

**FOR IMMEDIATE RELEASE**

**Nidec Corporation**  
**Tokyo Stock Exchange Code: 6594**

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**Nidec Submits Answers to the Third Questionnaire from Makino Milling Machine Co., Ltd. (Securities Code: 6135)**

As explained in the press release, “Notice Regarding Scheduled Commencement of Tender Offer for Makino Milling Machine Co., Ltd. (Securities Code: 6135),” dated December 27, 2024, Nidec Corporation (TSE: 6594; OTC US: NJDCY) (“Nidec” or the “Company”), as part of a series of transactions (the “Transaction”) for the purpose of making Makino Milling Machine Co., Ltd. (listed on Tokyo Stock Exchange Inc.’s Prime Market) (the “Target Company”) a wholly owned subsidiary of the Company, decided to acquire the shares of common stock of the Target Company through a tender offer, and on the same day submitted to it a letter of intent regarding the Transaction.

In relation to the aforementioned events, in response to third questionnaire, a document dated March 11, 2025 that Nidec received from the Target Company, the Company submitted its answers, dated today (Please see the attachment) to the Target Company.

The Company intends to continue to provide the Target Company with information that it needs to disclose its opinions regarding the Transaction, in a sincere, timely, and appropriate manner.

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attachment (e.g. email)

Makino Milling Machine Co., Ltd.  
Shotaro Miyazaki, President, Director

Nidec Corporation  
Mitsuya Kishida, Representative Director and President Chief Executive Officer

### **Regarding the Letter of Inquiry (3) Received from Makino**

We have received a “Letter of Inquiry (3)” dated March 11, 2025 (the “Letter of Inquiry (3)”) from your company. The answers to each of the questions contained in the Letter of Inquiry (3) are as follows:

We intend to continuously to answer to the best of our capability any questions that are necessary for you to understand that the Proposal will contribute to enhancing your corporate value and securing the common interests of its shareholders.

On March 4, 2025, we had an opportunity to meet with your management and your special committee to explain the details of the Transaction and the synergies to be realized through the Transaction, as well as to answer questions. However, we believe that further explanation is necessary in order for you to gain a deeper understanding of the Proposal. In particular, since we have not yet had the opportunity to meet with Mr. Shotaro Miyazaki, President and Representative Director of Makino, we would like to request an opportunity to explain the Proposal directly to Mr. Miyazaki and to answer his questions. Additionally, we would like to have an opportunity to directly explain and to answer to questions from Mr. Neo Eng Chong, President and CEO of Makino Asia Pte Ltd and Mr. Zhu Liang, General Manager of Makino (China) Co. Ltd., which account for a large percentage of your group’s sales.

We are also willing to meet with your labor union if you wish, and our senior management will be happy to visit and talk directly. We have a number of Japanese, European, and U.S. companies that have joined our group, and as soon as possible after an acquisition is announced, our management have visited the site to hold a question-and-answer session with the union leaders.

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**1. Expected Synergies in the Proposal for the Company**

- (1) The Company understands that Nidec’s fundamental rationale of expected synergies for the Company arising from the implementation of the Proposal, as set out in the First Response Letter, the Second Response Letter, the First Meeting, the Second Meeting, and materials otherwise disclosed by the Company (collectively, “Pre-Second Meeting Response”) is that these synergies will be generated in terms of products, technology, production, and sales networks and services by leveraging Nidec’s scale and decision-making speed.

On that basis, and with the intention of making further inquiries about the specifics of expected synergies for the Company, we asked Nidec what its expected targets were for sales and operating income of the Company following the implementation of the Proposal. During the course of the Second Meeting, Mr. Tatsuya Nishimoto, Executive Vice President of Nidec, responded as follows: “We will be creating various specific and detailed [targets] going forward”; “We need to assess the present situation. This will take about one year. Once we assess the present situation, we can create new things.”

Furthermore, in Section 5(2) of the First Response Letter, Nidec stated that regarding the business plan, financial and funding plan, investment plan, capital policy, and dividend policy that the Company currently envisions, “we believe these are not matters that should be decided solely at our discretion. Therefore, we would appreciate the opportunity to hold separate detailed discussions.”

