related costs. Government grants related to assets are deducted from the cost of the assets.

(10) Impairment of non-financial assets

At the end of each reporting period, NIDEC assesses each of its assets to see whether there is an indication that it may be impaired. If there is an indication that an asset may be impaired or an annual impairment test is required, then the asset's recoverable amount is estimated. For goodwill, intangible assets having indefinite useful life, and intangible assets not yet available for use, an impairment test is carried out annually or whenever there is an indication of impairment.

When it is not possible to estimate the recoverable amount of an individual asset, NIDEC estimates the recoverable amount of the cash-generating unit to which the asset belongs. For Capitalized development costs, each development project is treated as a cash-generating unit, and NIDEC estimates the recoverable amount using the plan for each development project (including sales, raw material costs, and depreciation forecast).

The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the reduction is recognized as an impairment loss.

In measuring the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

NIDEC assesses whether there is any indication that an impairment loss recognized in previous years for all non-financial assets other than goodwill may no longer exist or may have decreased in such case that there are any changes in assumptions used for the determination of the recoverable amount. If such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated. If the recoverable amount of the asset or the cash-generating unit is greater than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount and the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in previous years.

(11) Financial instruments

(i) Initial recognition

Financial assets are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date). Trade and other receivables are initially recognized on the date such receivables arise. Financial liabilities such as debt instruments issued by NIDEC are recognized at issuance date, and other financial liabilities are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date).

Financial assets and liabilities are measured at fair value at initial recognition. Transaction cost directly attributable to the acquisition of financial assets and issuance of financial liabilities is added to financial assets' fair value or subtracted from financial liabilities' fair value at initial recognition except for those measured at fair value through consolidated statement of income (FVTPL financial assets and FVTPL financial liabilities). NIDEC does not possess any non-derivative FVTPL financial liabilities as of the end of this period. Transaction costs that are directly attributable to the acquisition of FVTPL financial assets are recognized in consolidated statement of income.

(ii) Non-derivative financial assets

NIDEC classifies non-derivative financial assets upon initial recognition as either financial assets measured at amortized costs, financial assets measured at fair value through other comprehensive income (FVTOCI financial assets) or FVTPL financial assets.

Financial assets measured at amortized costs

Financial assets are subsequently measured by amortized costs if both of the following conditions are met:

- Financial assets are held in a business model with the objective to collect contractual cash flows.
- Contractual cash flows represent solely payments of principal and interest on the principal amount outstanding on specified dates.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method. Interest accrued on financial assets measured at amortized cost is included in financial income in the consolidated statement of income.

FVTOCI financial assets

(a) FVTOCI debt financial assets

Financial assets are classified as FVTOCI debt financial assets if both of the following conditions are met:

- It is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A change in fair value of FVTOCI debt financial assets except for impairment gain or loss and foreign exchange gain or loss is recognized as other comprehensive income until derecognition. Upon derecognition the cumulative gain or loss previously recognized in other comprehensive income is reclassified to consolidated statement of income.

(b) FVTOCI equity financial assets

Upon initial recognition, NIDEC may make an irrevocable election to present changes in the fair value of an investment in equity financial assets that is not held for trading as other comprehensive income.

FVTOCI equity financial assets are measured at fair value after initial recognition, and its change in fair value is recognized as other comprehensive income, which is immediately transferred directly to retained earnings from other components of equity. It does not flow through consolidated statement of income. However, dividends from such investments are recognized in consolidated statement of income as part of financial income.

FVTPL financial assets

Financial assets that do not qualify as financial assets measured at amortized costs are classified as FVTPL financial assets except for those that are qualified or designated as FVTOCI financial assets. All equity investments are to be classified as FVTPL financial assets and subsequently measured at fair value, with value changes recognized in consolidated statement of income, except for those equity investments for which NIDEC has made an irrevocable election to present value changes in other comprehensive income upon initial recognition.

(iii) Impairment of financial assets measured at amortized costs

For financial assets measured at amortized costs, expected credit loss allowance against expected credit loss is estimated and recognized at each reporting date.

When the credit risk of the financial instrument has increased significantly since initial recognition until the reporting date, expected credit loss allowance against the financial instrument is measured at the same amount as full lifetime expected credit losses after all reasonable and supportable information available including forecasts is considered. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- significant increases in credit risk on other financial instruments of the same borrower

Otherwise, expected credit loss allowance against the financial instrument is measured at the amount equivalent to the 12-month expected credit losses.

However, with respect to trade receivables, notwithstanding the aforementioned, expected credit loss allowance is always measured at an amount equal to full lifetime expected credit losses.

The amount of expected credit losses and reversal of them is recognized as impairment losses and reversal of impairment losses in net profit or loss.

(iv) Derecognition of non-derivative financial assets

Non-derivative financial assets are derecognized when the contractual rights to receive cash flows from the financial assets expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred. Any rights and obligations created or retained in the transfer are recognized as separate assets and liabilities.

(v) Derecognition and subsequent measurement of non-derivative financial liabilities

After initial recognition, non-derivative financial liabilities, including trade and other payables and other financial liabilities, are subsequently measured at amortized cost using the effective interest method. Interest accrued on these financial liabilities is included in financial expenses in the consolidated statement of income.

The financial liabilities are derecognized when the obligations are fulfilled or when liabilities are discharged, cancelled, or expired.

(vi) Derivatives and hedge accounting

NIDEC is engaged in derivative transactions and mainly uses foreign exchange forward contracts, interest rate swap agreements, currency swap agreements, and commodity futures contracts to manage its exposure to risks from changes in foreign exchange rates, interest rates, and commodity prices. NIDEC does not hold derivative financial instruments for trading purpose.

Derivatives are initially recognized at fair value with transaction costs recognized in net profit or loss as incurred, and then subsequently measured at fair value with changes in fair value generally recognized in net profit or loss unless hedge accounting is applied where changes in cash flows from the hedging instrument can offset changes in cash flows from the hedged item to an extent that an objective assessment that the hedging relationship meets the hedge effectiveness requirements can be made.

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship between the hedging instruments and the hedged items, NIDEC's risk management objective, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness. NIDEC judges that the hedge is effective if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instruments;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

NIDEC also formally assesses, both at and after the hedge's inception, whether the derivatives used in hedging transactions are effective in offsetting changes in cash flows of the hedged items. When it is determined that the hedge is not effective or that it has ceased to be effective, NIDEC discontinues hedge accounting prospectively.

Cash flow hedge is accounted for as follows:

When derivative instruments are designated as hedging instruments to offset against the change in cash flows arising from the specific risk that relates to recognized assets or liabilities or highly probable forecast transactions that could affect profit or loss, the effective portion of changes in fair value of derivatives is recognized as cash flow hedges in other components of equity. The ineffective portion of changes in fair value of hedging derivative instruments is recognized in net profit or loss.

The balance of cash flow hedges in other comprehensive income in the consolidated statements of comprehensive income is reclassified to the same accounting item as hedging instrument in the statements of income in the same period or periods during which the hedged expected future cash flows affect profit for the year. However, when the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventories, property, plant and equipment, etc.) or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

If the transactions do not meet the criteria of hedge accounting, or if the hedging instruments expire, or are sold, terminated or exercised, or if the designations have been revoked, the application of hedge accounting shall be prospectively terminated. When a cash flow hedge is discontinued, the balance of cash flow hedges already recognized in other comprehensive income remain in the same account until forecast transaction impacts profit for the year. If it is probable that the forecast transaction will not occur, the balance of cash flow hedge is transferred into net profit or loss immediately.

(12) Income taxes

(i) Current tax

Income tax expenses are comprised of current and deferred taxes, and recognized in net profit or loss, except for those recognized in other comprehensive income or directly in equity.

Income tax payables and income tax receivables at the end of the reporting period are calculated at the amount expected to be paid to or recovered from the taxation authority. Tax rates and tax laws used to calculate tax amounts have been enacted or substantively enacted up to the end of the reporting period.

Current taxes related to items that are recognized in other comprehensive income are recognized in other comprehensive income. Taxes related to items that are recognized directly in equity are recognized directly in equity.

Income tax receivables and income tax payables are offset if, NIDEC has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Deferred tax

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets and liabilities are measured at the effective tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available to allow deductible temporary differences, unused tax losses, and unused tax credits to be utilized. The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available.

Unrecognized deferred tax assets are also reviewed for collectability at each reporting date, and are recognized to the extent that it is probable that the deferred tax assets will be collectible from future taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences in general.

Deferred tax assets and liabilities relating to following temporary differences are not recognized:

- Taxable temporary differences arising from the initial recognition of goodwill.
- Temporary differences arising from the initial recognition of assets and liabilities from transactions that do not affect both accounting income and taxable profit, except for business combinations.

- Taxable temporary differences associated with investments in subsidiaries and associates when NIDEC is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current assets and liabilities.

Deferred tax assets and liabilities are offset only if NIDEC has a legally enforceable right to set off income tax receivables against income tax payables and either of the following criteria is met:

- The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
- The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on different taxable entities which intend either to settle income tax receivables and income tax payables on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company applies an exception to the recognition and information disclosure about deferred tax assets and liabilities related to Pillar 2 income taxes.

(13) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits such as wages, salaries, social security contributions and other non monetary benefits are not discounted and recognized as an expense when an employee has rendered service to NIDEC.

NIDEC recognizes the cost of bonus payments estimated in accordance with its bonus plan as a liability when NIDEC has a present legal or constructive obligation to make such payments as a result of past services provided by employees and a reliable estimate of the obligation can be made.

(ii) Retirement benefits

Retirement benefits of NIDEC include defined benefits and defined contribution plans.

Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and they are recognized in the consolidated statements of financial position as assets or liabilities. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms consistent with the estimated term of the related pension obligations.

Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in profit or loss.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest, and any change in the effect of the asset ceiling, are recognized as incurred in other comprehensive income under "remeasurement of defined benefit plans", and transferred therefrom to retained earnings immediately.

Contributions paid for defined contribution plans are expensed in the period in which the employees provide the related service.

(14) Provisions

Provisions are recognized when NIDEC has present legal or constructive obligations as a result of past events, it is probable that the settlement of the obligations will be required, and reliable estimates of the obligations can be made.

The detail of the major provision is as follows:

Provision for product warranties

NIDEC provides warranties for specific products and services for a certain period. A provision for product warranties is calculated mainly based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

(15) Share-Based Payment

NIDEC has adopted a performance-linked share-based compensation plan (the "Plan"). NIDEC has adopted equity-settled share-based payments and cash-settled share-based payments.

(i) Equity-settled share-based payments

Equity-settled share-based payments measured with the Plan is measured the received services by fair value of the shares of the company at the grant date, and is recognized as expenses over the vesting period, and an equivalent amount is recognized as an increase in additional paid-in capital.

(ii) Cash-settled share-based payments

Cash-settled share-based payments measured with the Plan is measured the received services by the fair value of the liabilities, and is recognized as expenses over the vesting period, and an equivalent amount is recognized as an increase in the liabilities. The fair value of the liabilities are remeasured at the end of the year and the settlement date, with changes in the fair value recognized in profit or loss.

(16) Revenue recognition

NIDEC recognizes revenues based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to each performance obligation in the contract.

Step 5: An entity recognizes revenue when a performance obligation is satisfied.

(i) Sales of goods

NIDEC manufactures and sells small precision motors, automotive products, certain appliance, commercial and industrial products, certain machinery, and electronic and optical components. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery.

(ii) Construction contracts

Additionally, for certain appliance, commercial and industrial products and certain machinery, NIDEC transfers control of a good or service over time and therefore, satisfies a performance obligation and recognizes revenue over time. NIDEC is able to reasonably measure progress toward complete satisfaction of its performance obligations. Accordingly, NIDEC recognizes revenue from sales of certain appliance, commercial and industrial products and certain machinery based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period. NIDEC uses the input method to measure the extent of progress towards completion based on the costs incurred relative to the total expected costs by the contract.

(iii) Contract assets and Contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

(iv) Assets recognized from the costs to obtain or fulfill a contract with a customer

The incremental costs of obtaining a contract with a customer and the costs incurred in fulfilling a contract with a customer that are directly associated with the contract as an asset, if those costs are expected to be recoverable. The assets recognized from the costs to obtain or fulfill a contract with a customer are amortized over the period for which the services based on a contract are provided.

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The costs incurred in fulfilling contracts with customers is that recognizes costs as assets when those costs are not within the scope of another accounting standard, are directly related to a contract or an anticipated contract that can specifically identify, are expected to be recovered, and generate or enhance resources of that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(17) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset and remain in assets until the intended use or sale is capable. Other borrowing costs are recognized as an expense in the consolidated statements of income in the period in which they are incurred.

(18) Common stock, additional paid-in capital, and treasury stock

(i) Ordinary shares

Proceeds from the issuance of ordinary shares by the Company are included in common stock and additional paid-in capital. Transaction costs of issuing ordinary shares (net of tax) are deducted from additional paid-in capital.

(ii) Treasury stock

When the Company reacquires its own equity instruments (treasury stock), the amount of the consideration paid including transaction costs is deducted from equity. NIDEC never recognizes profit and loss when it purchases, sells and disposes treasury stock. When the Company sells treasury stock, the difference between the carrying amount and the consideration received from the sale is recognized in additional paid-in capital.

(19) Fair value estimation

NIDEC measures derivative financial instruments and financial instruments measured at fair value using their fair values at the end of the period. See "Note 35. Fair values" for the definition of fair value and inputs (i.e. various presumptions) used to develop those measurements.

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.

(20) Earnings per share

Basic earnings per share attributable to owners of the parent are calculated by dividing profit for the year attributable to owners of the parent by the weighted-average number of ordinary shares outstanding during the reporting period adjusted by the treasury stocks held.

The calculation of diluted earnings per share attributable to owners of the parent is similar to the calculation of basic earnings per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential ordinary shares equivalents such as convertible bonds and share acquisition rights.

4. Significant accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and 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.

Judgments and estimates with significant risks of causing material adjustments to the carrying amounts of assets and liabilities in the next fiscal year are as follows:

- Goodwill and intangible assets (see Notes 3 (7) and 15)
- Collectability of receivables (see Notes 3 (11), 10 and 39)
- Retirement benefit liabilities (see Notes 3 (13) and 23)
- Recoverability of deferred tax assets (see Notes 3 (12) and 25)
- Provisions (see Notes 3 (14) and 26)
- Fair value of financial instruments (see Note 35)
- Contingent liabilities (see Notes 3 (14) and 40)

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. Business units and domestic group companies that are currently profit management units of NIDEC are identified as its reportable segments.

