



Financial Statements Summary for the Six Months Ended September 30, 2019 [IFRS](Consolidated)

October 23, 2019

Company name: NIDEC CORPORATION URL <https://www.nidec.com/en/>
 Stock listing: Tokyo Stock Exchange - First Section
 Code number: 6594
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Scheduled date of filing of Japanese quarterly report: November 13, 2019

Scheduled date of dividend payable: December 2, 2019

Supplemental materials for quarterly results: Yes

Quarterly earning presentation held: Yes

(Amount Unit: Yen in Millions, unless otherwise indicated)
 (Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Six Months ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

| | Net sales | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the parent | | Comprehensive income for the period | |
|---|-----------|-------|------------------|--------|----------------------------|--------|---|--------|-------------------------------------|---|
| | | % | | % | | % | | % | | % |
| For the six months ended September 30, 2019 | 751,277 | (0.6) | 62,207 | (35.3) | 63,750 | (33.4) | 27,561 | (64.9) | (22,792) | - |
| For the six months ended September 30, 2018 | 755,447 | - | 96,168 | - | 95,743 | - | 78,428 | - | 119,266 | - |

| | Earnings per share attributable to owners of the parent-basic (Yen) | Earnings per share attributable to owners of the parent-diluted (Yen) |
|---|---|---|
| For the six months ended September 30, 2019 | 93.65 | - |
| For the six months ended September 30, 2018 | 265.57 | - |

(Notes) 1. "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".

2. From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations.

(2) Consolidated Financial Position

| | Total assets | Total equity | Total equity attributable to owners of the parent | Ratio of total equity attributable to owners of the parent to total assets |
|--------------------------|--------------|--------------|---|--|
| As of September 30, 2019 | 1,979,416 | 978,350 | 956,953 | 48.3% |
| As of March 31, 2019 | 1,882,458 | 1,020,189 | 997,355 | 53.0% |

2. Dividends

| | Dividends per share (Yen) | | | | |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|--------|
| | 1 st quarter end | 2 nd quarter end | 3 rd quarter end | Fiscal year end | Total |
| Year ended March 31, 2019 | - | 50.00 | - | 55.00 | 105.00 |
| Year ending March 31, 2020 | - | 55.00 | | | |
| Year ending March 31, 2020 (Forecast) | | | - | 60.00 | 115.00 |

(Note) Revision of previously announced dividend targets during this reporting period: Yes

3. Forecast of Consolidated Financial Performance for the Year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage represents year-on-year changes)

| | Net sales | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the parent | | Earnings per share attributable to owners of the parent-basic |
|-----------------|-----------|------|------------------|------|----------------------------|------|---|-------|---|
| | | % | | % | | % | | % | (Yen) |
| Fiscal year end | 1,650,000 | 11.8 | 150,000 | 15.4 | 145,000 | 11.0 | 100,000 | (9.5) | 339.80 |

(Note) Revision of the previously announced financial performance forecast during this reporting period: Yes

Notes

(1) Changes in Significant Subsidiaries during This Period (changes in “specified subsidiaries” (*tokutei kogaisha*))

resulting in the change in scope of consolidation)

:Yes (Newly consolidated) 3 companies

NIDEC COMPRESSOR (BEIJING) CO., LTD.

Ealing Compania de Gestiones y Participaciones SA

Embraco Industria de Compressores e Solucoes em Refrigeracao Ltda.

(2) Changes in Accounting Policies and Changes in Accounting Estimates:

1. Changes in accounting policies required by IFRS : Yes

2. Changes in accounting policies due to other reasons : None

3. Changes in accounting estimates : None

(3) Number of Shares Issued (Ordinary Shares)

1. Number of shares issued at the end of the period (including treasury stock):

As of September 30, 2019: 298,142,234

As of March 31, 2019: 298,142,234

2. Number of treasury stock at the end of the period:

As of September 30, 2019: 3,848,767

As of March 31, 2019: 3,848,312

3. Weighted-average number of shares outstanding during the period:

For the six months ended September 30, 2019: 294,293,566

For the six months ended September 30, 2018: 295,322,474

*This quarterly report is not subject to quarterly review procedures by certified public accountants or an auditing firm.

*Explanation for appropriate use of forecast and other notes

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by NIDEC or certain assumptions that NIDEC has deemed as rational. NIDEC cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from NIDEC’s expectations as a result of various factors. For the assumptions used and other notes, please refer to “1. Overview of Operating Results, Etc. (3). Explanation Regarding Future Forecast Information of Consolidated Financial Results” on page 11.

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.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the six months ended September 30, 2019. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations. The result for the same period of the previous year is also reclassified similarly.

Investor presentation materials relating to our financial results for the six months ended September 30, 2019 are expected to be published on our corporate website on October 24, 2019.

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Six Months Ended September 30, 2019

1. Overview of Business Environment for the Six Months Ended September 30, 2019

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

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

In addition, NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of Embraco by European Commission. In accordance with this order, in April 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on condensed quarterly consolidated statements of income. In September 2019, NIDEC completed share transfer of Secop and there was ¥19,955 million of the loss from discontinued operations for the six months ended September 30, 2019.