Based on the above, we understand that the specifics of synergy effects envisaged for the Company will undergo careful analysis following the implementation of the Proposal. Please provide, on basis of estimates, the expected synergy effects for Nidec and the Company envisaged by Nidec in setting the Tender Offer Price at 11,000 yen per share in the Proposal in quantitative terms with respect to the Company’s sales, sales growth rate, operating profit, operating profit margin, ROE, machinery orders (capital expenditure), R&D investment, free cashflow, and dividends.

**Our Answer:**

**Our proposed price is based on the market price with a sufficient premium for your shareholders. As we explained at the meeting, we would like to work together with your company on the business plan after the transaction is completed. In your Questionnaire (3), you have included a partial excerpt of what Mr. Nishimoto said at the meeting on March 4, but for the sake of understanding of our intentions, we would like to explain again what he said.**

**“We do not have a post-acquisition performance plan for your company at this time. We would like to spend the first year or so after the acquisition to understand the current status of your company. I, Mr.**

Nishimoto, and other senior executives will visit your company several times to meet with your management team, mid-level executives, and others. We will then make comments based on the results of our understanding of your company's current situation when your management formulates a plan for the next fiscal year and beyond. For example, if we believe that your future European operations could be further expanded by using our resources, we would be happy to suggest such ideas. As for resources, we have PAMA (machine tools) in Italy, ARISA (large presses) in Spain, and DESCH (ultra-large reducers) in Germany. In addition, there are many companies and factories related to us. When building a factory from the ground up, it is important to have good relations with the local government, a good workforce, and to secure supply chains. We believe that our group can help.”

As stated above, at this time we do not have a plan for the next fiscal year and subsequent fiscal years for your company. We would like to have a thorough discussion with your company to fully understand the current situation, and together we will formulate a plan for the next fiscal year and beyond. The synergies that will be created by having your company join our group through the Transaction will be refined after the Transaction is completed, and the proposed price is not calculated or determined based on your company's plan for the next fiscal year and beyond. Therefore, we do not consider it necessary for us to submit the numbers. We appreciate your understanding.

- (2) In relation to (1), as you may be aware, the Company announced its new business plan entitled: “For Enhancement of Corporate Value” on February 12, 2025, setting out targets in areas including sales, operating profit, ROE, and total payout ratio through fiscal year 2029, along with plans to achieve these targets.

In response, in its “Report on the Progress After the Release of Nidec’s Letter of Intent and on Nidec’s Opinion”, Nidec asserts: “...we believe that tendering your shares to the TOB (NB: the Tender Offer”) is the better option, rather than continuing to hold the Makino’s shares” on basis that there are hurdles to achieving the new business plan faces obstacles and that its effectiveness is not assured.

Please cite specific reasons for Nidec’s assertion that there are hurdles to achieving the new business plan and that its effectiveness is not assured in addition to providing, on basis of estimates, the Company’s sales, sales growth rate, operating profit, operating profit margin, ROE, machinery orders (capital expenditure), R&D investment, and free cashflow. In addition, as stated in (1), we understand that the specifics of synergy effects envisaged for the Company will undergo careful analysis following the implementation of the Proposal; however, please provide Nidec’s rationale that in comparison with the Company’s new business plan, the Proposal has more to contribute to enhancing the Company’s corporate value premised on synergy effects arising from the implementation of the Proposal and its effects on the Company in quantitative terms.

**Our Answer:**

We would like to reiterate our explanation of the purpose of the statements made in our February 25, 2025 press release titled "Report on the progress after the release of Nidec's Letter of Intent and Nidec's opinion".

This statement explains our thoughts on whether it is more advantageous for your company's shareholders (1) to accept our proposal and tender their shares in the TOB or (2) to continue to hold your company's shares without tendering them. Then, we only explained in general terms that while (1) our proposal is very clear: "We will purchase your company's shares from your shareholders at 11,000 yen per share," in order for (2) to be more advantageous than (1), the share price of your company's shares must be higher than our proposal price, and the conditions for achieving the price. This is not a statement regarding individual conditions for the realization of your company's new business plan.