NIDEC has changed its operating segment classification in the three months ended June 30, 2022. This was due to review of the report materials by NIDEC's chief operating decision maker. "ACIM" segment is divided into "ACIM" segment and "MOEN" segment. Also Nidec-Read Group, which was previously included in "Other" segment, has been disclosed as "Nidec Read" segment due to its increasing importance from the three months ended June 30, 2022.

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

NIDEC's operating segments are as follows:

Name	Main products
1. SPMS	Hard disk drives spindle motors and other small precision motors
2. AMEC	Automotive products
3. MOEN	Appliance, commercial and industrial products
4. ACIM	Appliance, commercial and industrial products
5. Nidec Sankyo	Machinery, automotive products, electronic components and other small precision motors
6. Nidec Techno Motor	Appliance, commercial and industrial products
7. Nidec Mobility	Automotive products
8. Nidec Shimpo	Machinery, machine tools
9. Nidec Read	Machinery
10. Others	Automotive products, machinery, electronic components, other small precision motors and others

(Notes) 1. NIDEC changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.

2. NIDEC changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.

3. NIDEC changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

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 years ended March 31,	
	2022	2023
SPMS	341,049	339,379
AMEC	226,019	304,733
MOEN	316,374	392,807
ACIM	385,810	428,193
Nidec Sankyo	145,458	158,675
Nidec Techno Motor	81,848	89,187
Nidec Mobility	97,411	118,361
Nidec Shimpo	105,357	173,947
Nidec Read	51,893	60,321
Others	166,955	177,221
Consolidated net sales	1,918,174	2,242,824

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

There was no certain customer group which exceeded 10% of the consolidated net sales for the years ended March 31, 2023 and 2022.

Net sales to other operating segments:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
SPMS	2,792	3,311
AMEC	1,487	410
MOEN	4,709	3,414
ACIM	8,270	9,209
Nidec Sankyo	3,916	7,216
Nidec Techno Motor	7,046	8,364
Nidec Mobility	1,713	1,807
Nidec Shimpo	11,857	3,167
Nidec Read	325	515
Others	36,254	41,226
Total	78,369	78,639
Intersegment elimination	(78,369)	(78,639)
Consolidated net sales	-	-

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

Segment profit/loss:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
SPMS	34,395	17,089
AMEC	(12,807)	(64,663)
MOEN	33,211	38,581
ACIM	33,400	21,349
Nidec Sankyo	12,599	18,000
Nidec Techno Motor	11,552	10,680
Nidec Mobility	10,282	11,410
Nidec Shimpo	18,246	19,121
Nidec Read	14,518	16,101
Others	28,533	27,358
Total	183,929	115,026
Elimination and Corporate (Note)	(13,555)	(14,945)
Operating profit	170,374	100,081
Financial income (expenses)	(1,366)	4,563
Derivative gain (loss)	213	(177)
Foreign exchange differences	2,272	20,031
Share of net profit (loss) from associate accounting using the equity method	(1,461)	(3,905)
Profit before income taxes	170,032	120,593

(Notes)*1. "Elimination and corporate" includes corporate expenses, which do not belong to any operating segment, of ¥13,719 million and ¥13,296 million for the years ended March 31, 2023 and 2022, respectively. The corporate expenses include basic research expenses and head office expenses.

*2. The above amounts no longer include discontinued operations.

Depreciation:*(Yen in millions)*

	For the years ended March 31,	
	2022	2023
SPMS	20,759	23,116
AMEC	17,043	20,929
MOEN	8,625	10,802
ACIM	13,722	15,221
Nidec Sankyo	7,088	7,851
Nidec Techno Motor	3,114	3,460
Nidec Mobility	5,754	6,527
Nidec Shimpo	6,201	7,530
Nidec Read	1,399	1,755
Others	12,457	12,029
Subtotal	96,162	109,220
Others (Note)	(10,480)	(11,656)
Corporate	1,605	2,204
Total	87,287	99,768

(Note) The depreciation of each segment includes amortization of intangible assets, while depreciation in the consolidated statements of cash flows does not include the amortization of intangible assets. Therefore, "Others" removes the amount of the amortization of intangible assets.

NIDEC does not have any other significant non-cash transactions except for the depreciation described above. Transactions between the operating segments are conducted at market value.

(Supplemental information)

Net sales by type of product

Net sales by type of product are as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Small precision motors:		
Hard disk drives spindle motors	98,783	78,462
Other small precision motors	326,124	346,871
Subtotal	424,907	425,333
Automotive products	417,643	519,654
Appliance, commercial and industrial products	786,588	913,986
Machinery	215,588	296,482
Electronic and optical components	69,699	83,011
Other products	3,749	4,358
Consolidated net sales	1,918,174	2,242,824

- (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, and traction motor system.
 "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, power transmission drives and machine tools, etc.
 "Electronic and optical components" consists of switches, sensors, lens units and camera shutters, etc.
 "Other products" consists of music boxes and services, etc.
2. The above amounts no longer include discontinued operations.

Geographic information

Net sales attributed to countries based on the location of the Company or its subsidiaries that transacted with external customers and non-current assets for each county are as follows:

Net sales

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Japan	341,000	392,727
China	512,811	560,662
Other Asia	243,833	273,291
U.S.A.	414,899	510,972
Europe	342,305	420,941
Others	63,326	84,231
Consolidated net sales	1,918,174	2,242,824

(Notes) 1. From the year ended March 31, 2023, segments are changed. Accordingly, previous period amounts have been reclassified.

2. Major countries which belong to segments are as follows:

Other Asia : Thailand, South Korea, India

Europe : Italy, Germany, France

Others : Brazil, Mexico, Canada

Non-current assets (Property, plant and equipment, Goodwill, Intangible assets and Long-term prepaid expenses)

(Yen in millions)

	As of March 31, 2022	As of March 31, 2023
Japan	247,902	302,055
China	260,158	269,726
Other Asia	150,626	148,676
U.S.A.	213,284	265,301
Europe	298,178	338,959
Others	155,578	104,022
Total non-current assets	1,325,726	1,428,739

(Notes) 1. From the year ended March 31, 2023, segments are changed. Accordingly, previous period amounts have been reclassified.

2. Major countries which belong to segments are as follows:

Other Asia : Vietnam, Thailand, Philippine

Europe : Italy, Germany, France

Others : Brazil, Mexico, Canada

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 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. NIDEC has negotiated the purchase price adjustment and the other factors of the consideration for the sales with Orlando Management AG and ESSVP IV, but NIDEC did not reach an agreement. As the result, NIDEC submitted the request for an arbitration to the German Arbitration Institute(DIS) on January 12, 2021 and commenced arbitration with Secop. After approximately 26 months of discussions, Nidec reached a settlement agreement with Secop on March 2023, and the arbitration concluded. However, some selling costs are still expected to arise 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 was 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	ACIM

(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

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Other loss	(327)	(1,983)
Loss before income taxes from discontinued operations	(327)	(1,983)
Loss for the period from discontinued operations	(327)	(1,983)

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

(6) Cash flows from the discontinued operations

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Net cash provided (used in) by operating activities	-	-
Net cash (used in) provided by investing activities	(137)	1,624
Net cash used in financing activities	-	-
Total	(137)	1,624

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

2. Net cash provided by investing activities for the year ended March 31, 2023 includes net cash related to sales of Secop as of March 31, 2023.

7. Business combination

On February 1, 2023, NIDEC has acquired 100% of equity shares of PAMA S.p.A. ("PAMA") from the shareholders for ¥9,187 million (¥7,876 million was paid for cash, but ¥1,311 million is outstanding payment). PAMA manufactures and sells machine tools, and has the wide range of product lineup and the high-level technological capabilities of its large machine tools, particularly boring and milling machines. The company has its solid sales and service networks in Europe and other places such as China, the US, and India. Through the transaction, NIDEC will be able to accelerate the generation of strong synergies with its existing 2 machine tool manufacturers in the product range, as well as product sale, development, and manufacturing. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On March 31, 2023, NIDEC has acquired 100% of equity shares of Midori Precisions Co., Ltd. ("Midori Precisions") from the shareholders for cash of ¥4,053 million. Midori Precisions develops, manufactures and sells of potentiometers and encoders. Through the transaction, NIDEC will be able to enhance its product lineup of potentiometers and encoders in the area of position sensing. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

Purchase price allocation to the assets and the liabilities

During the three months ended June 30, 2022, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently, "Nidec Machine Tool Corporation"); all the Mitsubishi Heavy Industries Group-owned shares of 3 overseas subsidiaries specialized in machine tool business; and the machine tool business run by overseas subsidiaries in the previous fiscal year. NIDEC's consolidated financial statements for the year ended March 31, 2022 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination. Moreover, during the three months ended December 31, 2022, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the share acquisition of OKK Corporation (currently, "Nidec OKK Corporation"). Nidec's consolidated financial statements for the year ended March 31, 2022 are not impacted by Nidec's finalization of the provisional accounting for business combinations.

Effect on the consolidated statement of financial position as of March 31, 2022 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	(1,589)
Deferred tax assets	483
Other non-current assets	(5)
Acquired assets at fair value	(1,111)
Negative Goodwill	1,111

Effect on the consolidated statement of income for the year ended March 31, 2022 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	(1,113)
Profit before income taxes	(1,113)
Profit for the year attributable to owners of the parent	(1,111)

8. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Cash on hand	440	791
Cash in banks	197,141	183,454
Cash equivalents	2,074	1,853
Cash and cash equivalents in consolidated statements of financial position	199,655	186,098
Cash and cash equivalents in consolidated statements of cash flows	199,655	186,098

Cash in banks includes cash deposits and cash withdrawals that are accounted for as a single unit of account under the notional pooling arrangement.

Cash equivalents consist mainly of time deposit within 3 months and short-term investment.

9. Supplemental cash flow information

The supplemental information associated with cash flow is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Non-cash investing and financing activities:		
Accrued amount of lease liabilities	13,389	16,923
Change in treasury stock in connection with share exchange transaction	-	7,907

10. Trade and other receivables

The breakdown of trade and other receivable is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Notes receivable	30,119	27,655
Electronically recorded monetary claims	18,320	17,795
Trade receivable	461,647	492,658
Other accounts receivable	66,007	60,223
Expected credit loss allowances	(3,970)	(5,383)
Total	572,123	592,948

11. Other financial assets

The breakdown of other financial assets is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Securities	1,940	-
Derivatives assets	1,506	3,109
Advance money	1,109	660
Other	273	42
Total	4,828	3,811

12. Inventories

The breakdown of inventories is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Finished products	163,368	172,842
Raw materials	187,106	223,016
Work in progress	90,133	102,904
Supplies and other	16,765	20,586
Total	457,372	519,348

The acquisition costs of inventories that were recognized as expenses for the year ended March 31, 2023 were mainly included in "cost of sales". The amounts of write-down of inventories for the years ended March 31, 2022 and 2023 were ¥2,785 million and ¥9,506 million, respectively.

13. Other current assets

The breakdown of other current assets is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Prepaid expenses	13,791	16,684
Contract assets	21,995	35,087
Advance payment	6,927	13,164
Other	7,683	6,942
Total	50,396	71,877

14. Property, plant and equipment

The breakdown of "property, plant and equipment" in the consolidated statements of financial position is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Property, plant and equipment	721,356	783,719
Right-of-use assets	43,041	51,972
Total	764,397	835,691

For changes in the right-of-use assets, refer to "38. Leases".

Changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment are as follows:

(Acquisition costs)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2021	56,819	292,951	776,986	86,679	1,213,435
Acquisitions	4,143	5,696	42,105	61,881	113,825
Acquisitions through business combinations	11,418	569	2,337	171	14,495
Disposals	(815)	(8,582)	(28,540)	(589)	(38,526)
Reclassification	5	5,478	39,833	(47,734)	(2,418)
Foreign currency translation adjustments	1,398	18,769	70,511	8,729	99,407
Others	(322)	(119)	(1,275)	(3,080)	(4,796)
Balance at March 31, 2022	72,646	314,762	901,957	106,057	1,395,422
Acquisitions	984	12,348	37,391	68,904	119,627
Acquisitions through business combinations	954	2,984	4,108	-	8,046
Disposals	(842)	(6,299)	(28,537)	(1,281)	(36,959)
Reclassification	4,139	9,201	62,381	(78,614)	(2,893)
Foreign currency translation adjustments	1,221	13,554	47,786	5,938	68,499
Others	(661)	(1,877)	796	(2,276)	(4,018)
Balance at March 31, 2023	78,441	344,673	1,025,882	98,728	1,547,724

(Accumulated depreciation and impairment losses)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2021	(1,900)	(142,210)	(441,017)	(356)	(585,483)
Depreciation	-	(10,809)	(67,679)	-	(78,488)
Impairment losses	-	(63)	(867)	(302)	(1,232)
Reversal of impairment losses	-	7	767	-	774
Disposals	-	6,287	25,195	2	31,484
Reclassification	-	1,280	159	-	1,439
Foreign currency translation adjustments	(35)	(8,736)	(37,902)	(34)	(46,707)
Changes in the scope of consolidation	-	-	-	-	-
Others	101	602	3,438	6	4,147
Balance at March 31, 2022	(1,834)	(153,642)	(517,906)	(684)	(674,066)
Depreciation	-	(12,502)	(76,768)	-	(89,270)
Impairment losses	(2)	(734)	(5,601)	(1,836)	(8,173)
Reversal of impairment losses	-	123	1,524	7	1,654
Disposals	4	4,759	25,726	13	30,502
Reclassification	-	(830)	1,187	-	357
Foreign currency translation adjustments	(2)	(6,551)	(27,541)	(107)	(34,201)
Changes in the scope of consolidation	-	-	-	-	-
Others	147	5,837	3,212	(4)	9,192
Balance at March 31, 2023	(1,687)	(163,540)	(596,167)	(2,611)	(764,005)

(Carrying amounts)

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2021	54,919	150,741	335,969	86,323	627,952
Balance at March 31, 2022	70,812	161,120	384,051	105,373	721,356
Balance at March 31, 2023	76,754	181,133	429,715	96,117	783,719

(Note) "Construction in progress" includes the amount of expenditures related to property, plant and equipment in the course of its construction.