2.Consolidated Operating Results

Consolidated Operating Results for the Six Months Ended September 30, 2019 (“this six-month period”), Compared to the Six Months Ended September 30, 2018 (“the same period of the prior year”)

(Yen in millions)

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

Consolidated net sales from continuing operations decreased 0.6% to ¥751,277 million for this six-month period compared to the same period of the prior year. Operating profit decreased 35.3% to ¥62,207 million compared to the same period of the prior year due to having recognized such approximately ¥8,500 million additional expenses as the upfront investment cost for the development and launch of products including traction motor systems (E-Axle) of which demand is rapidly expanding as well as approximately ¥3,000 million of the additional temporary cost of acquisition of Embraco to promote our modularization strategy, and others. The average exchange rate between the Japanese yen and the U.S. dollar for this six-month period was ¥108.63 to the U.S. dollar, which reflected an approximately 2% appreciation of the Japanese yen against the U.S. dollar, compared to the same period of the prior year. The average exchange rate between the Japanese yen and the Euro for this six-month period was ¥121.42 to the Euro, which reflected an approximately 7% appreciation of the Japanese yen against the Euro, compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales by approximately ¥18,800 million and operating profit by approximately ¥4,700 million for this six-month period compared to the same period of the prior year.

Profit before income taxes decreased 33.4% to ¥63,750 million and profit for the period from continuing operations decreased 36.5% to ¥48,705 million compared to the same period of the prior year, respectively.

Profit attributable to owners of the parent, including profit (loss) for the period from discontinued operations, decreased 64.9% to ¥27,561 million, due to the sales of the business of compressor for refrigerator of Secop.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the six months ended September 30, 2019. Condensed quarterly consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations. The result for the same period of the previous year is also reclassified similarly.

Operating Results by Product Category for This Six-Month Period Compared to the Same Period of the Previous Year

Small precision motors

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|--|--|---------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 228,955 | 219,810 | (9,145) | (4.0)% |
| Spindle motors for hard disk drives (HDDs) | 100,103 | 77,614 | (22,489) | (22.5)% |
| Other small precision motors | 128,852 | 142,196 | 13,344 | 10.4% |
| Operating profit | 37,098 | 24,989 | (12,109) | (32.6)% |
| Operating profit ratio | 16.2% | 11.4% | - | - |

Net sales of this category decreased 4.0% to ¥219,810 million for this six-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥5,300 million for this six-month period compared to the same period of the prior year.

Net sales of spindle motors for HDDs decreased 22.5% to ¥77,614 million for this six-month period compared to the same period of the prior year. The number of units sold of spindle motors for HDDs for this six-month period decreased approximately 23.3% compared to the same period of the prior year. Net sales of other small precision motors increased 10.4% to ¥142,196 million compared to the same period of the prior year.

Operating profit of this category decreased 32.6% to ¥24,989 million for this six-month period compared to the same period of the prior year, due to a decrease of the number of units of spindle motors for HDDs and other factors. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥3,200 million.

Automotive products

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|---------------------------------|--|---------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 151,904 | 150,832 | (1,072) | (0.7)% |
| Operating profit | 22,895 | 13,582 | (9,313) | (40.7)% |
| Operating profit ratio | 15.1% | 9.0% | - | - |

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

Operating profit of this category decreased 40.7% to ¥13,582 million compared to the same period of the prior year, mainly due to having recognized approximately ¥8,500 million of the additional upfront investment cost for the development and launch of products including traction motor systems (E-Axle) of which demand is rapidly expanding, and the negative impact of unfavorable foreign exchange rates of approximately ¥1,300 million.

Appliance, commercial and industrial products

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|---------------------------------|--|---------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 249,991 | 270,580 | 20,589 | 8.2% |
| Operating profit | 26,261 | 18,744 | (7,517) | (28.6)% |
| Operating profit ratio | 10.5% | 6.9% | - | - |

Net sales of this category increased 8.2% to ¥270,580 million for this six-month period compared to the same period of the prior year, primarily due to the impact of the acquisition of Embraco. The impact of foreign exchange rates was a negative impact of approximately ¥5,400 million.

Operating profit of this category decreased 28.6% to ¥18,744 million, due to having recognized such approximately ¥3,000 million additional temporary expenses as the acquisition cost of Embraco to promote our modularization strategy, and others. The impact of foreign exchange increased earnings by approximately ¥100 million.

Machinery

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|---------------------------------|--|--------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 85,413 | 76,980 | (8,433) | (9.9)% |
| Operating profit | 15,945 | 11,480 | (4,465) | (28.0)% |
| Operating profit ratio | 18.7% | 14.9% | - | - |

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

Operating profit of this category decreased 28.0% to ¥11,480 million, mainly due to the lower sales.

Electronic and optical components

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|---------------------------------|--|--------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 36,968 | 30,805 | (6,163) | (16.7)% |
| Operating profit | 4,118 | 2,388 | (1,730) | (42.0)% |
| Operating profit ratio | 11.1% | 7.8% | - | - |

Net sales of this category decreased 16.7% to ¥30,805 million.

Operating profit of this category decreased 42.0% to ¥2,388 million mainly due to the decrease in sales.