- (3) In Section 3(3) of the First Letter of Inquiry, we stated that whereas many of our customers purchase machine tools that require fine-tuning using our unique technology, many customers of Nidec Group purchase machine tools with larger demand base deploying general-purpose technology. As such, we asked whether the Proposal delivers substantive benefits to the Company's customers given the qualitative difference between products sought by customers of Nidec Group and the Company respectively and whether our customers will find the expanded line-up and new business with companies in Nidec Group an attractive prospect. Nidec failed to provide concrete answers to this question in its Pre-Second Meeting Response. We request Nidec to re-submit its response given that the impact arising from differences in the customer base between Nidec Group and the Company and the resulting differences in the product line up of the respective customer base is an important component when considering the quantitative effects of synergies arising from the Proposal.

#### **Our Answer:**

As we explained in the interview, our machinery products are not sold mainly as general-purpose products. A significant number of our machinery products are manufactured based on customer needs. For example, all of the products in the press machine business are customized products based on customer specifications, and most of the products of PAMA (5-face milling machines and horizontal boring mills) and Nidec Machine Tools (gear cutting machines, 5-face milling machines, horizontal boring machines, laser cutting machines, etc.) in the machine tool business are manufactured based on customer specifications. Approximately 50% of the products sold by TAKISAWA and 20% of the products sold by Nidec OKK are customized products based on customer specifications. In other words, the majority of our machine products are customized products based on customer needs.

As we have stated, we believe that synergies can be created by combining different products and services to create new added value, without being satisfied with existing areas. We believe that your company will continue to diligently serve your existing customers, while at the same time, your participation in our group will increase the product lineup of our entire group, and therefore, we can create opportunities to offer new proposals to existing and new customers, by leveraging each companies' areas of expertise. We

**are confident that if we have a direct dialogue with your sales and development teams, including discussions on specific matters, you will be able to understand more concretely what synergies will be created for both companies.**

- (4) In “Complementarity of sales networks and services” under “4. Expected synergies between Nidec Group and Makino Group” of the LOI, Nidec states: “Rather than going alone, consolidation and utilization of Makino and Nidec’s sales and service networks will lead to more efficient expansion of sales and service operations”.

In considering the consolidation and utilization of the Company’s and Nidec’s sales and service networks in Section 2(3)(iv) and (v) of the First Letter of Inquiry, we enquired whether the implementation of the Proposal would still give rise to specific synergies within the Company’s services notwithstanding the following concerns highlighted below. However, Nidec has not provided a concrete response in the Pre-Second Meeting Response, merely resorting to expressing its intent in the First Response: “We would like to discuss and support you to implement the necessary measures to expand service business.”

As our customers use our products over a period of several decades, we position our after-sales service as one of the important segments forming the core of our business. The existence of synergies and/or dis-synergies in our service segment is significant when considering the quantitative effect of synergies arising from the Proposal. We would therefore like to ask Nidec whether it still considers there will be synergies arising from the implementation of the Proposal within the Company’s service segment despite these concerns.

[Concerns]

- ✓ As stated in (3) above, the product lineups of Nidec Group and the Company are qualitatively different, and due to differences in product lineups, it is possible that it will take considerable amount of time for Nidec Group (i.e. companies that make up your machine tool business division) to acquire the technology to repair the Company’s products.
- ✓ In the machine tool sector, it is of vital importance to build a relationship of trust with customers over time by providing services over a period of several decades.

**Our Answer:**

**As we explained during the interview, we fully understand the importance of after-sales service. For example, in the press machine business, we originally had service networks mainly in Japan and China, but over the past 12 years, we have acquired independent companies in the United States, Canada, Spain, and Germany, enabling us to use the service networks of each company in a coordinated manner. We have been able to exchange information and resources among the service businesses of these companies, with the involvement of the top management of each company.**

**We are also promoting similar approaches at each of our group's machine tool companies, therefore, we**

**believe that your participation in our group will enable us to further strengthen our service network and after-sales service capabilities in the entire machine tool business, with the participation of not only the top management of each company's service business, but also the top management of each company.**

