

Regarding the Petition for the Provisional Injunction  
Against Allotment by Makino Milling Machine Co., Ltd. of  
Share Options Without Contribution

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April 17, 2025

Nidec Corporation

- ❑ Nidec Corporation (the "Company") commenced the tender offer (the "TOB") for shares of Makino Milling Machine Co., Ltd. ("Makino") on April 4, 2025 (as per the schedule published on December 27, 2024).
- ❑ In response, on April 10, 2025, Makino resolved to implement an allocation of share options without contribution (the "Allotment Without Contribution") as a countermeasure against the TOB.
- ❑ The Company has filed a petition for a provisional injunction (the "Petition") with the court to restrain the Allotment Without Contribution.

The TOB Overview			
Tender Offeror	Nidec Corporation		
Target Company	Makino Milling Machine Co., Ltd. (Securities Code: 6135. Tokyo Stock Exchange Prime Market)		
Tender Offer Period	From April 4, 2025, to May 21, 2025 (however, if the number of tendered shares reaches the minimum threshold during this period, it will be extended to ensure an additional 10 business days can be secured starting from the business day following the disclosure of such fact).		
Tender Offer Price	JPY 11,000 per share		
Premium	Base date: 12/26	Base day's closing price: JPY 7,750	41.94%
		1-month average: JPY 7,112	54.67%
		3-month average: JPY 6,552	67.89%
		6-month average: JPY 6,313	74.24%
Minimum Number of Shares to be Purchased	More than 50.00%		

# Background to the Petition

- ❑ The Company announced on December 27, 2024, that it would commence the TOB on April 4, 2025. The Company had sincerely explained and responded to Makino's repeated lengthy and short-deadline requests and questions.
- ❑ However, on March 19, 2025, Makino, at its board meeting, adopted a policy (the "Response Policy") seeking unilaterally to postpone the start of the TOB to May 9, 2025.
- ❑ When the Company commenced the TOB as scheduled on April 4, 2025, Makino resolved at its board meeting to implement the Allotment Without Contribution. Accordingly, the Company has filed the Petition to seek its restraint.

Date (MM/DD)	The Company	Makino
12/27	•Letter of Intent published by the Company.	
1/15~ 3/17	•Explanation of the Company's views regarding the request on the right. •Submission of responses to the letters of inquiries on the right.	•Two sets of requests were submitted by the Special Committee. •Three letters of inquiries were submitted by Makino, each with a response deadline of two to three business days.
3/10		•A request was made to postpone the commencement of the TOB until at least May 9.
3/14	•Responded that the Company has been sincerely considering the request made on March 10.	
3/18		•A request was made to respond to the above request by March 19, 4:45 PM.
3/19	•Explained the status of consideration regarding the request of March 18.	•The adoption of the Response Policy was decided and announced
4/3	•Decision and announcement of the commencement of the TOB.	
4/4	•The commencement of the TOB.	
4/10		•An opposing opinion regarding the TOB was expressed. •A resolution of the Board of Directors was passed to implement the Allotment Without Contribution.
4/16	•The petition for an injunction against the Allotment Without Contribution (the Petition).	

# Significance of the Petition

- ❑ In August 2023, the Ministry of Economy, Trade and Industry ("METI") formulated the "Guidelines for Corporate Takeovers" ("Acquisition Guidelines") **with the aim of making "desirable acquisitions" more likely to occur for the economic society** (Guideline 1.1, 1.2).
- ❑ The Company made a **"sincere acquisition proposal"** as a transaction beneficial to the corporate value of Makino and the common interests of shareholders, in accordance with the Acquisition Guidelines as a "desirable acquisition" as stated therein.
- ❑ Nevertheless, Makino **failed to conduct the "sincere consideration"** required by the Acquisition Guidelines and continued to exhibit a dismissive and adversarial attitude from the initial receipt of our proposal, ultimately initiating **countermeasures to block the TOB** (i.e., the Allotment Without Contribution).
- ❑ **If the Allotment Without Contribution is permitted, any acquisition proposal not aligned with management's intentions will be easily obstructed**, thwarting the promotion of "desirable acquisitions" envisaged by the Acquisition Guidelines, and consequently, **it will be impossible to break the stagnation of the international competitiveness of Japanese companies.**

## Acquisition Guidelines (Formulated by METI)

- ❑ The significance of the Guidelines is to promote "desirable acquisitions" (Guideline 1.1, 1.2).
- ❑ The fundamental principle is to conduct "sincere consideration" of a "sincere acquisition proposal" (Guideline 3.1.2).
- ❑ Regarding the policy on responding to acquisitions, it is clearly stated that it must not result in hindering the sincere consideration of an acquisition proposal (Guideline 5.1).