Other products*(Yen in millions)*

| | For the six months ended September 30, | | Increase or decrease | Ratio of change |
|---------------------------------|--|-------|----------------------|-----------------|
| | 2018 | 2019 | | |
| Net sales to external customers | 2,216 | 2,270 | 54 | 2.4% |
| Operating profit | 371 | 332 | (39) | (10.5)% |
| Operating profit ratio | 16.7% | 14.6% | - | - |

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

**Consolidated Operating Results for the Three Months Ended September 30, 2019 (“2Q”),
Compared to the Previous Three Months Ended June 30, 2019 (“1Q”)**

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales | 360,874 | 390,403 | 29,529 | 8.2% |
| Operating profit | 27,811 | 34,396 | 6,585 | 23.7% |
| Operating profit ratio | 7.7% | 8.8% | - | - |
| Profit before income taxes | 31,114 | 32,636 | 1,522 | 4.9% |
| Profit for the period from continuing operations | 23,800 | 24,905 | 1,105 | 4.6% |
| Profit (loss) for the period from discontinued operations | (19,871) | (174) | 19,697 | - |
| Profit attributable to owners of the parent | 3,407 | 24,154 | 20,747 | 609.0% |

Consolidated net sales from continuing operations increased 8.2% to ¥390,403 million for 2Q compared to 1Q. Operating profit increased 23.7% to ¥34,396 million, mainly due to the increase in sales. Net sales from continuing operations for 2Q renewed the highest record of the quarterly consolidated accounting period. The average exchange rate between the Japanese yen and the U.S. dollar for 2Q was ¥107.35 to the U.S. dollar, which reflected an approximately 2% appreciation of the Japanese yen against the U.S. dollar, compared to 1Q. The average exchange rate between the Japanese yen and the Euro for 2Q was ¥119.34 to the Euro, which reflected an approximately 3% appreciation of the Japanese yen against the Euro, compared to 1Q. The fluctuations of the foreign currency exchange rates had a negative effect on net sales by approximately ¥8,500 million and operating profit by approximately ¥1,900 million for 2Q compared to 1Q.

Profit before income taxes increased 4.9% to ¥32,636 million and profit for the period from continuing operations increased 4.6% to ¥24,905 million compared to 1Q, respectively.

Profit attributable to owners of the parent, including loss for the period from discontinued operations, increased 609.0% to ¥24,154 million, due to a decrease in the loss of the sales of Secop compressor business for refrigerators.

NIDEC finalized the provisional accounting treatment for the business combination in the six months ended September 30, 2019. Condensed quarterly consolidated financial statements for the three months ended June 30, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations.

Operating Results by Product Category for 2Q Compared to 1Q

Small precision motors

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|--|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 108,006 | 111,804 | 3,798 | 3.5% |
| Spindle motors for hard disk drives (HDDs) | 38,008 | 39,606 | 1,598 | 4.2% |
| Other small precision motors | 69,998 | 72,198 | 2,200 | 3.1% |
| Operating profit | 10,494 | 14,495 | 4,001 | 38.1% |
| Operating profit ratio | 9.7% | 13.0% | - | - |

Net sales of this category increased 3.5% to ¥111,804 million and the impact of foreign exchange decreased sales by approximately ¥2,900 million from 1Q.

Net sales of spindle motors for HDDs increased 4.2% to ¥39,606 million for 2Q compared to 1Q. The number of units sold of spindle motors for HDDs for 2Q increased approximately 2.9% compared to 1Q. Net sales of other small precision motors for 2Q increased 3.1% to ¥72,198 million compared to 1Q.

Operating profit of this category increased 38.1% to ¥14,495 million for 2Q compared to 1Q, due to the increase in sales and other factors. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥1,300 million for 2Q compared to 1Q.

Automotive products

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---------------------------------|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 75,488 | 75,344 | (144) | (0.2)% |
| Operating profit | 6,767 | 6,815 | 48 | 0.7% |
| Operating profit ratio | 9.0% | 9.0% | - | - |

Despite higher sales of products of control valves at Nidec Tosok Corporation and fully mass-produced traction motors at their plants, net sales of this category decreased 0.2% to ¥75,344 million mainly due to the negative impact of unfavorable foreign exchange rates of approximately ¥1,700 million compared to 1Q.

Operating profit of this category increased 0.7% to ¥6,815 million for 2Q compared to 1Q mainly due to the increase in the sales of products of control valves, despite the negative impact of unfavorable foreign exchange rates of approximately ¥400 million compared to 1Q.

Appliance, commercial and industrial products

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---------------------------------|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 123,009 | 147,571 | 24,562 | 20.0% |
| Operating profit | 8,675 | 10,069 | 1,394 | 16.1% |
| Operating profit ratio | 7.1% | 6.8% | - | - |

Net sales of this category increased 20.0% to ¥147,571 million, due to the newly consolidated subsidiaries. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥2,900 million for 2Q compared to 1Q.

Operating profit of this category increased 16.1% to ¥10,069 million due to the increase in sales and other factors. The impact of foreign exchange decreased profits by approximately ¥200 million from 1Q.

Machinery

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---------------------------------|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 38,086 | 38,894 | 808 | 2.1% |
| Operating profit | 5,486 | 5,994 | 508 | 9.3% |
| Operating profit ratio | 14.4% | 15.4% | - | - |

Net sales of this category increased 2.1% to ¥38,894 million due to an increase in sales of test systems and other factors.

Operating profit of this category increased 9.3% to ¥5,994 million compared to 1Q mainly due to the increase in sales.