Depreciation of property, plant and equipment is included in "cost of sales", "selling, general and administrative expenses" and "research and development expenses" in the consolidated statements of income. Impairment loss of property, plant and equipment is included in "selling, general and administrative expenses" in the consolidated statements of income.

15. Goodwill and intangible assets

The breakdown of "goodwill" and "intangible assets" in the consolidated statements of financial position is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Goodwill	339,904	363,480
Intangible assets	214,186	221,602
Right-of-use asset	312	138
Total	554,402	585,220

For changes in the right-of-use assets, refer to "38. Leases".

Changes in acquisition costs, accumulated amortization and impairment losses and carrying amounts of goodwill and intangible assets are as follows:

(Acquisition costs)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others	Total
Balance at April 1, 2021	319,926	118,042	18,463	33,597	32,468	66,983	589,479
Acquisitions	-	-	-	5,338	-	53	5,391
Internally developed	-	-	-	-	11,363	-	11,363
Acquisitions through business combinations	-	-	155	1,257	-	119	1,531
Disposals	-	(4)	-	(3,076)	(102)	(43)	(3,225)
Foreign currency translation adjustment	19,978	9,823	1,160	1,871	1,768	6,579	41,179
Others	-	-	-	138	242	(54)	326
Balance at March 31, 2022	339,904	127,861	19,778	39,125	45,739	73,637	646,044
Acquisitions	-	22	1,342	5,198	-	31	6,593
Internally developed	-	-	-	-	9,812	-	9,812
Acquisitions through business combinations	5,588	-	-	67	538	247	6,440
Disposals	-	-	-	(1,221)	(457)	(621)	(2,299)
Foreign currency translation adjustment	18,142	8,278	889	1,125	1,427	6,945	36,806
Others	(154)	(389)	(488)	1,170	645	913	1,697
Balance at March 31, 2023	363,480	135,772	21,521	45,464	57,704	81,152	705,093

(Accumulated amortization and impairment losses)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others	Total
Balance at April 1, 2021	-	(35,153)	(7,412)	(21,311)	(5,832)	(4,734)	(74,442)
Amortization	-	(6,174)	(1,157)	(3,827)	(3,310)	(254)	(14,722)
Impairment losses	-	-	-	-	(100)	-	(100)
Disposals	-	4	-	3,004	102	35	3,145
Foreign currency translation adjustment	-	(3,296)	(451)	(1,038)	(231)	(363)	(5,379)
Others	-	-	-	88	(590)	46	(456)
Balance at March 31, 2022	-	(44,619)	(9,020)	(23,084)	(9,961)	(5,270)	(91,954)
Amortization	-	(6,623)	(1,426)	(4,261)	(3,978)	(394)	(16,682)
Impairment losses	-	-	-	(22)	(8,095)	-	(8,117)
Disposals	-	-	-	1,173	422	608	2,203
Foreign currency translation adjustment	-	(2,771)	(367)	(700)	(480)	(792)	(5,110)
Others	-	762	241	(350)	1	(1,005)	(351)
Balance at March 31, 2023	-	(53,251)	(10,572)	(27,244)	(22,091)	(6,853)	(120,011)

(Carrying amounts)

(Yen in millions)

	Goodwill	Customer relationships	Proprietary technology	Software	Capitalized development costs	Others*1	Total
Balance at April 1, 2021	319,926	82,889	11,051	12,286	26,636	62,249	515,037
Balance at March 31, 2022	339,904	83,242	10,758	16,041	35,778	68,367	554,090
Balance at March 31, 2023	363,480	82,521	10,949	18,220	35,613	74,299	585,082

(Note) 1. Others are mainly trademarks.

Amortization of intangible assets is included in "costs of sales", "selling, general and administrative expenses" and "research and development costs" of consolidated statements of income. Impairment loss of intangible assets is included in "selling, general and administrative expenses" of consolidated statements of income.

Goodwill that arises from a business combination is allocated to cash-generating units which are expected to receive a benefit from the synergies of the business combination. The carrying amount of goodwill and intangible assets with indefinite useful lives allocated to the unit are as follows:

(Goodwill)

(Yen in millions)

Reporting Segment	CGU group	March 31, 2022	March 31, 2023
SPMS	SPMS	16,796	17,897
AMEC	AMEC	18,805	20,075
MOEN	MOEN	94,599	101,958
ACIM	ACIM	88,559	95,448
Nidec Sankyo *1	Nidec Sankyo	30,594	30,754
Nidec Techno Motor	Nidec Techno Motor	2,049	2,049
Nidec Mobility	Nidec Mobility	38,056	37,902
Nidec Shimpo *2	Nidec Shimpo	14,767	19,280
Nidec Read *3	Nidec Read	1,657	1,794
Others	Nidec Copal *4	16,520	16,520
	Other	17,502	19,803
Total		339,904	363,480

(Notes) 1. NIDEC changed its company name of "Nidec Sankyo Corporation" to "Nidec Instruments Corporation" on April 1, 2023.

2. NIDEC changed its company name of "Nidec-Shimpo Corporation" to "Nidec Drive Technology Corporation" on April 1, 2023.

3. NIDEC changed its company name of "Nidec-Read Corporation" to "Nidec Advance Technology Corporation" on April 1, 2023.

4. NIDEC changed its company name of "Nidec Copal Corporation" to "Nidec Precision Corporation" on April 1, 2023.

(Intangible assets with indefinite useful lives)

(Yen in millions)

Reporting Segment	CGU	March 31, 2022	March 31, 2023
AMEC	AMEC	3,228	3,441
MOEN	E&I	6,877	7,089
	M&C	11,094	12,104
ACIM	C&I	13,205	14,817
	GA	25,549	27,874
Nidec Shimpo *1	Nidec Shimpo	4,930	5,573
Others	Other	3	4
Total		64,886	70,902

(Note) 1. NIDEC changed its company name of "Nidec-Shimpo Corporation" to "Nidec Drive Technology Corporation" on April 1, 2023.

Intangible assets with indefinite useful lives are mainly trademarks. Those trademarks were acquired through the business combination. NIDEC regards them as intangible assets with indefinite useful lives because those trademarks continue as long as business lasts.

NIDEC performs the impairment test of goodwill, intangible assets with indefinite useful lives and an intangible asset not yet available for use annually or whenever there is an indication of impairment.

The recoverable amount of the impairment test reflects past experience and external information and is calculated using a value in use. The value in use is a discounted cash flow model. It is based on a management approved budget (including sales forecast and cost forecast) for five years. The discount rate used in goodwill impairment test is calculated on the basis of weighted average cost of capital before income tax of each group of cash-generating unit (4.25% - 10.29%), and the growth rate in the terminal value is determined based on the long term average growth rate of industries or countries to which each group of cash-generating unit belongs (0.69% - 3.83%).

The discount rates which used for calculating a value in use are followings.

CGU group	March 31, 2023
AMEC	6.19%
MOEN	7.68%
ACIM	7.68%
Nidec Sankyo *1	10.29%
Nidec Mobility	6.87%
Nidec Copal *2	9.78%

(Notes) 1. NIDEC changed its company name of "Nidec Sankyo Corporation" to "Nidec Instruments Corporation" on April 1, 2023.

2. NIDEC changed its company name of "Nidec Copal Corporation" to "Nidec Precision Corporation" on April 1, 2023.

Even if key assumptions used in the impairment test change to a reasonably foreseeable extent, would not have resulted in an impairment.

16. Other investments

The breakdown of other investments is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Other investments		
FVTOCI equity financial assets	20,765	20,866
FVTOCI debt financial assets	73	77
Financial assets measured at amortized costs	-	5,000
Total	20,839	25,943

Of the financial instruments measured at fair value held by NIDEC, equity instruments held with the principal objective of maintaining and strengthening business relations with the issuers are classified as FVTOCI equity financial assets. These FVTOCI equity financial assets consist mainly of ordinary shares. The FVTOCI equity financial assets and fair values of these assets are as follows:

As of March 31, 2022

(Yen in millions)

Principal FVTOCI financial assets	Fair value
Brother Industries, Ltd.	2,506
Canon Inc.	2,254
ROHM Co., Ltd.	2,192
The Bank of Kyoto, Ltd.	1,437
NICHICON CORPORATION	1,392

As of March 31, 2023

(Yen in millions)

Principal FVTOCI financial assets	Fair value
ROHM Co., Ltd.	2,508
Brother Industries, Ltd.	2,232
Canon Inc.	2,225
The Bank of Kyoto, Ltd.	1,679
NICHICON CORPORATION	1,635

The information on FVTOCI equity financial assets that were derecognized for the years ended March 31, 2022 and 2023 is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Fair value at the time of derecognition	78	1,124
Accumulated gains at the time of derecognition	61	493

17. Other non-current assets

The breakdown of other non-current assets is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Prepaid pension expenses	2,093	3,602
Incremental costs of obtaining a contract with a customer	4,653	3,565
Long-term prepaid expenses	6,927	7,827
Deposit	1,016	1
Other	2,093	1,326
Total	16,782	16,321

18. Trade and other payables

The breakdown of trade and other payables is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Notes payable	14,473	18,565
Trade payable	405,685	363,808
Electronically recorded monetary obligations	11,905	13,168
Other payables	93,780	96,590
Equipment notes payable	265	1,651
Total	526,108	493,782

19. Other financial liabilities

The breakdown of other financial liabilities is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Derivatives liabilities	151	67
Deposits received	2,004	4,406
Total	2,155	4,473

20. Other current liabilities

The breakdown of other current liabilities is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Accrued expenses	47,279	59,272
Contract liabilities	29,032	34,931
Other	3,606	10,727
Total	79,917	104,930

21. Short term borrowings and long term debt

(1) Short term borrowings

The breakdown of short term borrowings is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Unsecured loans, principally from banks average interest per annum: 2022 0.17% 2023 0.05%	130,635	159,279
Total	130,635	159,279

As of March 31, 2023, NIDEC had unused lines of credit amounting to ¥1,248,000 million with banks. Under these programs, NIDEC is authorized to obtain short-term financing at prevailing interest rates.

(2) Long term debt

The breakdown of long term debt is as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Unsecured loans, principally from banks		
Due 2023 to 2036 in 2022 with interest ranging from 0.00% to 3.15% per annum	20,893	-
Due 2023 to 2036 in 2023 with interest ranging from 0.00% to 6.50% per annum	-	102,587
Secured loans, principally from banks		
Due 2022 to 2023 in 2022 with interest ranging from 1.95% to 2.43% per annum	67	-
The Third Series of Domestic Unsecured bonds due 2022 Interest at 0.96% per annum in 2022 and 2023	19,997	-
The Seventh Series of Domestic Unsecured bonds due 2022 Interest at 0.11% per annum in 2022 and 2023	64,990	-
The Eighth Series of Domestic Unsecured bonds due 2024 Interest at 0.10% per annum in 2022 and 2023	99,910	99,949
The Ninth Series of Domestic Unsecured bonds (Green Bond) due 2022 Interest at 0.02% per annum in 2022 and 2023	49,984	-
The Tenth Series of Domestic Unsecured bonds (Green Bond) due 2024 Interest at 0.09% per annum in 2022 and 2023	29,966	29,979
The Eleventh Series of Domestic Unsecured bonds (Green Bond) due 2026 Interest at 0.15% per annum in 2022 and 2023	19,963	19,971
The Twelfth Series of Domestic Unsecured bonds due 2023 Interest at 0.03% per annum in 2022 and 2023	49,972	49,996
The Thirteenth Series of Domestic Unsecured bonds due 2025 Interest at 0.25% per annum in 2022 and 2023	-	29,964
The Fourteenth Series of Domestic Unsecured bonds due 2032 Interest at 0.55% per annum in 2022 and 2023	-	19,945
The Fifteenth Series of Domestic Unsecured bonds due 2025 Interest at 0.25% per annum in 2022 and 2023	-	19,969
The Sixteenth Series of Domestic Unsecured bonds due 2027 Interest at 0.44% per annum in 2022 and 2023	-	49,909
Euro-Denominated Senior Unsecured bonds (Green Bond) due 2026 Interest at 0.05% per annum in 2022 and 2023	68,179	72,732
Lease liabilities		
Due 2022 to 2062 in 2022, with interest ranging from (0.40%) to 13.23% per annum	41,155	-
Due 2023 to 2062 in 2023, with interest ranging from (0.33%) to 13.12% per annum	-	51,069
Subtotal	465,076	546,070
Less - Bonds due within one year	(134,971)	(49,996)
Less - Long term debt due within one year	(201)	(71)
Less - lease liabilities due within one year	(8,029)	(9,698)
Total	321,874	486,305

(3) The aggregate amounts of annual maturity of long term debt

The aggregate amounts of annual maturity of long term debt are as follows:

(Yen in millions)

Term	March 31, 2022	March 31, 2023
Within one year	143,230	61,086
Over one year within two years	58,404	140,553
Over two years within three years	135,075	150,044
Over three years within four years	24,153	45,439
Over four years within five years	91,614	53,998
Over five years	12,988	95,397

(Note) Amounts are based on contractual cash flows.

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks.

(4) Assets pledged as security

Assets pledged as security are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Property, plant and equipment, net	676	-
Total	676	-

(5) Debts attributable to collateral pledged assets

Debts attributable to collateral pledged assets are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Long term debt due within one year	67	-
Total	67	-

22. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

(Yen in millions)

	Short term borrowings	Long term borrowings due within one year	Corporate Bonds due within one year	Long term borrowings	Corporate Bonds	Lease obligations and others
Balance at April 1, 2021	30,977	29,553	38,918	533	399,331	32,161
Cash flows from financing activities	93,380	(32,217)	(38,940)	16,634	-	(7,992)
Changes arising from acquisition or exclusion of subsidiaries and other businesses	5,586	1,470	-	3,664	-	1,131
Effect of exchange rate changes	692	1,313	-	9	3,450	3,499
Transfer from long term to short term	-	85	134,916	(85)	(134,916)	-
New lease	-	-	-	-	-	13,389
Others	-	(3)	77	3	126	(1,033)
Balance at March 31, 2022	130,635	201	134,971	20,758	267,991	41,155
Cash flows from financing activities	26,554	(242)	(135,000)	75,449	120,000	(8,981)
Changes arising from acquisition or exclusion of subsidiaries and other businesses	-	-	-	6,229	-	24
Effect of exchange rate changes	2,090	8	-	184	4,510	2,510
Transfer from long term to short term	-	106	49,972	(106)	(49,972)	-
New lease	-	-	-	-	-	16,923
Others	-	(2)	53	2	(112)	(562)
Balance at March 31, 2023	159,279	71	49,996	102,516	342,417	51,069

23. Employee benefits

(1) Retirement benefits

1) Defined benefit plan

The Company and certain subsidiaries' pension and retirement benefit plans usually entitle employees lump-sum indemnities or pension payments based on current rates of pay and length of service at the time of termination or the number of "points". Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the mandatory retirement age. The defined benefit plan is subjected to the actuarial risks of changes in cost, interest rate and life expectancy.