## Makino's Response

- ❑ Failed to conduct "sincere consideration" and continued with a dismissive and adversarial attitude from the initial receipt of our proposal.
- ❑ Ultimately initiated countermeasures (i.e., the Allotment Without Contribution) to block the TOB.

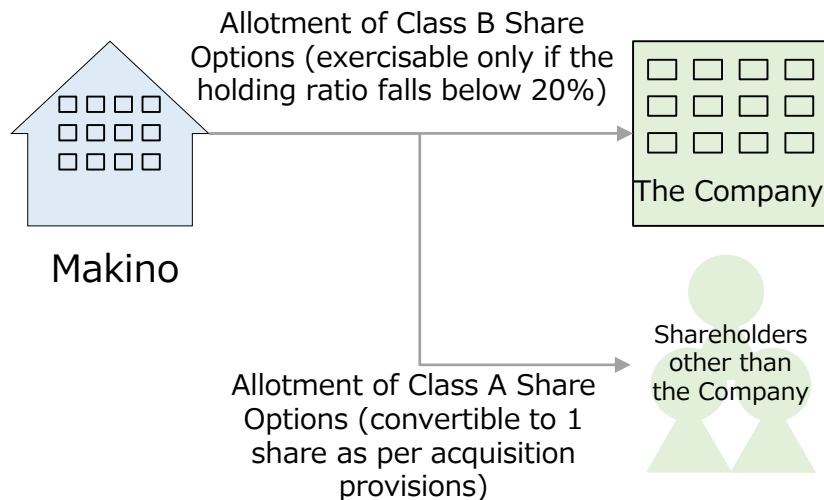
## Significance of the Petition

- ❑ **If the Allotment Without Contribution is permitted, any acquisition proposal not aligned with management's intentions will be easily obstructed.**
- ❑ If this happens, it will be impossible to promote "desirable acquisitions," as envisaged by the Acquisition Guidelines, and consequently, **it will be impossible to break the stagnation of the international competitiveness of Japanese companies.**

# Reason for the Petition① – The Allotment Without Contribution Constitutes an "Anti-Takeover Measure"

- ❑ Makino argued that the Response Policy is "not an Anti-Takeover Measure."
- ❑ However, the Allocation Without Contribution produces a devastating effect where the Company, **even if the TOB is successful, is forced to forgo acquiring control and bears significant economic damage**, aptly described as a "Poison pill."
- ❑ In other words, **the Allotment Without Contribution is undeniably an "Anti-Takeover Measure,"** and considering judicial precedents, it is illegal unless there are (i) "necessity" and "appropriateness" for introducing and triggering the Anti-Takeover Measure, and (ii) "special circumstances" to justify it.