Electronic and optical components

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---------------------------------|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 15,170 | 15,635 | 465 | 3.1% |
| Operating profit | 1,291 | 1,097 | (194) | (15.0)% |
| Operating profit ratio | 8.5% | 7.0% | - | - |

Net sales of this category increased 3.1% from 1Q to ¥15,635 million and operating profit of this category decreased 15.0% to 1,097 million, mainly due to the loss related to launching new models.

Other products

(Yen in millions)

| | For the three months ended | | Increase or decrease | Ratio of change |
|---------------------------------|----------------------------|--------------------|----------------------|-----------------|
| | June 30, 2019 | September 30, 2019 | | |
| Net sales to external customers | 1,115 | 1,155 | 40 | 3.6% |
| Operating profit | 188 | 144 | (44) | (23.4)% |
| Operating profit ratio | 16.9% | 12.5% | - | - |

Net sales of this category increased 3.6% from 1Q to ¥1,155 million and operating profit of this category decreased 23.4% to ¥144 million.

(2) Financial Position

(Yen in millions)

| | As of March 31, 2019 | As of September 30, 2019 | Increase or decrease |
|---|-------------------------|-----------------------------|-------------------------|
| Total assets | 1,882,458 | 1,979,416 | 96,958 |
| Total liabilities | 862,269 | 1,001,066 | 138,797 |
| Total equity attributable to owners of the parent | 997,355 | 956,953 | (40,402) |
| Interest-bearing debt *1 | 372,761 | 494,577 | 121,816 |
| Net interest-bearing debt *2 | 130,494 | 301,293 | 170,799 |
| Debt ratio (%) *3 | 19.8 | 25.0 | 5.2 |
| Debt to equity ratio ("D/E ratio") (times) *4 | 0.37 | 0.52 | 0.15 |
| Net D/E ratio (times) *5 | 0.13 | 0.31 | 0.18 |
| Ratio of total equity attributable to owners of the parent to total assets (%) *6 | 53.0 | 48.3 | (4.7) |

(Notes) *1. Interest-bearing debt: The sum of "short term borrowings", "long term debt due within one year" and "long term debt" on the consolidated statements of financial position

*2. Net interest-bearing debt: Interest-bearing debt less "cash and cash equivalents"

*3. Debt ratio: Interest-bearing debt divided by total assets

*4. D/E ratio: Interest-bearing debt divided by total equity attributable to owners of the parent

*5. Net D/E ratio: Net interest-bearing debt divided by total equity attributable to owners of the parent

*6. Ratio of total equity attributable to owners of the parent to total assets: Total equity attributable to owners of the parent divided by total assets

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

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

As a result, net interest-bearing debt increased to ¥301,293 million as of September 30, 2019 from ¥130,494 million as of March 31, 2019. The debt ratio increased to 25.0% as of September 30, 2019 from 19.8% as of March 31, 2019. The D/E ratio increased to 0.52 times as of September 30, 2019 from 0.37 times as of March 31, 2019. The net D/E ratio increased to 0.31 times as of September 30, 2019 from 0.13 times as of March 31, 2019.

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

NIDEC finalized the provisional accounting treatment for the business combination in the six months ended September 30, 2019. Consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Overview of Cash Flow

(Yen in millions)

| | For the six months ended September 30, | | Increase or decrease |
|---|--|-----------|----------------------|
| | 2018 | 2019 | |
| Net cash provided by operating activities | 96,348 | 73,848 | (22,500) |
| Net cash used in investing activities | (72,473) | (180,360) | (107,887) |
| Free cash flow *1 | 23,875 | (106,512) | (130,387) |
| Net cash (used in) provided by financing activities | (18,266) | 74,157 | 92,423 |

(Note) *1. Free cash flow: The sum of “net cash provided by operating activities” and “net cash used in investing activities”.

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

Cash flows from investing activities for this six-month period came to a net cash outflow of ¥180,360 million. Compared to the same period of the prior year, the net cash outflow from investing activities for this six-month period increased ¥107,887 million mainly due to increases in acquisitions of businesses, net of cash acquired of ¥101,307 million and in additions to property, plant and equipment of ¥14,567 million.

As a result, we had a negative free cash flow of ¥106,512 million for this six-month period, a decrease of ¥130,387 million compared to a positive free cash flow of ¥23,875 million for the same period of the prior year.

Cash flows from financing activities for this six-month period came to a net cash inflow of ¥74,157 million. Compared to the same period of the prior year, the net cash inflow from financing activities for this six-month period increased ¥92,423 million mainly due to increases in proceeds from issuance of corporate bonds of ¥60,358 million, in short term borrowings net changes year on year of ¥25,643 million.

As a result of the foregoing factors and the impact of foreign exchange fluctuations, the balance of cash and cash equivalents as of September 30, 2019 decreased ¥48,983 million to ¥193,284 million from March 31, 2019. All the above amounts include discontinued operations.

(3) Explanation Regarding Future Forecast Information of Consolidated Financial Results

The future of the world economy continues to warrant no optimism due to, among other factors, concerns for a U.S. economic slowdown, the future of China's economic recovery, the Brexit, and the geopolitical risks involving Iran and other parts of the Middle East. NIDEC has revised downward its full-year consolidated financial forecast for the following reasons.

1. Increased start-up costs for automotive related products (30 billion yen impact on operating profit)

NIDEC estimates additional costs for R&D and start-up production of traction motors which are expected to remain in high demand in the second half of the year ending March 31, 2020.