The breakdown of retirement benefit plan recognized in the consolidated statements of financial position is as follows:

As of March 31, 2022

(Yen in millions)

	Pension and lump-sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	28,028	48,262	76,290
Fair value of plan assets	19,639	22,183	41,822
Funded status	8,389	26,079	34,468
Net defined benefit liability (asset)	8,389	26,079	34,468
Amounts in the consolidated statements of financial position:	8,389	26,079	34,468
Other non-current assets	(2,021)	(77)	(2,098)
Retirement benefit liabilities	10,410	26,156	36,566

As of March 31, 2023

(Yen in millions)

	Pension and lump-sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	24,666	45,682	70,348
Fair value of plan assets	18,087	23,526	41,613
Funded status	6,579	22,156	28,735
Net defined benefit liability (asset)	6,579	22,156	28,735
Amounts in the consolidated statements of financial position:	6,579	22,156	28,735
Other non-current assets	(2,432)	(1,170)	(3,602)
Retirement benefit liabilities	9,011	23,326	32,337

The breakdown of retirement benefit expenses of defined benefit plans recognized in the consolidated statements of income is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Current service cost	2,823	3,094
Past service cost and gains or losses arising from settlements	356	(1,547)
Interest cost (net)	646	1,071
Total retirement benefit expenses	3,825	2,618

Changes in the present value of defined benefit obligations are as follows:

(Yen in millions)

	Japanese plan	Non-Japanese plan	Total
Balance at April 1, 2021	24,433	46,973	71,406
The amount recognized in net profit or loss			
Current service cost	1,122	1,701	2,823
Past service cost and gains or losses arising from settlements	16	340	356
Interest cost	132	1,169	1,301
Total	1,270	3,210	4,480
The amount recognized in other comprehensive income			
Remeasurements			
-actuarial gains or losses arising from changes in demographic assumptions	(116)	(25)	(141)
-actuarial gains or losses arising from changes in financial assumptions	(73)	(3,250)	(3,323)
-actuarial gains or losses arising from experience adjustments	(163)	1,842	1,679
Total	(352)	(1,433)	(1,785)
Others			
Benefits paid	(2,194)	(2,092)	(4,286)
Settlement	(597)	(296)	(893)
Effects of business combinations	5,468	16	5,484
Foreign currency translation adjustments	-	1,884	1,884
Total	2,677	(488)	2,189
Balance at March 31, 2022	28,028	48,262	76,290
The amount recognized in net profit or loss			
Current service cost	890	2,204	3,094
Past service cost and gains or losses arising from settlements	(243)	(1,304)	(1,547)
Interest cost	185	1,703	1,888
Total	832	2,603	3,435
The amount recognized in other comprehensive income			
Remeasurements			
-actuarial gains or losses arising from changes in demographic assumptions	(125)	(18)	(143)
-actuarial gains or losses arising from changes in financial assumptions	(1,384)	(3,887)	(5,271)
-actuarial gains or losses arising from experience adjustments	80	(2,859)	(2,779)
Total	(1,429)	(6,764)	(8,193)
Others			
Benefits paid	(2,746)	(2,825)	(5,571)
Settlement	(207)	-	(207)
Effects of business combinations	188	139	327
Foreign currency translation adjustments	-	4,267	4,267
Total	(2,765)	1,581	(1,184)
Balance at March 31, 2023	24,666	45,682	70,348

Changes in the fair value of plan assets are as follows:

(Yen in millions)

	Japanese plan	Non-Japanese plan	Total
Balance at April 1, 2021	19,948	21,119	41,067
The amount recognized in net profit or loss			
Interest income	150	505	655
Total	150	505	655
The amount recognized in other comprehensive income			
Remeasurements			
- Return on plan assets	542	8	550
Total	542	8	550
Others			
Employer's contributions	964	1,034	1,998
Benefits paid	(1,471)	(1,762)	(3,233)
Trust dividend	(438)	-	(438)
Settlement	(597)	(296)	(893)
Effects of business combinations	541	-	541
Foreign currency translation adjustments	-	1,575	1,575
Total	(1,001)	551	(450)
Balance at March 31, 2022	19,639	22,183	41,822
The amount recognized in net profit or loss			
Interest income	145	670	815
Total	145	670	815
The amount recognized in other comprehensive income			
Remeasurements			
- Return on plan assets	(521)	(1,257)	(1,778)
Total	(521)	(1,257)	(1,778)
Others			
Employer's contributions	435	1,475	1,910
Benefits paid	(1,512)	(1,916)	(3,428)
Trust dividend	32	-	32
Settlement	(131)	-	(131)
Foreign currency translation adjustments	-	2,371	2,371
Total	(1,176)	1,930	754
Balance at March 31, 2023	18,087	23,526	41,613

NIDEC expects to contribute approximately ¥2,439 million to its defined benefit plans in the fiscal year ending March 31, 2024.

The fair values of plan assets (Japanese plan) by asset category are as follows:

(Yen in millions)

	Japanese plan			
	With a quoted market price in an active market		Without a quoted market price in an active market	
	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
Equity instruments:				
Domestic equities	337	1,133	-	-
Overseas equities	259	993	-	-
Debt instruments:				
Pooled funds *1	-	-	1,984	3,077
Other assets:				
Cash and cash equivalents	3,825	1,816	-	-
General accounts of insurance companies	-	-	7,495	7,567
Pooled funds *2	-	-	5,658	3,383
Others	26	118	55	-
Total	4,447	4,060	15,192	14,027

(Notes) *1. As of March 31, 2022, Japanese pooled funds categorized as debt instruments were invested approximately 61% in Japanese bonds and 39% in foreign bonds. As of March 31, 2023, they were invested approximately 29% in Japanese bonds and 71% in foreign bonds.

*2. As of March 31, 2022, Japanese pooled funds categorized as other assets were invested approximately 10% in Japanese stocks, 24% in foreign stocks, 13% in Japanese bonds and 34% in foreign bonds. As of March 31, 2023, they were invested approximately 18% in Japanese stocks, 48% in foreign stocks, 14% in Japanese bonds and 9% in foreign bonds.

The fair values of plan assets (non-Japanese plan) by asset category are as follows:

(Yen in millions)

	Non-Japanese plan			
	With a quoted market price in an active market		Without a quoted market price in an active market	
	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
Equity instruments:				
Domestic equities	-	-	-	-
Overseas equities	1,130	659	-	-
Debt instruments:				
Pooled funds *1	-	-	90	343
Other assets:				
Cash and cash equivalents	1,713	2,135	-	-
General accounts of insurance companies	-	-	4,671	5,255
Pooled funds *2	-	-	9,883	12,584
Others	23	51	4,673	2,499
Total	2,866	2,845	19,317	20,681

(Notes) *1. All non-Japanese pooled funds categorized as debt instruments were invested in foreign bonds.

*2. As of March 31, 2022, non-Japanese pooled funds categorized as other assets were invested approximately 24% in foreign stocks and 46% in foreign bonds. As of March 31, 2023, they were invested approximately 24% in foreign stocks and 48% in foreign bonds.

NIDEC's policy and objective for plan asset management is to generate, under the acceptable risk exposed to NIDEC, a stable return on the investment over the long term, which enables NIDEC's pension funds to meet future benefit payment requirements. NIDEC formulates a "basic" portfolio that best suits the above-mentioned policy. NIDEC evaluates its actual return and revises the "basic" portfolio, if necessary.

NIDEC's portfolio for plans consists of three major components: approximately 7% is invested in equity instruments, approximately 8% is invested in debt instruments, and approximately 85% is invested in other investment vehicles, primarily consisting of investments in pooled funds and life insurance companies' general accounts.

The equity instruments are selected from shares that are listed on the securities exchanges. The debt instruments are selected from Japanese and foreign government bonds, public debt instruments, and corporate bonds. Pooled funds included in other assets invest in equity and debt instruments selected from the same portfolios as the two instruments mentioned above. As for investments in life insurance companies' general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The weighted-average actuarial assumptions used to estimate the benefit obligations are set forth as follows:

	Japanese plan		Non-Japanese plan	
	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
Discount rate	0.6 %	1.2 %	2.5 %	4.6 %
Rate of increase in future compensation levels	2.6 %	0.0 %	2.0 %	2.3 %

When calculating the sensitivity of the defined benefit obligations to significant assumptions the same method has been applied as when calculating the retirement benefit liabilities recognized in the consolidated statements of financial position. It is all actuarial assumptions other than actuarial assumptions to be analyzed are constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous fiscal year.

The impacts on the defined benefit obligation as a result of change in major actuarial assumptions are summarized as follows: NIDEC does not expect any significant changes in the anticipated rate of increase in future compensation levels.

(Yen in millions)

	March 31, 2022	March 31, 2023
Discount rate		
0.5% increase	(3,764)	(3,232)
0.5% decrease	3,821	3,454

The weighted-average duration of the defined benefit obligation is as follows:

	March 31, 2022	March 31, 2023
Japanese plan	9.2 years	8.1 years
Non-Japanese plan	12.1 years	10.4 years

2) Defined contribution pension plan

Total amounts of cost recognized for the contribution to the plans were ¥5,028 million and ¥5,808 million for the years ended March 31, 2022 and 2023, respectively. NIDEC expects to contribute approximately ¥6,021 million for the year ending March 31, 2024.

24. Other components of equity and other comprehensive income

The changes in other components of equity (net of tax) are as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Fair value movements on FVTOCI debt financial assets		
Balance at beginning of year	5	7
Changes during year	2	(54)
Balance at end of year	7	(47)
Fair value movements on FVTOCI equity financial assets		
Balance at beginning of year	-	-
Changes during year	247	895
Transfer to retained earnings	(247)	(895)
Balance at end of year	-	-
Foreign currency translation adjustments		
Balance at beginning of year	(51,055)	103,244
Changes during year	154,299	101,894
Balance at end of year	103,244	205,138
Effective portion of net changes in fair value of cash flow hedges		
Balance at beginning of year	1,417	668
Changes during year	(749)	996
Balance at end of year	668	1,664
Remeasurement of defined benefit plans		
Balance at beginning of year	-	-
Changes during year	1,770	5,110
Transfer to retained earnings	(1,770)	(5,110)
Balance at end of year	-	-
Other components of equity		
Balance at beginning of year	(49,633)	103,919
Changes during year	155,568	108,842
Transfer to retained earnings	(2,016)	(6,005)
Balance at end of year	103,919	206,756

The amounts of other comprehensive income including non-controlling interests, reclassification adjustment and tax effect accounting are as follows:

(Yen in millions)

	For the years ended March 31,					
	2022			2023		
	Before tax effect	Tax effect accounting	After tax effect	Before tax effect	Tax effect accounting	After tax effect
Fair value movements on FVTOCI debt financial assets						
Amounts	2	(1)	1	(78)	23	(55)
Reclassification adjustment	1	(0)	1	1	0	1
Changes during year	3	(1)	2	(77)	23	(54)
Fair value movements on FVTOCI equity financial assets						
Amounts	253	(6)	247	1,270	(375)	895
Changes during year	253	(6)	247	1,270	(375)	895
Foreign currency translation adjustments						
Amounts	(444)	-	(444)	(1,014)	-	(1,014)
Reclassification adjustment	156,320	-	156,320	103,256	-	103,256
Changes during year	155,876	-	155,876	102,242	-	102,242
Effective portion of net changes in fair value of cash flow hedges						
Amounts	358	(66)	292	1,483	(363)	1,120
Reclassification adjustment	(1,384)	343	(1,041)	(166)	42	(124)
Changes during year	(1,026)	277	(749)	1,317	(321)	996
Remeasurement of defined benefit plans						
Amounts	2,335	(525)	1,810	6,415	(1,194)	5,221
Changes during year	2,335	(525)	1,810	6,415	(1,194)	5,221
Other comprehensive income	157,441	(255)	157,186	111,167	(1,867)	109,300

25. Income taxes

(1) Income tax expenses

The breakdown of income tax expenses recognized in profit or loss is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Current income taxes	(37,033)	(56,551)
Deferred income taxes		
Origination and reversal of temporary differences	2,957	(18,334)
Changes in tax rates	27	(4)
Total	2,984	(18,338)
Total income tax expenses	(34,049)	(74,889)

(2) Reconciliation of effective statutory tax rate and actual tax rate

NIDEC is subject to several taxes and an effective statutory income tax rate in Japan for the fiscal year ended March 31, 2023 was approximately 30.5%. Differences between the effective statutory income tax rate in Japan and effective tax rate in income tax expense on consolidated statements of income are as follows:

	For the years ended March 31,	
	2022	2023
Effective statutory income tax rate in Japan	30.5%	30.5%
Increase (decrease) in tax rate resulting from:		
Difference in tax rate applied to foreign subsidiaries	(6.8)%	(8.6)%
Tax effect on undistributed earnings	0.1%	12.4%
Assessment of the realizability of deferred tax assets	(0.6)%	19.1%
Tax credit for experimental research costs and other	(2.5)%	(2.4)%
Foreign tax credits	(0.9)%	(1.1)%
Permanent non-deductible items	0.8%	1.6%
Dividend withholding tax	0.0%	7.7%
Others	(0.6)%	2.9%
Effective tax rate in income tax expenses on the consolidated statements of income	20.0%	62.1%

(Change in presentation)

Dividend withholding tax which was included in Others in the previous fiscal year, is presented as a separate item from the current fiscal year due to its increased importance. Notes to consolidated financial statements for the previous fiscal year contained herein have been reclassified to reflect this change in presentation. As a result, (0.6)% presented in Others in the previous fiscal year has been reclassified as Dividend withholding tax of 0.0% and Others of (0.6)%.