- (5) In the LOI under “Complementarity of production” in “4. Expected synergies between Nidec Group and Makino Group”, Nidec states: “... it will also be possible to realize joint purchasing using Makino and Nidec’s global production bases including Japan”. In considering the joint purchasing of components for our products in Section 2(2)(v) and (vi) of the First Letter of Inquiry, we enquired whether there will still be specific synergies notwithstanding the following concerns highlighted below. Based on the Pre-Second Meeting Response, we understand that components being considered for joint purchasing by Nidec are limited (i.e. to the extent that the reliability of the Company’s products can be maintained) and exclude components highlighted below, e.g. NC devices, NC motors, and other core components. If this understanding is incorrect, please provide specific examples of the scope and description of components Nidec is considering for joint purchasing.

[Concerns]

Given the following points and the fact that the products manufactured by the Company and Nidec are qualitatively different, the number of common components is extremely limited:

- ✓ Affinity between NC devices, NC motors and machine tools is extremely vital. NC control technology currently used by the Company is technology that has been developed over many years through partnerships with NC manufacturers.
- ✓ Changing NC devices will conceivably result in the loss of reliability and convenience nurtured over the years with our customers. Given that customers in certain industries would need to re-acquire manufacturing process certification, there is a high probability that opportunities for repeat orders will be lost.
- ✓ Regarding core components, we exchange delivery specifications that are packed with know-how with business partners with whom we have long-term business relationships; we also guarantee the reliability of our products. It is therefore not suitable for promoting joint purchasing with the aim of obtaining volume discounts.

**Our Answer:**

**As we explained during the interview, each of the companies we have acquired in the past has established good relationships with NC equipment manufacturers, etc., and we have never instructed them to change suppliers. With regard to joint purchasing, each of the machine tool companies under our umbrella closely exchanges information, and each company continues to make "independent judgments on the state of the market" based on that information. Joint purchasing is one of the procurement synergies of integration, but it does not mean that we forcibly standardize the procurement of items with different specifications.**

## **2. Our Customers (dys-synergies)**

- (1) In Section 1 (8) of Letter of Inquiry (2), we asked Nidec to provide a specific percentage of the number of Nidec Group's Competitors with which Mitsubishi Heavy Industries Machine Tool, OKK, Pama S.p.A. and Takisawa had a business relationship prior to your acquisition and continue to do business after your acquisition in addition to a comparison of the value of the transaction before your acquisition with the current transaction value. We did not receive a concrete response from Nidec in its Second Response or during the Second Meeting. Based on responses provided in the Second Response and during the Second Meeting, we understand Nidec visited these competitors to persuade them otherwise and that it would do the same following the implementation of the Proposal. As stated in Section 1 (9) of Letter of Inquiry (2), we have already received comments from customers representing approximately 10% of our annual total sales, stating that they will be unable to continue doing business with us following the implementation of the Proposal due to the fact that they are Nidec's competitors. Given the need to quantitatively confirm the effectiveness of Nidec's persuasiveness, we request Nidec to re-submit its response.

### **Our Answer:**

**At the interview on March 4, we explained in detail the actual cases that have occurred at each of the companies in our group in order to respond to your concerns as sincerely as possible.**

**In the past, when we acquired other companies, the customers of those companies we acquired informed us that they would stop doing business with us in the future because of the competitive relationship with a company belonging to our group. Whenever such a situation arises, the management of our Machinery Division visits the people in charge at the acquired company and explains the situation in detail, and in many cases, the transactions continue or resume.**

**We understand that you have received comments from customers representing approximately 10% of your total annual sales that they will not be able to continue business after this transaction is completed. As we do not know how you explained the situation to the customers, we would like to explain directly to the top management and managers of the customers at the appropriate time to gain their understanding.**

- (2) In relation to (1) above, in its First Response, Nidec stated: "...there are suppliers who, despite our visits, insist that they do not want to do business with Nidec group, but we often ask them to resume business with us over a period of time, and in many cases we are able to resume business with them. In addition, Nidec group itself uses a large volume of machine tools, and by utilizing its sales and supply network, even if there are customers or suppliers that have been lost, we believe that we can provide new business that far exceeds the volume of lost transactions." Please provide the percentage of sales generated by each of Mitsubishi Heavy Industries Machine Tool, OKK, PAMA S.p.A., and TAKISAWA before and after Nidec's acquisition against Nidec Group's total annual sales.