2. Completion of sales of Secop refrigeration compressor business (20 billion yen impact on the profit attributable to owners of the parent)

As condition for approval of Embraco acquisition, the European Commission ordered NIDEC to sell its compressor business of Secop. Accordingly, NIDEC transferred effective operational control over the business to a Hold Separate Manager and a Monitoring Trustee in April 2019. Since then, NIDEC has excluded the business of Secop from its scope of consolidation and classified the loss on transfer of Secop in discontinued operations. NIDEC completed the sales of Secop in September 2019 and incurred the total loss of 19,955 million yen from the sales for the six months ended September 30, 2019.

The forecasts for the year ending March 31, 2020 described below are prepared based on an assumption that exchange rates are US\$1 = ¥105 and €1 = ¥125.

Forecast of Consolidated Financial Performance for the Year Ending March 31, 2020

| | | |
|---|--------------------|---|
| Net sales | ¥1,650,000 million | (111.8% compared to the previous fiscal year) |
| Operating profit | ¥150,000 million | (115.4% compared to the previous fiscal year) |
| Profit before income taxes | ¥145,000 million | (111.0% compared to the previous fiscal year) |
| Profit attributable to owners of the parent | ¥100,000 million | (90.5% compared to the previous fiscal year) |

(Notes) 1. Consolidated performance is based on IFRS.

2. The calculations for the conversion of Asian currencies into Japanese yen also used the exchange rates, US\$1 = ¥105 and €1 = ¥125.

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by NIDEC or certain assumptions that NIDEC has deemed as rational. NIDEC cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from NIDEC's expectations as a result of various factors.

2. Condensed Quarterly Consolidated Financial Statements and Other Information

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Yen in millions)

| | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 242,267 | 193,284 |
| Trade and other receivables | 371,134 | 402,041 |
| Other financial assets | 695 | 792 |
| Income tax receivables | 12,173 | 8,619 |
| Inventories | 255,656 | 265,548 |
| Other current assets | 37,547 | 40,333 |
| Total current assets | 919,472 | 910,617 |
| Non-current assets | | |
| Property, plant and equipment | 519,752 | 583,097 |
| Goodwill | 256,044 | 306,078 |
| Intangible assets | 137,731 | 131,804 |
| Investments accounted for using the equity method | 2,785 | 1,889 |
| Other investments | 18,444 | 18,011 |
| Other financial assets | 6,514 | 4,996 |
| Deferred tax assets | 11,968 | 13,348 |
| Other non-current assets | 9,748 | 9,576 |
| Total non-current assets | 962,986 | 1,068,799 |
| Total assets | 1,882,458 | 1,979,416 |

(Yen in millions)

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

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

For the six month ended September 30, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

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

Condensed Quarterly Consolidated Statements of Comprehensive Income
(Yen in millions)

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

For the three months ended September 30, 2018 and 2019

Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

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

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

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

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the six months ended September 30, 2018

(Yen in millions)

| | Total equity attributable to owners of the parent | | | | | | Non-controlling interests | Total equity |
|---|---|----------------------------|-------------------|----------------------------|----------------|-----------|---------------------------|--------------|
| | Common Stock | Additional paid-in capital | Retained earnings | Other components of equity | Treasury stock | Total | | |
| Balance at April 1, 2018 | 87,784 | 118,136 | 822,589 | (76,857) | (19,151) | 932,501 | 9,890 | 942,391 |
| Changes in accounting policies | | | 199 | | | 199 | | 199 |
| Balance after restatement | 87,784 | 118,136 | 822,788 | (76,857) | (19,151) | 932,700 | 9,890 | 942,590 |
| Comprehensive income | | | | | | | | |
| Profit for the period | | | 78,428 | | | 78,428 | 398 | 78,826 |
| Other comprehensive income | | | | 40,407 | | 40,407 | 33 | 40,440 |
| Total comprehensive income | | | | | | 118,835 | 431 | 119,266 |
| Transactions with owners directly recognized in equity: | | | | | | | | |
| Purchase of treasury stock | | | | | (26,125) | (26,125) | - | (26,125) |
| Dividends paid to the owners of the parent | | | (14,798) | | | (14,798) | - | (14,798) |
| Dividends paid to non-controlling interests | | | | | | - | (87) | (87) |
| Share-based payment transactions | | 151 | | | | 151 | - | 151 |
| Transfer to retained earnings | | | (559) | 559 | | - | - | - |
| Other | | 14 | (11) | | | 3 | (70) | (67) |
| Balance at September 30, 2018 | 87,784 | 118,301 | 885,848 | (35,891) | (45,276) | 1,010,766 | 10,164 | 1,020,930 |

For the six months ended September 30, 2019

(Yen in millions)

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

(4) Condensed Quarterly Consolidated Statements of Cash Flows*(Yen in millions)*

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

(Yen in millions)

For the six months ended September 30,

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

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Notes Regarding Going Concern Assumption

Not applicable.

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

Nidec Corporation (the “Company”) is a corporation located in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered addresses of headquarters and principal business offices are available on the Company’s website (<https://www.nidec.com/en/>).

Condensed quarterly consolidated financial statements as of September 30, 2019 and for the six months then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC.