(3) Components of and changes in deferred tax assets and liabilities

The main reasons and changes in deferred tax assets and liabilities are as follows:

For the year ended March 31, 2022

(Yen in millions)

	As of April 1, 2021	Recognized in net profit or loss	Recognized in other comprehensive income	Others	As of March 31, 2022
Deferred tax assets:					
Inventories	8,224	1,282	-	-	9,506
Property, plant and equipment	(3,006)	(3,103)	-	(2,590)	(8,699)
Provision for bonuses	2,672	(36)	-	-	2,636
Accrued enterprise tax	443	125	-	-	568
Retirement benefit liabilities	5,707	642	(525)	-	5,824
Tax loss carryforwards	4,777	5,130	-	-	9,907
Provision for paid leave	1,251	171	-	-	1,422
Accrued expense	4,674	(232)	-	-	4,442
Others	746	1,094	-	457	2,297
Total	25,488	5,073	(525)	(2,133)	27,903
Deferred tax liabilities:					
FVTOCI financial assets	(4,810)	(74)	(6)	(215)	(5,105)
Basis difference of acquired assets	(819)	(8)	-	-	(827)
Undistributed earnings	(10,376)	(641)	-	-	(11,017)
Intangible assets	(31,741)	(2,166)	-	-	(33,907)
Others	(10,934)	(2,816)	276	(247)	(13,721)
Total	(58,680)	(5,705)	270	(462)	(64,577)
Net	(33,192)	(632)	(255)	(2,595)	(36,674)

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations. Others mainly consist of business combinations.

For the year ended March 31, 2023

(Yen in millions)

	As of April 1, 2022	Recognized in net profit or loss	Recognized in other comprehensive income	Others	As of March 31, 2023
Deferred tax assets:					
Inventories	9,506	607	-	-	10,113
Property, plant and equipment	(8,699)	(5,419)	-	-	(14,118)
Provision for bonuses	2,636	273	-	-	2,909
Accrued enterprise tax	568	139	-	-	707
Retirement benefit liabilities	5,824	637	(1,194)	-	5,267
Tax loss carryforwards	9,907	(5,178)	-	-	4,729
Provision for paid leave	1,422	150	-	-	1,572
Accrued expense	4,442	1,861	-	-	6,303
Others	2,297	(2,299)	-	689	687
Total	27,903	(9,229)	(1,194)	689	18,169
Deferred tax liabilities:					
FVTOCI financial assets	(5,105)	134	(375)	-	(5,346)
Basis difference of acquired assets	(827)	(12)	-	-	(839)
Undistributed earnings	(11,017)	(12,717)	-	-	(23,734)
Intangible assets	(33,907)	(8,884)	-	-	(42,791)
Others	(13,721)	9,552	(298)	(111)	(4,578)
Total	(64,577)	(11,927)	(673)	(111)	(77,288)
Net	(36,674)	(21,156)	(1,867)	578	(59,119)

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations. Others mainly consist of business combinations.

In the recognition of a deferred tax asset, NIDEC considers the possibility that future deductible temporary differences and all or a part of tax loss carryforwards will be available against future taxable profit. In assessing the recoverability of deferred tax assets, the planned reversal of future deferred tax liabilities, foreseeable future taxable profit and tax planning will be considered.

Regarding the recognized deferred tax asset, NIDEC determines that it is more likely to realize tax benefit based on the forecast of future taxable profit in the period when the previous taxable standard and deferred tax assets are recognized. However, the amount of realizable deferred tax assets will decrease providing the expectation of generating future taxable profit in the deductible period decreases as well. In assessing the recoverability of deferred tax assets for the years ended March 31, 2022 and 2023 the deferred tax assets decreased by ¥42,953 million and ¥67,795 million, respectively.

(4) Deferred tax assets and liabilities on consolidated statements of financial position

Deferred tax assets and liabilities on the consolidated statements of financial position are as follow:

(Yen in millions)

	March 31, 2022	March 31, 2023
Deferred tax assets	21,545	12,091
Deferred tax liabilities	(58,219)	(71,210)
Net	(36,674)	(59,119)

(5) Future deductible temporary differences etc. for unrecognized deferred tax assets

Future deductible temporary differences and tax loss carryforwards for unrecognized deferred tax assets are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Future deductible temporary differences	85,366	117,357
Tax loss carryforwards	54,219	123,151
Total	139,585	240,508

NIDEC does not recognize the deferred tax assets for some of the tax loss carryforwards and future deductible temporary differences. They are related to tax loss carryforwards mainly arising in domestic subsidiaries. To assess the recoverability of these deferred tax assets, NIDEC analyses the applicable subsidiaries individually and decreases a portion that it is less likely to realize tax benefit. As it is less likely to realize future taxable profit, future deductible temporary differences and tax loss carryforwards for unrecognized deferred tax assets were ¥139,585 million and ¥240,508 million in the years ended March 31, 2022 and 2023, respectively. There is no expiration date for future deductible temporary differences under the current taxation system.

(6) The expiration date of tax loss carryforwards for unrecognized deferred tax assets

The expiration date of tax loss carryforwards for unrecognized deferred tax assets are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Year 1	1,140	1,465
Year 2	1,151	4,824
Year 3	1,198	7,215
Year 4	1,959	12,867
Year 5 or later	9,000	12,276
No expiration	39,771	84,504
Total	54,219	123,151

(7) Future taxable temporary differences for unrecognized deferred tax liabilities

At the March 31, 2022 and 2023, NIDEC did not recognize the deferred tax liabilities regarding future taxable temporary differences related to the investment in some subsidiaries, etc. NIDEC can control the timing of reversal of temporary differences and ensure that these differences are not reversed in foreseeable period. At the March 31, 2022 and 2023, future taxable temporary differences related to the investment in subsidiaries, etc. for unrecognized deferred tax liabilities were ¥881,951 million and ¥903,625 million, respectively.

26. Provisions

Changes in the balance and components of provisions are as follows:

(Yen in millions)

	Provision for product warranties	Others	Total
Balance at April 1, 2022	8,323	29,489	37,812
Increase during the year	13,619	51,284	64,903
Acquisitions through business combinations	0	35	35
Decrease due to intended use	(5,313)	(42,074)	(47,387)
Reversal during the year	(725)	(5,327)	(6,052)
Foreign currency translation and other	932	1,949	2,881
Balance at March 31, 2023	16,836	35,356	52,192

(Yen in millions)

	March 31, 2022	March 31, 2023
Current liabilities	36,691	50,815
Non-current liabilities	1,121	1,377
Total	37,812	52,191

Provision for product warranties

NIDEC provides warranties for specific products and services for a certain period. A provision for product warranties is calculated mainly based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

Provisions for others

Provisions for others consist of mainly provision for bonuses and provision for paid leave. The majority of these costs is estimated to be incurred in the subsequent year.

27. Share-Based Payment (Performance-Linked Share-Based Compensation Plan)

NIDEC has adopted a performance-linked share-based compensation plan from the fiscal year ended March 31, 2019, for the purpose of clarifying the link between the compensation of the group executives and the stock value of our company, in order to develop motivations for achieving performance targets in the mid-term strategic goal, and increasing long-term corporate value.

NIDEC has adopted the structure of the BIP Trust and the ESOP Trust as equity-settled share-based payments to the group executives. In addition, NIDEC has adopted the structure of providing in cash with the amount determined based on stock price of the company as cash-settled share-based payments to some group executives in overseas resident.

Continuous service during three consecutive fiscal years targeted by the Plan is the vesting conditions. The rights will be determined as of the end of each fiscal year based on the achievements of performance targets.

The expenses for the equity-settled share-based payment recognized for the years ended March 31, 2022 and 2023 were ¥404 million and ¥450 million, respectively.

The fair value at the grant date and the changes in the number of points are as follows. The share price on the grant date was used to calculate the fair value, and no adjustments of expected dividends or others have been made because the fair value of the grant date was determined to be close to the share price of our company stock on the grant date.

Points granted before the revision of the Plan (for the period from FY 2018 to FY 2020) are 2 shares per point, and points granted after the revision of the Plan (for the period from FY 2021 to FY 2023) are 1 share per point.

Before the revision of the Plan

	For the year ended March 31, 2022		For the year ended March 31, 2023	
	BIP Trust	ESOP Trust	BIP Trust	ESOP Trust
(Yen)				
Fair value of the grant date	8,473	8,521	8,473	8,521
(Number of points)				
Balance at beginning of year	9,663	4,232	11,290	1,792
Granted	9,107	4,725	-	-
Expired	(6,393)	(2,672)	(775)	(113)
Settled	(1,087)	(4,493)	(224)	(42)
Balance at end of year	11,290	1,792	10,291	1,637

(Note) The number of remaining contractual life of the points as of March 31, 2022 and 2023 are 0 year.

After the revision of the Plan

	For the year ended March 31, 2022		For the year ended March 31, 2023	
	BIP Trust	ESOP Trust	BIP Trust	ESOP Trust
(Yen)				
Fair value of the grant date	12,690	12,690	12,690	12,690
(Number of points)				
Balance at beginning of year	-	-	-	-
Granted	-	-	22,480	8,796
Expired	-	-	(5,156)	(884)
Settled	-	-	(307)	(732)
Balance at end of year	-	-	17,017	7,180

(Note) The number of remaining contractual life of the points as of March 31, 2023 is approximately 1.2 year.

The number of shares held as BIP Trust for the years ended March 31, 2022 and 2023, are 317,052 and 315,223, respectively. Also, the number of shares held as ESOP Trust for the years ended March 31, 2022 and 2023, are 158,476 and 156,746, respectively.

The expenses for the cash-settled share-based payment recognized for the years ended March 31, 2022 and 2023 were ¥34 million and ¥76 million, respectively. The related liabilities as of March 31, 2022 and 2023 were ¥34 million and ¥96 million, respectively.

28. Common stock, surplus and others

(1) Common stock

The number and changes of authorized shares and issued shares for the years ended March 31, 2022 and 2023, are as follows:

	For the years ended March 31,	
	2022	2023
	Number of shares	Number of shares
Total number of authorized shares:		
Ordinary shares (no-par value)	1,920,000,000	1,920,000,000
Total number of issued shares:		
Balance at beginning of year	596,284,468	596,284,468
Increase (decrease)	-	-
Balance at end of year	596,284,468	596,284,468

(Notes) The number of treasury stocks included in the total number of issued shares in the above table for the years ended March 31, 2022 and 2023, are 16,023,034 and 21,527,674, respectively.

(2) Additional paid-in capital and retained earnings

Additional paid-in capital mainly consists of capital reserve. The changes in additional paid-in capital for the years ended March 31, 2022 and 2023, are as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Balance at beginning of year	105,179	103,216
Increase (decrease)	(1,963)	(5,546)
Balance at end of year	103,216	97,670

Retained earnings consist of a legal reserve and other retained earnings.

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(3) Treasury stock

	Number of shares	Amount (Yen in millions)
Balance at March 31, 2021	10,552,192	63,869
Repurchase of treasury shares	5,479,800	57,471
Repurchase of odd-lot shares	2,002	25
Decrease due to settlement of the performance-linked remuneration	(10,960)	(93)
Balance at March 31, 2022	16,023,034	121,272
Repurchase of treasury shares	6,520,000	53,555
Repurchase of odd-lot shares	3,058	23
Decrease due to Stock exchange	(1,014,859)	(7,907)
Decrease due to settlement of the performance-linked remuneration	(3,559)	(26)
Balance at March 31, 2023	21,527,674	166,917

(Notes) It was confirmed that treasury stocks in the amount of ¥1,715 million repurchased in September 2022 based on the resolution of the Company's Board of Directors on 21 April 2022, and ¥6,883 million repurchased from 15 February 2023 to 20 March 2023 based on the resolution of the Company's Board of Directors on 24 January 2023, exceeded the distributable amount determined by the Companies Act of Japan and the Regulation on Corporate Accounting. Of these amounts, the treasury shares repurchased as at 31 March 2023, are included in "Purchase of treasury stock" and "Balance at 31 March 2023" in the consolidated statement of changes in equity.

29. Dividends

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

For the year ended March 31, 2022

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 27, 2021 Board of directors	Ordinary shares	17,577	30	March 31, 2021	June 1, 2021
October 26, 2021 Board of directors	Ordinary shares	17,574	30	September 30, 2021	December 1, 2021

(Notes) 1. Total dividends resolved at the board of directors on May 27, 2021 included dividends of ¥5 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

2. Total dividends resolved at the board of directors on October 26, 2021 included dividends of ¥14 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

For the year ended March 31, 2023

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 26, 2022 Board of directors	Ordinary shares	20,326	35	March 31, 2022	June 1, 2022
October 24, 2022 Board of directors	Ordinary shares	20,133	35	September 30, 2022	December 1, 2022

(Notes) 1. Total dividends resolved at the board of directors on May 26, 2022 included dividends of ¥16 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

2. Total dividends resolved at the board of directors on October 24, 2022 included dividends of ¥17 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

3. It was confirmed that the Dividend based on the resolution of the Company's Board of Directors on 24 October 2022 exceeded the distributable amount calculated in accordance with the Japanese Companies Act and the Regulation on Corporate Accounting.

Among the dividends whose record date falls in the year ended March 31, 2023, those whose effective date falls in the year ending March 31, 2024 are as follows:

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 26, 2023 Board of directors	Ordinary shares	20,133	35	March 31, 2023	June 1, 2023

(Note) Total dividends resolved at the board of directors on May 26, 2023 included dividends of ¥17 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

30. Revenue

(1) Disaggregation of revenue

For the year ended March 31, 2022

(Yen in millions)

		Type of product								Total
		Small precision motors			Automotive products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Other products	
		Hard disk drives spindle motors	Other small precision motors	Subtotal						
Segment	SPMS	98,783	239,701	338,484	-	2,556	9	-	-	341,049
	AMEC	-	-	-	226,019	-	-	-	-	226,019
	MOEN	-	-	-	-	316,374	-	-	-	316,374
	ACIM	-	-	-	-	385,810 (47,663)	-	-	-	385,810 (47,663)
	Nidec Sankyo	-	58,835	58,835	12,765	-	50,959	22,154	745	145,458
	Nidec Techno Motor	-	-	-	-	81,848	-	-	-	81,848
	Nidec Mobility	-	-	-	97,411	-	-	-	-	97,411
	Nidec Shimpo	-	-	-	-	-	105,357 (24,444)	-	-	105,357 (24,444)
	Nidec Read	-	-	-	-	-	51,893	-	-	51,893
	Others	-	27,588	27,588	81,448	-	7,370	47,545	3,004	166,955
Consolidated net sales	98,783	326,124	424,907	417,643	786,588 (47,663)	215,588 (24,444)	69,699	3,749	1,918,174 (72,107)	

(Notes) 1. Figures show sales for external customers.