**Our Answer:**

**As we explained during the interview on March 4.**

- (3) In Section 1(10) of Letter of Inquiry (2), we asked how Nidec's board of directors assessed the risk of loss of customers who are Nidec's competitors as described in (1) above. However, we did not receive a concrete response in the Second Response or during the Second Meeting. Given that an indication of how Nidec's board of directors plans to deal with such risks is an important factor in assessing the dis-synergies involved in the Proposal, we request Nidec to re-submit its response.

**Our Answer:**

**In proceeding with this matter, our board of directors has been closely informed of the background of this matter, in addition to appropriate deliberations and resolutions. As stated in Our Answer in 2(1) above and in our announcement on February 14, "Nidec Submits Answers to the Second Questionnaire from Makino Milling Machine Co., Ltd. (Securities Code: 6135)" (hereinafter referred to as "Our Answer(2)"), we believe that there is no dis-synergy other than the possibility that a company that has a competitive relationship with our group and is concerned about transactions after joining our group will terminate its transactions with you. However, we believe that this too can be eliminated, with only a few exceptions, through sincere explanation. As we have stated many times, if there is such a business partner, we will make every effort to explain directly with them to gain their understanding.**

- (4) As stated in Section 2 (5) (iv) of the First Letter of Inquiry, the China Die & Mould Industry Association and die and mould associations across China released an announcement detailing concerns that Nidec's acquisition of the Company would damage the independence and brand value of the Company and affect our leading position within in the global die and mould industry. It also raised concerns that the acquisition may potentially impact the ability of our group companies to continue providing high-quality technical services to the Chinese market going forward in addition to the possibility that Nidec Group may have to adjust its technical development, service network and customer support strategies post-acquisition, affecting its ability to provide services to the Chinese market.

In response, Nidec announced in its press release "Nidec Executives Meets with Zhejiang Mould Industry Association Representatives over Nidec's Proposed Tender Offer for Makino Milling Machine Co., Ltd. (Securities Code:6135)" ("Zhejiang Press Release") dated February 12, 2025, that it held a meeting with the Zhejiang Province Mould Industry Associations, "an organization of significant importance to the Chinese domestic mold industry" on February 8, 2025.

In relation to this meeting, as stated above, Nidec has described the “Zhejiang Mould Industry Association” as holding a position of significant importance with the Chinese domestic mold industry. Please provide a detailed explanation of this positioning and the specific reasons for deeming it highly important.

In addition, please also explain how the meeting was organized (i.e. whether it was Nidec or Zhejiang Mould Industry Association who initiated the meeting, how the other side responded to the request for a meeting, and why the meeting was set up).

**Our Answer:**

We always value our customers and suppliers. As stated in our announcement on February 12, “Nidec Executives Meets with Zhejiang Mould Industry Association Representatives over Nidec’s Proposed Tender Offer for Makino Milling Machine Co., Ltd. (Securities Code: 6135),” we held a meeting with the Zhejiang Mould Industry Association to confirm the facts, in response to reports in some media that the Zhejiang Mould Industry Association and others have expressed concerns about the transaction. This is based on our policy of having direct dialogue with anyone who has any questions about this transaction and responding sincerely to those questions. As stated in the press release, as a part of the conversation with the Zhejiang Mould Industry Association, Mr. Zhou Genxing, the executive chairman of the association, commented “We were able to build a firm base for in-depth opinion exchange with Nidec executives regarding their proposed purchase of the Target Company. Our Association will remain dedicated to serving as a bridge, building a firmer platform for intra-industry exchanges and cooperation, promoting the industry’s sustainable and healthy development, and raising the industry to higher levels,” and “We further wish to establish a strategic partnership with Nidec.” The association has also disclosed the details of this meeting, which can be found at the link below.