## Overview of the Allotment Without Contribution

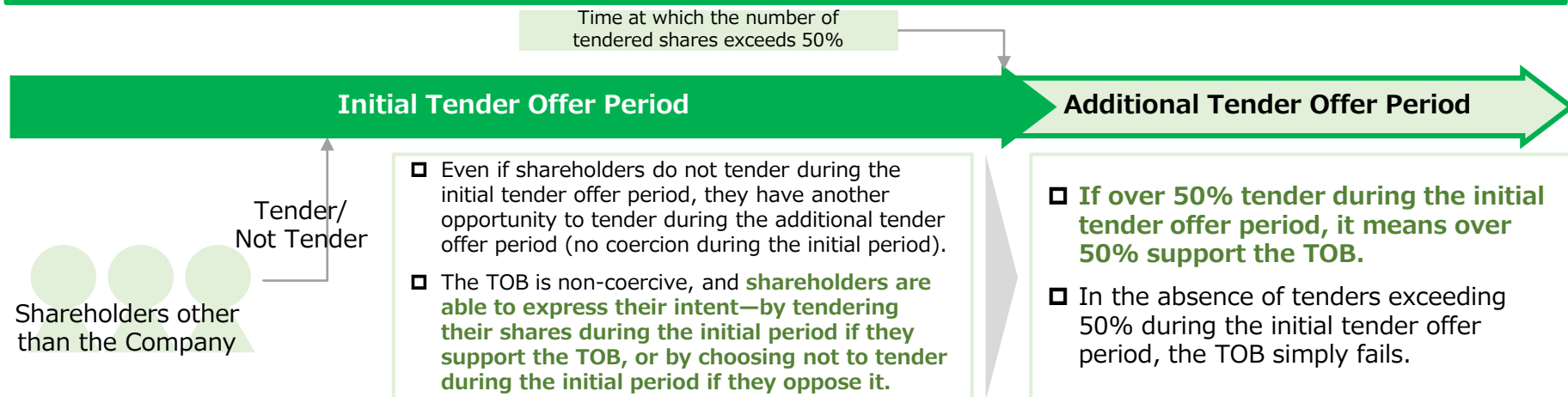


## Damage Incurred by the Company as a Result of the Allotment Without Contribution

- ❑ Conversion of Class A Share Options into 1 share per option will **dilute the Company's holding ratio by a maximum of two-thirds** (e.g., if 50% is acquired through the TOB, it will be diluted to 33%).
- ❑ To compensate for the damage caused by dilution through the exercise of Class B Share Options, the Company must sell shares until its holding ratio falls below 20%.
- ❑ After the TOB, the Company's stock price is expected to return to the level before the announcement of the TOB. Hence, **the Company faces a potential loss of "several tens of billions of yen" calculated by "(JPY 11,000 – the stock price at the time of sale) × the number of shares acquired"**.
  - ※ The average stock price of Makino during the one-month period prior to the announcement of the TOB was JPY 7,112. The highest historical stock price prior to the announcement of the TOB was JPY 9,600.

## Reason for the Petition② – The TOB is not coercive in nature, and therefore, there is no necessity for any Anti-Takeover Measure

- ❑ Coercion means that shareholders feel pressured to tender their shares, even if they believe the offer price to be lower than the objective value, because they expect to be disadvantaged if the takeover is completed while they refrain from tendering their shares.
- ❑ The TOB contemplates disclosure if the number of tendered shares reaches the minimum threshold (over 50%) during the initial tender offer period and extension of the tender offer period (additional tendering period) to ensure 10 business days from the day following such disclosure.
- ❑ **Therefore, shareholders can decide whether to tender during the initial tender offer period without coercion because they are given an opportunity to tender during the additional period, even if they didn't tender during the initial tender offer period.**
- ❑ **Whether or not the shares tendered during the initial tender offer period exceed 50% can serve as means to confirm the shareholders' intention regarding the appropriateness of the TOB**, without needing to deliberate on the need for the Anti-Takeover Measure at a shareholders' meeting, rendering the Allotment Without Contribution illegal.



## Reason for the Petition③ – It is equivalent to the "Anti-Takeover Measure" being activated solely by the board of directors



- ❑ To avoid damages from the implementation of the Allotment Without Contribution, **the Company is compelled to extend the tender offer period to the June annual shareholders' meeting to ensure the possibility of withdrawing from the TOB.**
- ❑ This results in a tender offer period end date nearly identical to what Makino demanded ("starting the TOB on or after May 9").
- ❑ **Makino effectively implemented the Anti-Takeover Measure that, solely by resolution of the board of directors (i.e., without confirming the intention of the shareholders), forces an extension of the tender offer period of the TOB until the annual shareholders' meeting in June** (Makino could have held an extraordinary shareholders' meeting before introducing the Anti-Takeover Measure or during the Company's tender offer period).
- ❑ Such Allotment Without Contribution does not align with recent court precedents requiring shareholder judgment in activating Anti-Takeover Measures and is illegal.

April 4

May 9

June 20※

※ The date of last year's annual shareholders' meeting of Makino

If the TOB period is extended until the annual shareholders' meeting in June

TOB period (31 business days)

Extended

If the TOB commences on May 9

TOB period (31 business days)

**The Company is forced to adopt the same end date for the TOB period as if the TOB had been commenced on or after May 9.**

## Reason for the Petition④ – Sufficient period has been secured for the TOB

- ❑ Makino asserts the necessity of securing "time required for the materialization of third-party proposals, etc."
- ❑ However, the TOB has ensured a period of "60 business days" from the date of its announcement (December 27, 2024) to its commencement and, including the tender offer period, **a period of "at least a total of 91 business days, and a further considerable probability of 101 business days ※" has been secured.**
- ❑ **In prior actual transactions, competing offers have generally been made within approximately 30 business days, and at the latest within 49 business days, from the initial announcement of the TOB.**
- ❑ Thus, in the TOB, sufficient time required for materializing third-party proposals has already been secured, and Makino's assertion is unfounded.

※Generally, tenders for a tender offer tend to concentrate on or close to the last day of the tender offer period, so there is a considerable probability that the number of tendered shares will reach the minimum threshold at the end of the initial tender offer period (31 business days), extending the period by 10 business days thereafter, making the tender offer period 41 business days.