2. Figures in the round brackets in the "Type of product" column show revenue from construction contracts satisfied performance obligations over time, which is a part of the sales for external customers.

		Type of product								
		Small precision motors			Automotive products	Appliance, commercial and industrial products	Machinery	Electronic and optical components	Other products	Total
		Hard disk drives spindle motors	Other small precision motors	Subtotal						
Segment	SPMS	78,462	257,057	335,519	-	3,799	61	-	-	339,379
	AMEC	-	-	-	304,733	-	-	-	-	304,733
	MOEN	-	-	-	-	392,807	-	-	-	392,807
	ACIM	-	-	-	-	428,193 (45,570)	-	-	-	428,193 (45,570)
	Nidec Sankyo	-	60,709	60,709	12,648	-	56,137	27,989	1,192	158,675
	Nidec Techno Motor	-	-	-	-	89,187	-	-	-	89,187
	Nidec Mobility	-	-	-	118,361	-	-	-	-	118,361
	Nidec Shimpo	-	-	-	-	-	173,947 (30,573)	-	-	173,947 (30,573)
	Nidec Read	-	-	-	-	-	60,321	-	-	60,321
	Others	-	29,105	29,105	83,912	-	6,016	55,022	3,166	177,221
Consolidated net sales	78,462	346,871	425,333	519,654	913,986 (45,570)	296,482 (30,573)	83,011	4,358	2,242,824 (76,143)	

(Notes) 1. Figures show sales for external customers.

2. Figures in the round brackets in the "Type of product" column show revenue from construction contracts satisfied performance obligations over time, which is a part of the sales for external customers.
3. Nidec changed its company name of "Nidec Sankyo Corporation" which core of the Nidec Sankyo Group to "Nidec Instruments Corporation" on April 1, 2023.
4. Nidec changed its company name of "Nidec-Shimpo Corporation" which core of the Nidec Shimpo Group to "Nidec Drive Technology Corporation" on April 1, 2023.
5. Nidec changed its company name of "Nidec-Read Corporation" which core of the Nidec Read Group to "Nidec Advance Technology Corporation" on April 1, 2023.

NIDEC mainly manufactures and sells small precision motors, automotive products, appliances, commercial and industrial products, machinery, electronic and optical components and other products. Business revenue resulting from such business is accounted for under contracts with customers. The amount of revenue which mainly includes its variable considerations is immaterial and does not include significant financing component.

(i) Small precision motors

Small precision motors product group manufactures and sells hard disk drives spindle motors and other small precision motors. Other small precision motors consist of brushless motors, fan motors, vibration motors, brush motors, motor applications and so on. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery.

(ii) Automotive products

Automotive product group manufactures and sells automotive motors and components. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery.

(iii) Appliance, commercial and industrial products

Appliance, commercial and industrial product group manufactures and sells home appliance, commercial and industrial motors and related products. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery. A construction contract is included in customer contracts, NIDEC transfers control of a good or service over time, and therefore, satisfies a performance obligation and recognizes revenue over time. NIDEC is able to reasonably measure progress toward complete satisfaction of its performance obligations. Accordingly, NIDEC recognizes revenue from sales based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period. NIDEC uses the input method to measure the extent of progress towards completion based on the costs incurred relative to the total expected costs by contract.

(iv) Machinery

Machinery product group manufactures and sells product of industrial robots, card readers, test systems, press machines, power transmission drives and so forth. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery. A construction contract is included in customer contracts, NIDEC transfers control of a good or service over time, and therefore, satisfies a performance obligation and recognizes revenue over time. NIDEC is able to reasonably measure progress toward complete satisfaction of its performance obligations. Accordingly, NIDEC recognizes revenue from sales based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period. NIDEC uses the input method to measure the extent of progress towards completion based on the costs incurred relative to the total expected costs by contract.

(v) Electronic and optical components

Electronic and optical components product group manufactures and sells product of switches, trimmer potentiometers, lens units, camera shutters and so on. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery.

(vi) Other products

Other product group provides services and so on. In selling such services, NIDEC deems its performance obligations to be satisfied upon completion of service provision. Accordingly, NIDEC recognizes revenue from sales at the time of service provision.

(2) Contract balances

The contract assets and contract liabilities for the year ended March 31, 2022 and 2023 are as follows:

(Yen in millions)

	As of March 31, 2022	As of March 31, 2023
Contract assets		
Other current assets	21,995	35,087
Other noncurrent assets	576	583
Contract liabilities		
Other current liabilities	29,032	34,931
Other noncurrent liabilities	46	43

Contract assets are the Company's rights to consideration, excluding any amounts presented as a receivable, in exchange for services rendered under the construction contracts in which revenue from construction contracts satisfied performance obligations over time, which is a part of the sales for external customers. Contract assets are recorded by transferring goods or services to a customer before the customer pays consideration or before payment is due and are reclassified into receivables at the time when invoice to the customer because of the Company's right to consideration becomes to unconditional status required only the passage of time.

Contract liabilities are advances from customers. Contract liabilities are recorded when Nidec has received consideration from the customer before transferring goods or services to a customer and are reclassified into revenue when transferring goods or services to a customer that has satisfied performance obligations.

The balances of contract liabilities as of April 1, 2021 and 2022 were recognized as revenue during the fiscal years ended March 31, 2022 and 2023, respectively.

The amount of revenue recognized during the fiscal years ended March 31, 2023 from performance obligations satisfied in previous period was not material.

(3) Assets recognized from the costs to obtain or fulfill contracts with a customer

The incremental costs of obtaining a contract with a customer and the costs incurred in fulfilling a contract with a customer are as described below. The amortization of these assets is ¥500 million and impairment loss is ¥1,522 million for the year ended March 31, 2023.

(Yen in millions)

	As of March 31, 2022	As of March 31, 2023
Incremental costs of obtaining a contract with a customer		
Other current assets	22	-
Other noncurrent assets	4,653	3,565
Assets recognized from the costs to fulfill contracts		
Other noncurrent assets	160	122

(4) Transaction price allocated to the remaining performance obligations

Transaction price and period for satisfaction allocated to the remaining performance obligations related to construction contracts are as described below. The transactions for which individual estimated contract terms are within one year are excluded.

(Yen in millions)

Period	As of March 31, 2022	As of March 31, 2023
Within one year	44,836	69,253
Over one year	35,519	18,902
Total	80,355	88,155

31. Operating expenses

Operating expenses for the year ended March 31, 2023 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥99,768 million of depreciation, ¥19,701 million of amortization and ¥379,974 million of employee benefit expenses. Operating expenses for the year ended March 31, 2022 (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥87,287 million of depreciation, ¥17,645 million of amortization and ¥320,983 million of employee benefit expenses.

32. Financial income and expenses

(1) Financial income

The breakdown of financial income is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Interest income		
Financial assets measured at amortized cost	3,435	15,946
Dividend income		
FVTOCI equity financial assets	494	752
Others	358	1,011
Total	4,287	17,709

(2) Financial expenses

The breakdown of financial expenses is as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Interest expenses		
Financial liabilities measured at amortized cost	(5,228)	(12,521)
Others	(425)	(625)
Total	(5,653)	(13,146)

33. Earnings per share

The basis for calculating earnings (loss) 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 years ended March 31,	
	2022	2023
Profit attributable to owners of the parent (Yen in millions)	135,759	45,003
Profit from continuing operations attributable to owners of the parent (Yen in millions)	136,086	46,986
Loss from discontinued operations attributable to owners of the parent (Yen in millions)	(327)	(1,983)
Weighted average shares (Shares)	584,157,081	575,552,146
Earnings (loss) per share attributable to owners of the parent-basic (Yen)	232.40	78.19
Continuing operations (Yen)	232.96	81.64
Discontinued operations (Yen)	(0.56)	(3.45)

(Note) In the calculation of "Earnings (loss) 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".

34. Derivatives

NIDEC manages the exposure of the fluctuations in currency, interest rate and commodity prices through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate swap agreements, currency swap agreements and commodity futures contracts. NIDEC does not hold derivative financial instruments for trading purpose. NIDEC is exposed to credit risk in the event of non-performance by counterparties to the derivative contracts, but such risk is considered to be minimal due to high credit rating of the counterparties.

(1) Cash flow hedges

NIDEC uses foreign exchange forward contracts and commodity futures contracts designated as cash flow hedges to protect against currency risks and commodity price risks inherent in a portion of its forecasted transactions related to purchase commitments.

(2) Derivatives not designated as hedges

NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives from time to time. The changes in the fair value of these contracts are included in "Derivative gain (loss)".

Derivatives designated as cash flow hedges are as follows:

As of March 31, 2022

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Currency risk				
Foreign exchange forward contracts	15,737	813	91	Other financial assets Other financial liabilities
Currency swap agreements	48	8	-	Other financial assets
Commodity price risk				
Commodity futures contracts	87	549	0	Other financial assets Other financial liabilities

As of March 31, 2023

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Currency risk				
Foreign exchange forward contracts	23,216	2,745	61	Other financial assets Other financial liabilities
Commodity price risk				
Commodity futures contracts	669	111	6	Other financial assets Other financial liabilities

Derivatives not designated as hedges are as follows:

As of March 31, 2022

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	70,358	337	60	Other financial assets Other financial liabilities

As of March 31, 2023

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	40,599	933	-	Other financial assets
Interest rate swap agreements	20,000	-	187	Other financial liabilities

Carrying amounts of cash flow hedge reserve are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Currency risk		
Foreign exchange forward contracts	135	1,533
Commodity price risk		
Commodity futures contracts	534	132

The effects of derivatives designated as cash flow hedges on profit or loss are as follows:

For the year ended March 31, 2022

(Yen in millions)

	Hedging gain or loss recognized in OCI	Amount reclassified from cash flow hedge reserve to profit or loss	Line item in the consolidated statements of income that includes the reclassification adjustment
Currency risk			
Foreign exchange forward contracts	537	(388)	Cost of sales
Commodity price risk			
Commodity futures contracts	(245)	(653)	Cost of sales

For the year ended March 31, 2023

(Yen in millions)

	Hedging gain or loss recognized in OCI	Amount reclassified from cash flow hedge reserve to profit or loss	Line item in the consolidated statements of income that includes the reclassification adjustment
Currency risk			
Foreign exchange forward contracts	2,083	(684)	Cost of sales
Commodity price risk			
Commodity futures contracts	(962)	560	Cost of sales

The amount of hedge ineffectiveness or exclusion from the assessment of hedge effectiveness recognized in profit or loss was not material for the years ended March 31, 2022 and 2023.

As of March 31, 2023, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for forecast transactions was approximately 23 months.

The effects of derivatives not designated as hedges on profit or loss are as follows:

(Yen in millions)

	Line item in the consolidated financial statements	For the years ended March 31,	
		2022	2023
Foreign exchange forward contracts	Foreign exchange differences	330	933
Interest rate swap agreements	Derivative gain (loss)	213	(177)
	Financial income and expenses	(219)	-

35. 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)

	March 31, 2022		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	260	260	26	26
Long term investments	23	25	5,043	5,195
Short term loans receivable	14	14	14	14
Long term loans receivable	158	152	161	148
Short term borrowings	(130,635)	(130,635)	(159,279)	(159,279)
Long term debt (including long term debt due within one year and excluding the lease liabilities and corporate bonds)	(20,960)	(20,755)	(102,587)	(101,483)
Corporate bonds (including corporate bonds due within one year)	(402,962)	(399,277)	(392,413)	(383,129)

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

The fair value of Long term investments is mainly held to maturity bonds. It is estimated by discounting expected future cash flows to their present values and classified as Level 2.

(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, 2022

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTPL equity financial assets	1,940	-	-	1,940
FVTOCI equity financial assets	18,611	-	2,154	20,765
FVTOCI debt financial assets	-	73	-	73
Derivatives	549	1,158	-	1,707
Total financial assets	21,100	1,231	2,154	24,485
Liabilities:				
Derivatives	-	151	-	151
Total financial liabilities	-	151	-	151

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2022.

As of March 31, 2023

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTOCI equity financial assets	18,608	-	2,258	20,866
FVTOCI debt financial assets	-	77	-	77
Derivatives	111	3,678	-	3,789
Total financial assets	18,719	3,755	2,258	24,732
Liabilities:				
Derivatives	6	248	-	254
Total financial liabilities	6	248	-	254

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2023.

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 years ended March 31,	
	2022	2023
Balance at beginning of year	1,445	2,154
Gains or losses:		
Recognized in other comprehensive income (Note)	367	141
Purchases	58	-
Sales	(28)	(37)
Acquisition by business combination	312	-
Balance at end of year	2,154	2,258

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

36. Related party transactions

(1) Transactions with related parties for the years ended March 31, 2022 and 2023 are as follows:

Sales of goods and services

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Related parties		
Nagamori Foundation*1	12	13
Nagamori Gakuen Educational Foundation*2	1	31
Nagamori Culture Foundation*3	27	65

(Notes) *1. A director of NIDEC concurrently serves as president of Nagamori Foundation.

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

*3. A director of NIDEC concurrently serves as representative director of Nagamori Culture Foundation.

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 years ended March 31,	
	2022	2023
Related parties		
Nagamori Gakuen Educational Foundation	47	85
S.N. Kosan, LTD.*4	-	13

(Notes) *4. A director of NIDEC owns a majority of voting rights of S.N. Kosan, LTD.

Purchase of goods and services from related parties are entered into on terms consistent with third-party transactions and considering market prices. The payment of joint research costs to Nagamori Gakuen Educational Foundation is determined based on the joint research agreement concluded upon mutual consultation.