Original article link (from Zhejiang Provincial Model Industry Association website):

<https://www.zmia.org.cn/4/20527/1908497>

<https://www.zmia.org.cn/4/20527/1908498>

- (5) In relation to (4) above, the China Die & Mould Industry Association issued a statement on March 3, 2025 entitled: “Statement Regarding Nidec's Comments” (“Statement”). In this Statement, the China Die & Mould Industry Association emphasized that it has never received a visit from Nidec. (NB: The Statement also refers to a Chinese translation of an article by a Japanese media outlet which is described as being untrue. However, we suspect this is due to the fact that there are differences between the Chinese translation of the above article and the original Japanese text.) In addition, according to the Statement, in January 2025, the Association reported to the relevant departments of the Ministry of Commerce (counterpart to Japan's Ministry of Economy, Trade and Industry) and the State Administration for Industry and Commerce's State Anti-Monopoly Bureau that Nidec’s acquisition of the Company would have a negative impact on the supply chain for die manufacturing equipment in the Chinese die industry.

In this regard, please explain why Nidec specifically chose to meet the Zhejiang Mould Industry Association out of all die and mould industry associations in China, including the China Die & Mould Association (i.e., according to the Zhejiang Press Release, the executive chairman of the association is quoted as saying: “Nidec Group has been making tremendous investments in Zhejiang Province”. This suggests that the Zhejiang Mould Industry Association is highly dependent on Nidec. Please therefore explain why Nidec chose to hold talks with this particular association).

Please also explain whether Nidec believes it can still achieve expected synergies arising from the implementation of the Proposal despite opposition from the China Die & Mould Industry Association, (to which many of our customers belong) and other die & mould industry associations (excluding Zhejiang Province), and how it intends to achieve this.

**Our Answer:**

**As our consistent policy, we would like you to continue your current business even after joining our group. Especially, if you have built a trustworthy relationship with your customers in China, we would like you to continue your business with them. In addition, we believe that it is only natural for you to respond to your customers' requests first in cases where you share confidential information with them, so we do not think that the situation you are concerned about will arise. We have heard that the China Die & Mold Industry Association, of which you are a member of the board of directors, has filed a complaint with the relevant departments of the Ministry of Commerce and the State Administration for Market Regulation of China (hereinafter referred to as the “AML Authority”).that our proposed acquisition of you would have a negative impact on the supply chain of die manufacturing equipment in Chinese die & mold industry. However, if it is true that the association has one-sidedly reported to the Ministry of Commerce and the AML Authority of a negative impact with regard to a proposed M&A deal between Japanese companies, which are foreign to China, we believe this is an extremely unusual case. We will endeavor to dispel the concerns of the China Die & Mold Industry Association, etc., by asking them what specific concerns they have. If the China Die & Mold Industry Association has the same concerns as the original Zhejiang Mold Industry Association, we believe that we will be able to dispel their concerns by providing a detailed explanation from our side.**

**3. Regarding our employees (human capital related)**

- (1) With regard to the questions 2(2) and (3) in the Letter of Inquiry (2), which you did not answer at the Letter of Inquiry (2) for the reason that the data is undisclosed, we understand that you have provided the data and answered the ‘reason why number of employees at Nidec OKK decreased after the acquisition by you’ at the second interview. On the other hand, we understand that we could not receive your response to the question ‘Is the statement on the “Company Profile” page of the Nidec OKK website, “Number of employees: approx. 550 (April 2024)”, the number of employees on a consolidated basis (which can be compared with OKK's previous published values)?’ in question 2(3) of the Letter of Inquiry (2).

In addition, we understand that you have not responded to our request for information regarding (i) the average annual employee turnover rate for the past five years at your company, and (ii) the average annual employee turnover rate for the five years prior to and the five years following the joining of Nidec Machine Tool, Nidec OKK, PAMA S.p.A., and TAKISAWA to your group, even though we do not believe that this information is particularly confidential. please provide us with the information (see 4(2) and (3) of the Letter of Inquiry (1) ).

In addition, as our employees are also highly interested in your proposal, and as it is our employees with expertise in each field who support our advanced technological capabilities, we believe that this question is extremely important when considering whether or not your proposal will contribute to the improvement of our corporate value, so we would like to ask you again to respond to this point.