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

- 1) Small precision motors, which include spindle motors for hard disk drives, brushless motors, fan motors, vibration motors, brush motors and motor applications.
- 2) Automotive products, which include automotive motors and components.
- 3) Appliance, commercial and industrial products, which include home appliance, commercial and industrial motors and related products.
- 4) Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- 5) Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- 6) Others, which include services.

2. Basis of preparation

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

The condensed quarterly consolidated financial statements of NIDEC have been prepared in accordance with IAS 34 “Interim Financial Reporting” pursuant to the provision of article 93 of Regulations for Quarterly Consolidated Financial Statements, as the Company meets the criteria of a “Designated IFRS Specified Company” defined under article 1-2 of the regulations.

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

(2) Basis of measurement

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

(3) Presentation currency and level of rounding

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

(4) Change in presentation

Profit or loss from business classified as discontinued operations are presented on the condensed quarterly consolidated statements of income, net of income tax expense, separately from the profit from continuing operations. Regarding business classified as discontinued operations, reclassification were made on the condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of cash flows for the six months and the three months ended September 30, 2018. Cash flows from operating activities, investing activities and financial activities are presented in the total amount of continuing operations and discontinued operations cash flows in the consolidated statements of cash flows.

3. Significant accounting policies

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

Income taxes for the six months ended September 30, 2019 are computed using the estimated annual effective tax rate.

(Leases)

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

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

A contract is considered to be a lease or to contain a lease if the right to control the use of an asset identified at the inception of the contract is conveyed over a period of time in exchange for consideration. If the contract is a lease or contains a lease, the right-of-use assets and lease liabilities are included in the condensed quarterly consolidated financial statements at the 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. 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. Lease liabilities are initially measured as the present value of the unsettled lease payments at the inception of the lease. The lease term is determined with considering an option to extend the lease and an option to terminate the lease under the non-cancelable contract period.

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

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

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

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

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

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

(Yen in millions)

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

4. Significant accounting estimates, judgments and assumptions

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

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

Significant accounting estimates and judgments that accompany estimates for the condensed quarterly consolidated financial statements as of September 30, 2019 are same as those estimates and judgments for the consolidated financial statements for the year ended March 31, 2019.

5. Business combinations and loss of control

NIDEC adopts the provisions of IFRS 3 “Business Combinations”.

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

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the previous fiscal year and in the six months ended September 30, 2019, the assets and liabilities which are currently under evaluation have been recorded on NIDEC’s consolidated statements of financial position based on provisional management estimation as of September 30, 2019.

In addition, NIDEC was ordered sales of the business of compressor for refrigerator of Secop as the condition of acquisition of Embraco by European Commission. In accordance with this order, in April 2019, NIDEC conferred effective operational control over Secop on a Hold Separate Manager and a Monitoring Trustee. As a result, NIDEC excluded Secop from consolidation and classified the loss related to this as discontinued operations on condensed quarterly consolidated statements of income. In September 2019, NIDEC completed share transfer of Secop and there was ¥19,955 million of the loss from discontinued operations for the six months ended September 30, 2019. The loss amount on the sales recognized with the loss of control is ¥18,381 million for the six months ended September 30, 2019. The loss amount on the sales is included in “Loss for the period from discontinued operations” in the condensed quarterly consolidated statements of income.

3. Others

(1) Quarterly Financial Data for the three months ended September 30, 2019 and June 30, 2019

(Yen in millions)

| | For the three months ended | |
|---|----------------------------|--------------------|
| | June 30, 2019 | September 30, 2019 |
| Net sales | 360,874 | 390,403 |
| Operating profit | 27,811 | 34,396 |
| Profit before income taxes | 31,114 | 32,636 |
| Profit for the period | 4,019 | 24,731 |
| Profit attributable to owners of the parent | 3,407 | 24,154 |

(2) Information by Product Category

For the six months ended September 30, 2018

(Yen in millions)

| | Small precision motors | Automotive Products | Appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales: | | | | | | | | | |
| External sales | 228,955 | 151,904 | 249,991 | 85,413 | 36,968 | 2,216 | 755,447 | - | 755,447 |
| Intersegment | 848 | 969 | 3,339 | 6,616 | 3,318 | 945 | 16,035 | (16,035) | - |
| Total | 229,803 | 152,873 | 253,330 | 92,029 | 40,286 | 3,161 | 771,482 | (16,035) | 755,447 |
| Operating expenses | 192,705 | 129,978 | 227,069 | 76,084 | 36,168 | 2,790 | 664,794 | (5,515) | 659,279 |
| Operating profit | 37,098 | 22,895 | 26,261 | 15,945 | 4,118 | 371 | 106,688 | (10,520) | 96,168 |

For the six months ended September 30, 2019

(Yen in millions)

| | Small precision motors | Automotive Products | Appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales: | | | | | | | | | |
| External sales | 219,810 | 150,832 | 270,580 | 76,980 | 30,805 | 2,270 | 751,277 | - | 751,277 |
| Intersegment | 3,262 | 805 | 2,608 | 7,561 | 3,133 | 968 | 18,337 | (18,337) | - |
| Total | 223,072 | 151,637 | 273,188 | 84,541 | 33,938 | 3,238 | 769,614 | (18,337) | 751,277 |
| Operating expenses | 198,083 | 138,055 | 254,444 | 73,061 | 31,550 | 2,906 | 698,099 | (9,029) | 689,070 |
| Operating profit | 24,989 | 13,582 | 18,744 | 11,480 | 2,388 | 332 | 71,515 | (9,308) | 62,207 |