Outstanding balances arising from sales and purchases of goods and services*(Yen in millions)*

	March 31, 2022	March 31, 2023
Receivables from related parties		
Nagamori Foundation	0	0
Nagamori Gakuen Educational Foundation	3	2
Nagamori Culture Foundation	0	1
Payables to related parties		
Nagamori Gakuen Educational Foundation	19	-
S.N. Kosan, LTD.	-	0

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2022 and 2023. In addition, there were no expenses recognized during the years ended March 31, 2022 and 2023 in respect of receivables from related parties.

(2) NIDEC's key management personnel compensation for the years ended March 31, 2022 and 2023 are as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Fixed compensation	198	232
Variable compensation	59	6
Performance-linked share-based compensation	27	15
Total	284	253

37. Subsidiaries and associates

(1) Composition of the group

The composition of the NIDEC group is presented in "I. Overview of the Company, 4. Information on Affiliates".

(2) Subsidiaries that have non-controlling interests that are material

There is no subsidiary that has non-controlling interests that are material.

(3) Aggregate financial information about investments in associates that are not individually material

(Yen in millions)

	As of March 31, 2022	As of March 31, 2023
Carrying amount of interest in associates	1,241	3,097

(Yen in millions)

	For the years ended March 31,	
	2022	2023
Comprehensive income for the year		
Loss for the year	(1,461)	(3,905)
Total	(1,461)	(3,905)

38. Leases

1. Lessee

NIDEC leases certain assets under lease arrangements. The summary of leases is as follows:

(1) Carrying amounts of right-of-use assets

(Yen in millions)

Right-of-use assets	Land	Buildings	Machinery and equipment	Vehicles	Software
Balance at April 1, 2021	6,649	24,933	2,085	1,040	490
Depreciation	(762)	(5,276)	(595)	(225)	(183)
Acquisitions through business combinations	-	383	181	60	5
New contract	125	8,589	154	389	-
Foreign currency translation adjustments	763	4,111	385	52	-
Others *3	-	-	-	-	(0)
Balance at March 31, 2022	6,775	32,740	2,210	1,316	312
Depreciation	(503)	(7,227)	(769)	(543)	(174)
Acquisitions through business combinations	-	-	22	32	-
New contract	7	12,437	509	1,136	-
Foreign currency translation adjustments	385	2,815	460	170	-
Others *3	-	-	-	-	-
Balance at March 31, 2023	6,664	40,765	2,432	2,111	138

(Notes)*1. Land, buildings, machinery and equipment, vehicles are included in "Property, plant and equipment" in the consolidated statement of financial position.

*2. Software is included in "Intangible asset" on the Consolidated Statement of Financial Position.

*3. Others include cancellations of lease contract and so forth.

(2) Lease liabilities

(Yen in millions)

Term	March 31, 2022	March 31, 2023
Within one year	9,252	11,305
Over one year within five years	23,813	27,001
Over five years	15,174	22,816
Total undiscounted lease liabilities at March 31	48,239	61,122
Lease liabilities included in consolidated statements of financial position at March 31	41,155	51,069
Current	8,029	9,698
Non-current	33,126	41,371
Total	41,155	51,069

(Note) Lease liabilities are split between long term debt due within one year and long term debt in the consolidated statements of financial position.

(3) The amount recognized in profit or loss

(Yen in millions)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Depreciation of right-of-use assets		
Land	762	503
Buildings	5,276	7,227
Machinery and equipment	595	769
Vehicles	225	543
Software	183	174
Subtotal	7,041	9,216
Interest expense	1,296	1,635
Expenses relating to short-term leases	2,457	4,595
Expenses relating to Low-value asset leases	1,303	1,735
Subtotal	5,056	7,965
Total	12,097	17,181

(4) The amount recognized in statements of cash flows

At March 31, 2023 and 2022, the total cash outflow for leases is ¥8,980 million and ¥7,992 million.

2. Lessor

(1) Operating lease

NIDEC is a lessor of a portion of the buildings and equipment in operating leases.

Rental income under operating leases for the year ended March 31, 2023 and 2022 were ¥35 million and ¥22 million.

The future minimum rental income under operating leases with remaining non-cancellable terms are as follows:

(Yen in millions)

Term	March 31, 2022	March 31, 2023
Within one year	18	12
Over one year within five years	3	2
Over five years	-	-
Total future minimum rental income	21	14

(2) Finance lease

NIDEC is a lessor of a portion of the equipment in finance leases.

The gross investment in the lease and the net investment in the lease for finance lease contracts and the reconciliation of these items as of March 31, 2022 and 2023, are as follows:

(Yen in millions)

Term	March 31, 2022	March 31, 2023
Within one year	-	167
Over one year within five years	-	586
Over five years	-	514
Total gross investment in the lease	-	1,267
Less: Unearned finance income	-	129
Net investment in the lease	-	1,138

The breakdown of the revenue from finance leases is as follows:

(Yen in millions)

Term	March 31, 2022	March 31, 2023
Selling profit or loss	-	31
Interest income	-	8

39. Financial instruments

(1) Capital management

NIDEC's capital management principle is to optimize capital structure by achieving a balance between capital efficiency and financial strength, while sustainably increasing corporate value and aiming at 30% dividend payout ratio.

NIDEC's ratio of equity attributable to owners of the parent to total assets and profit ratio of equity attributable to owners of the parent are as follows:

	March 31, 2022	March 31, 2023
Ratio of equity attributable to owners of the parent to total assets	48.2 %	47.2 %

	For the years ended March 31,	
	2022	2023
Profit ratio of equity attributable to owners of the parent	11.4 %	3.4 %

There are no material capital regulations applicable to NIDEC.

(2) Credit risk management

NIDEC defines default on trade receivables as "claims becoming unrecoverable due to customer's failure to fulfill its obligation". Therefore, regarding trade receivables, Nidec is regularly monitoring the financial position of main clients by checking payment terms and credit balance for each client according to the credits management policies to ensure early identification and mitigation of the potential credit loss associated with deterioration of their financial position.

No significant concentration of credit risk is present in a particular customer.

NIDEC's maximum exposure to credit risks is the carrying amount of financial assets less impairment losses in the consolidated financial statements.

The analysis of aging of receivables that are past due and expected credit loss of those financial assets are as follows:

As of March 31, 2022

(Yen in millions)

	Past due			
	Total	Within six months	Over six months within one year	Over one year
Trade and other receivables:				
Gross amount	73,739	67,676	2,228	3,835
Expected credit loss allowance	(3,071)	(286)	(71)	(2,714)
Net amount	70,668	67,390	2,157	1,121
Rate of expected credit loss	4.2%	0.4%	3.2%	70.8%
Other financial assets:				
Gross amount	624	-	-	624
Expected credit loss allowance	(442)	-	-	(442)
Net amount	182	-	-	182
Rate of expected credit loss	70.9%	-	-	70.9%

As of March 31, 2023

(Yen in millions)

	Past due			
	Total	Within six months	Over six months within one year	Over one year
Trade and other receivables:				
Gross amount	64,940	54,605	2,602	7,733
Expected credit loss allowance	(3,860)	(160)	(624)	(3,076)
Net amount	61,080	54,445	1,978	4,657
Rate of expected credit loss	5.9%	0.3%	24.0%	39.8%
Other financial assets:				
Gross amount	1,273	-	-	1,273
Expected credit loss allowance	(442)	-	-	(442)
Net amount	831	-	-	831
Rate of expected credit loss	34.7%	-	-	34.7%

The changes in the balance of expected credit loss allowance are as follows:

(Yen in millions)

	For the year ended March 31,			
	2022		2023	
	Trade and other receivables	Other financial assets	Trade and other receivables	Other financial assets
Expected credit loss allowances at beginning of the year	4,531	448	3,970	449
Expected credit loss allowance, net of reversal	(728)	0	1,959	(2)
Usage as intended	(341)	-	(830)	-
Foreign currency translation and other	508	1	284	0
Expected credit loss allowances at the end of the year	3,970	449	5,383	447

(3) Liquidity risk management

NIDEC relies on borrowings from financial institutions and capital raising from direct financing markets to finance its operations and capital expenditures. If, due to changes in financial market conditions or other factors, financial institutions reduce, terminate or otherwise modify the amounts or terms of their lending or credit lines to NIDEC, if there is a significant downgrade of its credit ratings by one or more credit rating agencies as a result of any deterioration of its financial condition or if investor demand significantly decreases due to economic downturns or otherwise, NIDEC may not be able to access funds when NIDEC needs them on acceptable terms.

NIDEC regularly checks the status of liquidity on hand and interest-bearing liabilities, and develops a financing plan against the liquidity risk. Furthermore, the board of directors approves the establishment of credit line for flexible financing in accordance with the plan.

See "21. Short term borrowings and long term debt" for the aggregate amounts of annual maturity of long term debts.

(4) Market risk management

1) Currency risk management

A significant portion of NIDEC overseas sales is denominated in currencies other than Japanese yen, primarily the U.S. dollar, Euro, Chinese yuan and Thai baht. NIDEC is exposed to currency risks arising from the appreciation of the Japanese yen against each currency. The appreciation of the Japanese yen against each currency would have negative effects on NIDEC's sales, operating profit and profit for the year, etc. Furthermore, foreign exchange fluctuation affects the consolidation of financial statements of foreign subsidiaries.

To mitigate the currency risks, NIDEC, in principle, controls the balance of monetary assets and liabilities of each currency and uses a natural hedge such as selling and purchasing in a same currency. For some cases, NIDEC uses foreign exchange forward contracts and other contracts to reduce the impact of foreign exchange fluctuations.

The financial impacts on profit before income taxes in the case of appreciation of Japanese yen against the U.S. dollar and Euro by 1% on the foreign currency denominated financial instruments held by NIDEC while all other variables are held constant as of March 31, 2022 and 2023 are as follows:

(Yen in millions)

	For the years ended March 31,	
	2022	2023
U.S. dollar (appreciation of Japanese yen by 1%)	(1,116)	(1,269)
Euro (appreciation of Japanese yen by 1%)	(473)	(1,314)

2) Interest rate risk management

As NIDEC has no significant interest-bearing assets, NIDEC's profit or loss and cash flows are substantially independent of changes in market interest rates.

NIDEC has interest-bearing liabilities and enters into interest rate swaps and other contracts in order to manage the risks of the interest rate fluctuation and changes in cash flows of those liabilities. In addition, we monitor the interest rate fluctuation regularly. As a result, interest rate sensitivity analysis is omitted because payment of interest does not have material impacts on NIDEC.

3) Share price fluctuation risk management

For shares that NIDEC holds, we regularly check their market share price and financial condition of the issuers and monitor unrealized profits or losses. In addition, we review the shareholding on a continuous and as needed basis, taking into consideration the relationship with the issuers.

40. Contingent liabilities

At March 31, 2023, NIDEC has guaranteed ¥13,523 million for bank borrowing by equity method affiliates. No material claims have been made against guarantees and NIDEC does not anticipate any material claims.

At March 31, 2023, NIDEC was aware of total contingent liabilities of ¥18,000 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds. Such contingencies relate to the performance of the undergoing projects or projects in its warranty periods. No material claims have been made against the guarantees and NIDEC has not found any event that may result in material claims.

NIDEC held discussions with a certain automobile manufacturer regarding product warranties in the automotive business, and discussed the necessity of bearing costs at March 31, 2023. As there is a possibility that NIDEC's position may be significantly unfavorable, detailed disclosure is not made in accordance with Article 92 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."

41. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

	March 31, 2022	March 31, 2023
Property, plant and equipment and other assets	33,764	18,521

42. Events after the reporting period

(1) Loan to Nidec PSA Emotors

NIDEC made a loan to Nidec PSA Emotors, an equity method affiliate, based on a resolution passed by the Board of Directors on April 24, 2023.

1. Borrowers	Nidec PSA Emotors
2. Loan limit	20 million euros
3. Term	From April 2023 to June 2023
4. Purpose	Bridge loan

(2) A joint venture agreement with Embraer S.A.

NIDEC has entered into a JV agreement to establish a joint venture to supply Electric Propulsion System for Electric Vertical Take-Off and Landing aircraft (“eVTOL”) with Embraer S.A. in Brazil on June 17, 2023 (Local time).

1. Purpose of the Transaction	Both companies have realized the strategic importance of eVTOL in the Urban Air Mobility market in the future, and agreed to collaborate on Electric Propulsion System for eVTOL. The joint venture plans to develop, manufacture, and sale electric propulsion systems for eVTOL by combining Embraer S.A.'s control technology, which has extensive knowledge in the aircraft industry, and NIDEC own motor technology.
2. Company name	Nidec Aerospace LLC
3. Headquarters	St. Louis, Missouri, U.S.A.
4. Establishment date	June, 2023 (plan)
5. Main business	Development, production and sale of electric propulsion system for eVTOL
6. Capital	To be determined
7. Ownership	Nidec motor corporation 51% Embraer S.A. 49%
8. Representative(CEO)	To be determined

43. Authorization of consolidated financial statements

NIDEC’s consolidated financial statements were authorized for issue on June 21, 2023 by Hiroshi Kobe, Representative Director and President and Akinobu Samura, Senior Vice President and Chief Financial Officer.

2. Others

Quarterly information, etc. from April 1, 2022 to March 31, 2023

(Yen in millions, unless otherwise indicated)

(Accumulated period)	For the three months ended June 30, 2022	For the six months ended September 30, 2022	For the nine months ended December 31, 2022	For the year ended March 31, 2023
Net sales	540,369	1,130,767	1,699,747	2,242,824
Profit before income taxes	56,989	118,375	141,944	120,593
Profit attributable to owners of the parent	41,321	86,649	104,077	45,003
Earnings per share attributable to owners of the parent-basic (yen)	71.50	150.31	180.72	78.19

(Fiscal period)	For the three months ended June 30, 2022	For the three months ended September 30, 2022	For the three months ended December 31, 2022	For the three months ended March 31, 2023
Earnings (loss) per share attributable to owners of the parent-basic (yen)	71.50	78.83	30.32	(102.82)

- (Notes) 1. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2023. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2022 reflect the revision of the initially allocated amounts of acquisition cost as NIDEC finalized the provisional accounting treatment for the business combination.
2. "Earnings (loss) per share attributable to owners of the parent - basic" has been calculated based on figures of "Profit attributable to owners of the parent".