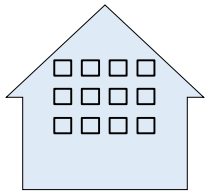
Target Company	Initial Tender Offeror	Competing Offeror	Period Until Competing Offer
UNIZO HOLDINGS COMPANY, LIMITED	H.I.S. CO., LTD.	SAPPORO GK	26 business days
SHIMACHU CO.,LTD	DCM HOLDINGS CO., LTD.	NITORI HOLDINGS CO., LTD.	20 business days
TOYO CONSTRUCTION CO.,LTD.	INFRONEER HOLDINGS INC.	Yamauchi-No.10 Family Office	24 business days
BENEFIT ONE INC.	M3, INC.	DAI-ICHI LIFE HOLDINGS, INC.	17 business days
ROLAND DG CORPORATION	XYZ KK	BROTHER INDUSTRIES, LTD.	22 business days
HORII FOOD SERVICE CO.,LTD.	AZABUDAI I LLP	CITY CREATION HOLDINGS INC.	18 business days
JAPAN ASIA GROUP LIMITED	GREEN HOLDINGS, L.P.	CITY INDEX ELEVENTH CO.,LTD	48 business days
CHILLED & FROZEN LOGISTICS HOLDINGS CO., LTD.	AZ-COM MARUWA HOLDINGS INC.	SG HOLDINGS CO., LTD.	49 business days
SHIBAURA ELECTRONICS CO.,LTD.	YAGEO Electronics Japan GK	MINEBEAMITSUMI INC.	43 business days



## Reason for the Petition⑤ – Makino has not conducted a "sincere consideration"



- ❑ The Special Committee of Makino, from its establishment, hastily concluded a strongly negative evaluation of the Company, **abandoning a neutral stance and adopting a hostile position against the Company.**
- ❑ Makino's Board of Directors, **despite our repeated requests for meetings, only agreed to a brief meeting of about 1.5 hours** and never requested an increase in the tender offer price. On the contrary, **they demonstrated behavior intended to deter the Company from raising the tender offer price**, disregarding the common interest of shareholders.
- ❑ Such responses from Makino and its Special Committee cannot be said to constitute the "sincere consideration" required by the Acquisition Guidelines, nor can they justify "special circumstances" warranting the Anti-Takeover Measure.



Makino

- ❑ Despite our repeated requests for meetings, they agreed to **only one meeting of approximately 1.5 hours** more than two months after the announcement of the TOB. Furthermore, the President of Makino did not attend the meeting. Nevertheless, they claim that "sufficient meeting was held."
- ❑ (In response to our announcement on February 25 that "there is currently no plan to increase the tender offer price",) **Makino commented in a manner deterring any increase of tender offer price by the Company** by stating, "in light of the Financial Instruments and Exchange Act, which prohibits the dissemination of misleading information, and considering Nidec's emphasis on transparency, we understand that... Nidec will not raise the offer price under any circumstances, even if a counter-proposal is actually made".



Special Committee

- ❑ **Merely 4 business days from the establishment of the Special Committee, they hastily concluded a strongly negative evaluation**, stating "akin to the so-called Saturday Night Special tactic," "truly regrettable" and "untrustworthy method," "your company's stance is questionable."

## Reason for the Petition⑥ – Makino's true intent lies in preventing the TOB

- ❑ Makino argues that the purpose of the Response Policy (i.e., to request the commencement of the TOB on or after May 9) is "solely to secure time necessary for the materialization of third-party proposals, etc."
- ❑ **However, the reasons given by Makino for requesting the commencement of the TOB on or after May 9 have changed opportunistically to date.**
- ❑ In addition, **Makino does not intend to cancel the Allotment Without Contribution even if no third-party proposal is made** by the completion of the TOB or **even by the June annual shareholders' meeting.**
- ❑ In light of the above, it is evident that Makino's claim of "securing time necessary for the materialization of third-party proposals, etc." is merely a pretext, with the true intention being to obstruct the TOB.

### The reasons for setting the commencement of the TOB on or after May 9 have changed opportunistically

#### As of January 15 (Special Committee)

- ❑ Immediately after the fiscal year ending March 2025, it is a busy period
- ❑ Securing a period for shareholders to deliberate based on the announcement of financial results for the fiscal year ending March 2025

#### As of February 7 (Makino)

- ❑ Securing time to organize and disclose to shareholders the presence or content of synergies and their reasons after consultation

#### As of March 10 (Makino)

- ❑ Securing time to receive a final letter of intent from a third party and conduct a sincere comparative review

### The Allotment Without Contribution will not be cancelled even in the absence of any third-party proposal

- ❑ The Response Policy does not include, as a reason for cancellation, even "if no third-party proposal is made by the completion of the TOB."
- ❑ The Allotment Without Contribution is not intended to be canceled even "if no third-party proposal is made by the June annual shareholders' meeting."

**"Securing time necessary for the materialization of third-party proposals, etc." is merely a pretext, with the true intention being to obstruct the TOB.**

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***Nidec***

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