For the three months ended September 30, 2018

(Yen in millions)

| | Small precision motors | Automotive Products | Appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales: | | | | | | | | | |
| External sales | 122,622 | 74,723 | 122,975 | 42,797 | 18,981 | 1,126 | 383,224 | - | 383,224 |
| Intersegment | 97 | 523 | 1,671 | 3,072 | 1,828 | 498 | 7,689 | (7,689) | - |
| Total | 122,719 | 75,246 | 124,646 | 45,869 | 20,809 | 1,624 | 390,913 | (7,689) | 383,224 |
| Operating expenses | 102,163 | 63,256 | 111,548 | 38,124 | 18,646 | 1,445 | 335,182 | (2,433) | 332,749 |
| Operating profit | 20,556 | 11,990 | 13,098 | 7,745 | 2,163 | 179 | 55,731 | (5,256) | 50,475 |

For the three months ended September 30, 2019

(Yen in millions)

| | Small precision motors | Automotive Products | Appliance, commercial and industrial products | Machinery | Electronic and optical components | Others | Total | Eliminations/Corporate | Consolidated |
|--------------------|------------------------|---------------------|---|-----------|-----------------------------------|--------|---------|------------------------|--------------|
| Net sales: | | | | | | | | | |
| External sales | 111,804 | 75,344 | 147,571 | 38,894 | 15,635 | 1,155 | 390,403 | - | 390,403 |
| Intersegment | 1,347 | 344 | 1,331 | 3,425 | 1,810 | 465 | 8,722 | (8,722) | - |
| Total | 113,151 | 75,688 | 148,902 | 42,319 | 17,445 | 1,620 | 399,125 | (8,722) | 390,403 |
| Operating expenses | 98,656 | 68,873 | 138,833 | 36,325 | 16,348 | 1,476 | 360,511 | (4,504) | 356,007 |
| Operating profit | 14,495 | 6,815 | 10,069 | 5,994 | 1,097 | 144 | 38,614 | (4,218) | 34,396 |

(Notes) 1. Product categories are classified based on similarities in product type, product attributes, and production and sales methods.

2. Major products of each product category:

- (1) Small precision motors: Spindle motors for HDDs, brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.
- (2) Automotive products: Automotive motors and components.
- (3) Appliance, commercial and industrial products: Home appliance, commercial and industrial motors and related products.
- (4) Machinery: Industrial robots, card readers, test systems, press machines and power transmission drives, etc.
- (5) Electronic and optical components: Switches, trimmer potentiometers, lens units and camera shutters, etc.
- (6) Others: Services, etc.

(3) Sales by Geographic Segment*(Yen in millions)*

| | For the six months ended September 30, | | | | Increase or decrease | |
|-----------|--|-------|---------|-------|----------------------|--------|
| | 2018 | | 2019 | | | |
| | Amounts | % | Amounts | % | Amounts | % |
| Japan | 155,706 | 20.6 | 136,739 | 18.2 | (18,967) | (12.2) |
| U.S.A. | 128,508 | 17.0 | 144,768 | 19.3 | 16,260 | 12.7 |
| Singapore | 28,799 | 3.8 | 17,891 | 2.4 | (10,908) | (37.9) |
| Thailand | 71,887 | 9.5 | 59,683 | 7.9 | (12,204) | (17.0) |
| Germany | 57,594 | 7.7 | 62,914 | 8.4 | 5,320 | 9.2 |
| China | 179,949 | 23.8 | 174,781 | 23.2 | (5,168) | (2.9) |
| Others | 133,004 | 17.6 | 154,501 | 20.6 | 21,497 | 16.2 |
| Total | 755,447 | 100.0 | 751,277 | 100.0 | (4,170) | (0.6) |

(Yen in millions)

| | For the three months ended September 30, | | | | Increase or decrease | |
|-----------|--|-------|---------|-------|----------------------|--------|
| | 2018 | | 2019 | | | |
| | Amounts | % | Amounts | % | Amounts | % |
| Japan | 78,540 | 20.5 | 67,721 | 17.3 | (10,819) | (13.8) |
| U.S.A. | 58,871 | 15.4 | 76,194 | 19.5 | 17,323 | 29.4 |
| Singapore | 14,848 | 3.9 | 9,415 | 2.4 | (5,433) | (36.6) |
| Thailand | 36,381 | 9.5 | 30,297 | 7.8 | (6,084) | (16.7) |
| Germany | 28,068 | 7.3 | 31,258 | 8.0 | 3,190 | 11.4 |
| China | 94,635 | 24.7 | 91,787 | 23.5 | (2,848) | (3.0) |
| Others | 71,881 | 18.7 | 83,731 | 21.5 | 11,850 | 16.5 |
| Total | 383,224 | 100.0 | 390,403 | 100.0 | 7,179 | 1.9 |

(Note) The sales are classified by domicile of the seller, and the figures exclude intra-segment transactions.