VI. Share-related Administration of the Company

Fiscal year	April 1 - March 31
Annual General Meeting of Shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback in holdings of shares less than one unit	
Place of handling	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 5-33, Kitahama 4-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-
Fees for buyback in holdings	Amount separately specified as an amount equivalent to fees for entrusting sale or purchase of shares
Method of giving public notice	Nidec carries out its public notifications by means of electronic public notice https://www.nidec.com/en/ However, in the event of an accident which makes electronic notice impossible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholders privileges	Shareholder Benefit Program 1. Music box 1) Eligible shareholders The program will apply to shareholders recorded in shareholders' register as of March 31 every year. 2) Type of benefits <Target: Shareholders with a shareholding period of 10 years or longer* and a share unit (100 shares) or more> - Contents : Music box (by application or lot) - Benefit : A) An Orpheus music box (worth from 75,000 yen to 90,000yen) - Shareholders : 10 by lot <Target: Shareholders with a shareholding period of 3 years or longer and a share unit (100 shares) or more> - Contents : Music box (by application or lot) - Benefit : B) A music box (worth 5,000 yen) (Possible to choose Nidec special model or one from other multiple models every year) - Shareholders : 100 by lot *Those who own the Company's shares for 10 years or longer may choose either A) or B) above when applying.

Shareholders privileges	<p>2. A leaflet which serves as an admission ticket to Suwanone Museum of where Nidec Instruments Corporation showcases their music box products.</p> <p>1) Eligible shareholders The program will apply to shareholders recorded in shareholders' register as of March 31 every year.</p> <p>2) Type of benefits NIDEC offers a leaflet which serves as an admission ticket to Suwanone Museum where Nidec Instruments Corporation showcases their music box products.</p> <ul style="list-style-type: none"> • NIDEC will also offer a 10% discount ticket that can be used for a purchase of merchandise over ¥5,000. • A 10% discount coupon that can be used for purchases of 5,000 yen or more at the museum's online shop. • A 10% discount coupon for the Green Sun Hotel, located near the museum, and operated by a Nidec group company. When booking this hotel online, please select on-site cash payment, so we will offer the discounted rate. <p>(Please have your leaflet with you when visiting Suwanone Museum.)</p>
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- (Notes) 1. The Articles of Incorporation provide that a holder of shares less than one unit does not have any rights other than rights under each item of Article 189, Paragraph 2 of the Companies Act or rights to be allotted rights to subscribe for free for new shares and share acquisition rights in proportion to the number of shares held by the shareholder.
2. We assume that a buyback of shares less than one unit is charged through an account administration authority, such as a brokerage firm and so on (in case of the special account, the above Sumitomo Mitsui Trust Bank, Limited).

VII. Reference Information on the Company

1. Information on Parent Company, etc. of the Company

The Company has no parent company pursuant to Article 24-7, Paragraph 1 of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2023 to the filing date of the Annual Securities Report.

1. Annual Securities Report and the attachments thereto, and Confirmation Letter

(The 49th business term) (From April 1, 2021 to March 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on June 20, 2022
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2. Internal Control Report and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on June 20, 2022

3. Quarterly Report and Confirmation Letter

(First Quarter of the 50th business term) (From April 1, 2022 to June 30, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on August 9, 2022
(Second Quarter of the 50th business term) (From July 1, 2022 to September 30, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on November 11, 2022
(Third Quarter of the 50th business term) (From October 1, 2022 to December 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on February 13, 2023

4. Shelf Registration Statements (Straight bond) and the attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on April 1, 2022

5. Extraordinary Report

Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2022
Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2022
Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 6-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director-General of the Kanto Local Finance Bureau on December 13, 2022

6. Amend shelf registration statement

Filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2022

Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2022

Filed with the Director-General of the Kanto Local Finance Bureau on December 13, 2022

7. Shelf registration supplements

Filed with the Director-General of the Kinki Local Finance Bureau on July 6, 2022

Filed with the Director-General of the Kinki Local Finance Bureau on November 17, 2022

8. Status Report of Acquisition of Treasury Shares

(From June 1, 2022 to June 30, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on July 6, 2022
(From July 1, 2022 to July 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on August 4, 2022
(From August 1, 2022 to August 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2022
(From September 1, 2022 to September 30, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on October 6, 2022
(From October 1, 2022 to October 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on November 7, 2022
(From November 1, 2022 to November 30, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on December 6, 2022
(From December 1, 2022 to December 31, 2022)	Filed with the Director-General of the Kanto Local Finance Bureau on January 10, 2023

(From January 1, 2023 to January 31, 2023)	Filed with the Director-General of the Kanto Local Finance Bureau on February 6, 2023
(From February 1, 2023 to February 28, 2023)	Filed with the Director-General of the Kanto Local Finance Bureau on March 6, 2023
(From March 1, 2023 to March 31, 2023)	Filed with the Director-General of the Kanto Local Finance Bureau on April 6, 2023
(From April 1, 2023 to April 30, 2023)	Filed with the Director-General of the Kanto Local Finance Bureau on May 11, 2023
(From May 1, 2023 to May 31, 2023)	Filed with the Director-General of the Kanto Local Finance Bureau on June 6, 2023

Part II Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 21, 2023

To the Board of Directors of
NIDEC CORPORATION:

PricewaterhouseCoopers Kyoto

Designated and Engagement Partner,
Certified Public Accountant: Minamoto Nakamura

Designated and Engagement Partner,
Certified Public Accountant: Keiichiro Kagi

Designated and Engagement Partner,
Certified Public Accountant: Tatsuro Iwai

Audit of Financial Statements

Audit Opinion

Pursuant to the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Consolidated Financial Statements and Other Information", namely, the consolidated statements of financial position as of March 31, 2023 of Nidec Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, including notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 93 of the *Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements*.

Basis for opinion

We conducted our audit in accordance with generally considered acceptable in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill attributable to the AMEC segment (Note 3 of the consolidated financial statements, “Material accounting policy ((10) Impairment of non-financial assets),” and Note 5 Segment Information and Note 15 of the statements, “Goodwill and intangible assets”)

Key audit matter description	How our audit addressed the key audit matter
<p>In its consolidated financial statements as of March 31, 2023, Nidec Corporation (the “Company”) recorded a goodwill of ¥363,480 million, which accounted for 12.7% of total assets. Of this, goodwill attributable to the AMEC segment was ¥20,075 million.</p> <p>Regardless of any indicators of impairment, The Company performs its annual impairment test on January 1 or whenever there is an indication of impairment. An impairment loss is recognized when the carrying amount of a cash-generating unit (“CGU”) exceeds its recoverable amount. In the current year, the recoverable amount of goodwill attributable to the AMEC segment missed the carrying amount, and therefore no impairment losses on goodwill were recognized.</p> <p>The recoverable amount of the CGUs is determined based on the value in use. Value in use is determined based on the estimated future cash flows based on management-approved business plans with a maximum term of five years and estimated future cash flows based on growth rates, which are discounted to the present using a discount rate that reflects the time value of money and the risks inherent in the projections specific to each CGU.</p> <p>The measurement of the value in use involves the significant assumptions included in the business plan, such as sales forecasts, cost forecasts, growth rates, and pre-tax discount rates, include many elements of accounting estimates, which are subject to management’s judgment. As a result, there is a high degree of uncertainty in the estimates of the resulting impairment losses to be measured. In addition, the AMEC segment posted a loss for two consecutive years, and the goodwill attributable to the AMEC segment is significant in terms of value. In consideration of these points, the Company determined the above as a major audit consideration.</p>	<p>PricewaterhouseCoopers Kyoto performed the following principal audit procedures regarding the Company’s goodwill attributable to the AMEC segment:</p> <ul style="list-style-type: none"> - We understood the business environment in which the AMEC segment operate and evaluated the latest trends of the AMEC segment results by inquiring with management and by examining the minutes of meetings and related materials of the board of directors and other bodies. - We understood the design and implementation and tested the operating effectiveness of internal controls related to the fair values of the AMEC segment. - We assessed the reasonableness of the models used by management to determine the value in use with the assistance of our valuation specialists. - We reviewed the business plan used by the Company for the goodwill impairment test in the AMEC segment for consistency with the business plan approved by the Company. - We examined if the market environment that the management anticipates in the business plan such as sales forecasts, cost forecasts, is consistent with the past performance as well as the market forecasts in available analyst reports. - We compared the business plan used in the prior fiscal year’s impairment test with the current fiscal year’s results. - We assessed the pre-tax discount rate based on information obtained by the audit corporation and publicly available information on the comparator company. Additional stress tests were also conducted to assess their impact. - We assessed growth rates for consistency with publicly available industry projections. - With regard to the sensitivity analysis conducted by NIDEC on important assumptions, the rationality of the analysis method was examined, and the analysis results were recalculated.

Evaluation of development cost (Note 3 of the consolidated financial statements, “Material accounting policy” (7) Goodwill and intangible assets, and Note 15 of the consolidated financial statements, “Goodwill and intangible assets”)	
Key audit matter description	How our audit addressed the key audit matter
<p>Nidec Corporation (the “Company”) recorded a balance of ¥35,613 million of development assets as of March 31 2023 in the consolidated financial statements.</p> <p>The Company tests intangible assets with established useful life for impairment whenever there is an indication of impairment. Intangible assets whose useful life cannot be determined and intangible assets that are not yet available for use are tested for impairment once a year (on January 1 of each year) regardless of whether there are any signs of impairment. If there are further signs of impairment, they are tested for impairment each time. The valuation of development assets as of the end of the current consolidated fiscal year involves management's judgment on a number of accounting estimate factors regarding important assumptions, such as sales forecasts, material cost forecasts, and depreciation expense forecasts included in the plans for each development project to prove the creation of future economic benefits. In consideration of the high uncertainty of the estimated impairment loss to be measured as a result and the fact that the development assets to be considered for impairment are important in terms of amount, it was decided as a major audit consideration.</p>	<p>PricewaterhouseCoopers Kyoto performed the following principal audit procedures regarding the evaluation of development assets:</p> <ul style="list-style-type: none"> - We understood the Company's internal control over the valuation of development assets, and evaluated its development and operation. - With respect to development projects prior to the start of mass production, we asked the management regarding the accuracy of the impairment indication judgment materials for each development project of mass production prepared by the Company for the impairment indication judgment, and inspected the related materials as necessary. - With respect to development projects prior to the start of mass production, based on the risk evaluation, we reviewed, as necessary, relevant materials relating to sales forecasts, material cost forecasts, and depreciation expense forecasts included in the each development project plan, and assessed whether future economic benefits continued to be generated at the time of fiscal year end. - With respect to development projects after the start of mass production, we asked the management about the accuracy of the impairment indication judgment materials for each development project of mass production prepared by the Company for the impairment indication judgment, and inspected the related materials as necessary. - We obtained the results of a comparison about projects after the start of mass production, between the sales plan for each development project at the time of initial recognition and the results of mass production. - With respect to development projects for which there were indications of impairment, based on the risk evaluation, we reviewed, as necessary, relevant materials relating to sales forecasts, material cost forecasts, and depreciation expense forecasts included in the each development projects plan, and assessed whether future economic benefits continued to be generated at the time of fiscal year end.

Other information

The other information comprises the information excepting the consolidated financial statements, non-consolidated financial statements and these Auditors' report of the information included in the annual securities report. Management is responsible for the preparation and disclosure of the other information.

The Audit and Supervisory Committee is responsible for monitoring the execution of the duties of Directors related to designing and operating the reporting process of the other information.

PricewaterhouseCoopers Kyoto's opinion on the non-consolidated financial statements does not cover the other information, and PricewaterhouseCoopers Kyoto does not express an audit opinion thereon.

In connection with PricewaterhouseCoopers Kyoto's audit of the non-consolidated financial statements, PricewaterhouseCoopers Kyoto's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or PricewaterhouseCoopers Kyoto's knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work PricewaterhouseCoopers Kyoto has performed, PricewaterhouseCoopers Kyoto concludes that there is a material misstatement of the other information, PricewaterhouseCoopers Kyoto is required to report that fact.

PricewaterhouseCoopers Kyoto has nothing to report in this regard.

Responsibilities of management, the Audit and Supervisory Committee for consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern in accordance with IFRS.

The Audit and Supervisory Committee is responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The audit procedures shall be selected and applied as determined by the accounting auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- In order to express an opinion on the consolidated financial statements, the Company obtains sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries. The auditor is responsible for the direction, supervision and conduct of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any material weaknesses in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters discussed with Audit and Supervisory Committee, PricewaterhouseCoopers Kyoto determines matters that were determined to be particularly important during the financial statement audit of the fiscal year 2022 as major audit-related issues to consider, and describes them as such in the audit report, unless it is prohibited to disclose such issues by law, regulation, etc., or unless PricewaterhouseCoopers Kyoto determines that such issues not to be reported on the basis that it is reasonably expected that reporting such issues in an audit report would, though on an extremely limited scale, cause disadvantages to be incurred as a result to exceed public interests.

Audit of Internal Control

Audit Opinion

Pursuant to the Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2023.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2023 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis of Opinion

We conducted our audit of Internal Control in accordance with an audit standard of internal control over financial reporting that is generally considered acceptable in Japan. Our responsibilities under the auditing standards of internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of the internal control."

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management, the Audit and Supervisory Committee for report on internal control

Management has responsibilities to maintain and operate internal controls for financial reporting, and prepare and properly present report on internal control in accordance with the standards for evaluation of internal controls for financial reporting generally accepted in Japan.

It is the responsibility of the Audit and Supervisory Committee to monitor and verify the status of establishment and operation of internal control over financial reporting.

There is a possibility that the false statements in the financial reporting cannot be completely prevented or found by the internal control over financial reporting.

Auditor's Responsibilities for the Audit of the internal control.

Our objectives are to obtain reasonable assurance about whether the report on internal control as a whole are free from material misstatement, and to issue an auditor's report that includes our opinion from an independent point of view over the report on internal control.

As part of an audit in accordance with auditing standards of internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures for obtaining audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. Audit procedures for internal control audits are selected and applied depend on the auditor's judgement, based on the significance of impact on the reliability of financial reporting.
- Consider presentation of the report on internal control as a whole, including the description made by the management regarding the scope of evaluation of internal control over financial reporting, the procedures for evaluation, and the results of the evaluation.
- Obtain sufficient and appropriate audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. We are responsible for the direction, supervision and performance of the audit of the report on internal control. We are solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, the results of internal control audits, any material weakness in internal control identified, the results of their corrections, and other matters required in internal control auditing.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Company for which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.