(4) Sales by Region*(Yen in millions)*

| | For the six months ended September 30, | | | | Increase or decrease | |
|----------------|--|-------|---------|-------|----------------------|--------|
| | 2018 | | 2019 | | | |
| | Amounts | % | Amounts | % | Amounts | % |
| North America | 150,430 | 19.9 | 162,262 | 21.6 | 11,832 | 7.9 |
| Asia | 363,129 | 48.1 | 346,384 | 46.1 | (16,745) | (4.6) |
| Europe | 125,466 | 16.6 | 128,958 | 17.2 | 3,492 | 2.8 |
| Others | 9,035 | 1.2 | 17,722 | 2.3 | 8,687 | 96.1 |
| Overseas total | 648,060 | 85.8 | 655,326 | 87.2 | 7,266 | 1.1 |
| Japan | 107,387 | 14.2 | 95,951 | 12.8 | (11,436) | (10.6) |
| Total | 755,447 | 100.0 | 751,277 | 100.0 | (4,170) | (0.6) |

(Yen in millions)

| | For the three months ended September 30, | | | | Increase or decrease | |
|----------------|--|-------|---------|-------|----------------------|--------|
| | 2018 | | 2019 | | | |
| | Amounts | % | Amounts | % | Amounts | % |
| North America | 75,619 | 19.7 | 80,327 | 20.6 | 4,708 | 6.2 |
| Asia | 186,850 | 48.7 | 183,847 | 47.1 | (3,003) | (1.6) |
| Europe | 62,333 | 16.3 | 65,464 | 16.8 | 3,131 | 5.0 |
| Others | 4,540 | 1.2 | 12,579 | 3.2 | 8,039 | 177.1 |
| Overseas total | 329,342 | 85.9 | 342,217 | 87.7 | 12,875 | 3.9 |
| Japan | 53,882 | 14.1 | 48,186 | 12.3 | (5,696) | (10.6) |
| Total | 383,224 | 100.0 | 390,403 | 100.0 | 7,179 | 1.9 |

(Note) The sales are classified by domicile of the buyer, and the figures exclude intra-segment transactions.



4. Overview of Consolidated Financial Results

October 23, 2019

(1) Summary of Consolidated Financial Performance

(Yen in millions)

| | For the six months ended September 30, 2018 | For the six months ended September 30, 2019 | Increase or decrease | For the three months ended September 30, 2018 | For the three months ended September 30, 2019 | Increase or decrease |
|---|---|---|----------------------|---|---|----------------------|
| Net Sales | 755,447 | 751,277 | (0.6)% | 383,224 | 390,403 | 1.9 % |
| Operating profit | 96,168 12.7 % | 62,207 8.3% | (35.3)% | 50,475 13.2 % | 34,396 8.8 % | (31.9) % |
| Profit before income taxes | 95,743 12.7 % | 63,750 8.5% | (33.4)% | 49,855 13.0 % | 32,636 8.4 % | (34.5) % |
| Profit attributable to owners of the parent | 78,428 10.4 % | 27,561 3.7% | (64.9)% | 41,141 10.7 % | 24,154 6.2 % | (41.3) % |
| Earnings per share attributable to owners of the parent - basic (Yen) | 265.57 | 93.65 | | 139.50 | 82.07 | |
| Earnings per share attributable to owners of the parent - diluted (Yen) | — | — | | — | — | |

(2) Summary of Consolidated Financial Position and Cash Flows

(Yen in millions)

| | As of September 30, 2018 | As of September 30, 2019 | As of March 31, 2019 |
|---|---|---|-----------------------------------|
| Total assets | 1,895,454 | 1,979,416 | 1,882,458 |
| Total equity attributable to owners of the parent | 1,010,766 | 956,953 | 997,355 |
| Ratio of equity attributable to owners of the parent to total asset | 53.3% | 48.3% | 53.0% |
| | For the six months ended September 30, 2018 | For the six months ended September 30, 2019 | For the year ended March 31, 2019 |
| Net cash provided by operating activities | 96,348 | 73,848 | 170,233 |
| Net cash used in investing activities | (72,473) | (180,360) | (160,844) |
| Net cash (used in) provided by financing activities | (18,266) | 74,157 | (32,683) |
| Cash and cash equivalents at end of period | 277,488 | 193,284 | 242,267 |

(3) Dividends

(Yen)

| | 2 nd quarter end | Fiscal year end | Total |
|---------------------------------------|-----------------------------|-----------------|--------|
| Year ended March 31, 2019 (actual) | 50.00 | 55.00 | 105.00 |
| Year ending March 31, 2020 (actual) | 55.00 | — | — |
| Year ending March 31, 2020 (forecast) | — | 60.00 | 115.00 |

(4) Scope of Consolidation and Application of the Equity Method

| | |
|--|-----|
| Number of consolidated subsidiaries | 314 |
| Number of associates accounted for under the equity method | 4 |

| | Change from March 31, 2019 | Change from September 30, 2018 |
|---|----------------------------|--------------------------------|
| Number of companies newly consolidated | 12 | 27 |
| Number of companies excluded from consolidation | 20 | 30 |
| Number of companies newly accounted for by the equity method | - | - |
| Number of companies excluded from accounting by the equity method | - | 1 |

- (Notes) 1. The amounts of percentage in “(1) Summary of Consolidated Financial Performance” represent percentage of sales.
2. “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”.
3. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2019 and the six months ended September 30, 2019. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.
4. From the three months ended June 30, 2019, the business of compressor for refrigerator of Secop has been classified as discontinued operations. As a result, the amounts of net sales, operating profit and profit before income taxes no longer include discontinued operations, presenting only the amounts for continuing operations.