**Our Answer:**

**We have explained the situation during our meeting on March 4. If you have any concerns, we would be happy to provide you with an opportunity to explain directly to seniors of your labor union.**

- (2) Please provide specific details of any changes that have occurred at each of Nidec Machine Tool, Nidec OKK, PAMA S.p.A., and TAKISAWA since your acquisition regarding (1) the prescribed working hours, (2) the prescribed number of holidays, (3) the flex-time system, (4) various premium rates for overtime, midnight, and holiday work, (5) the number of months for bonuses, (6) retirement allowances and defined contribution pensions, and (7) the continuation of collective agreements. In addition, while it was reported in media that the president of Mitsubishi Heavy Industries Machine Tool (current Nidec Machine Tool) was demoted at the time of the acquisition, it would be appreciated if you could respond to us regarding the truth of such reports and, if such reports are correct, how such demotion was the result of the application of any personnel policies of you.

**Our Answer:**

**We have explained in detail during the meeting on March 4.**

**Please note that we did not make any personnel changes, such as demotions, as a result of acquisitions. Further, we did not second members of our management team to each company after acquiring companies. On the other hand, there were cases in which personnel from the group companies have been appointed to key posts at our headquarters after their joining our group.**

**4. Other**

- (1) In relation to 1.(1) above, in 1(14) of the Letter of Inquiry (2), we asked you, “In making this proposal, while we understand that you must have calculated specific synergy effects (profit/loss impact), if specific figures for such synergy effects (e.g., impact on profit and losses) are available, please provide them along with underlying assumptions used in the calculation”. However, your answer only states “while it is currently difficult to quantify the synergies that you aim to realize through the Transaction, we believe that the

transaction, including the TOB, will provide the shareholders with a reasonable opportunity for investment returns, which will not only guarantee shareholders, at a minimum, ‘the benefits to which shareholders are entitled’, namely ‘the value that could be realized even without an acquisition’, but also fully provide them with a fair distribution of ‘the value that cannot be realized without the acquisition’.”.

However, since you have set the tender offer price at 11,000 yen per share (which is a premium compared to our share price before the announcement of this proposal), you must have made a specific calculation of the ‘the value that cannot be realized without the acquisition’ in this case, and the quantitative value (amount) of the synergistic effects that YOU expect to enjoy when the acquisition transaction related to this proposal is realized.

In any case, since you have even asserted that “not only GUARANTEE...AT A MINIMUM... ‘the value that could be realized even without an acquisition’, but ALSO FULLY PROVIDE THEM WITH A FAIR DISTRIBUTION of ‘the value that cannot be realized without the acquisition’ (emphasis added by us), please provide in detail what level of ‘the value that cannot be realized without the acquisition’ and the quantitative value (amount) of the synergy effects that you expect to enjoy when the acquisition transaction related to this proposal is realized.

**Our Answer:**

**Again, our proposed price is based on the market price with a sufficient premium for your shareholders. The progress of the synergy discussion will not change that decision. The tender offer price represents a sufficient premium (41.94%, 54.67%, 67.89%, and 74.24%, respectively) over the simple average closing market price of your stock on the business day immediately preceding the date of submission of the letter of intent, and for the one-month, three-month, and six-month periods preceding such date. The tender offer price is equivalent to a P/B ratio of 1.19 times (as of the announcement of the scheduled commencement of the tender offer), while your P/B ratio is less than once as of December 26, 2024. In light of these circumstances, we believe that our proposal provides your shareholders with a reasonable opportunity to recover their investment and is at a price that will allow a large number of shareholders to tender their shares, and we believe that we have provided sufficient information for shareholders to determine whether they agree with our proposal. Further, since the synergies to be created by your participation in our group is planned to be elaborated after the transaction, and since the proposed price has not been calculated and determined based on your plans for the next fiscal year and beyond, we do not consider it necessary to submit our answer. We appreciate your understanding.**

- (2) With regard to your explanation as to whether there is a possibility of raising the tender offer price for the proposal in the future, what you stated in the press release dated February 27, 2025 is highly inconsistent with what was reported as the statement of Mr. Araki, your First Senior Vice President at the press conference on February 26 (for example, the Yomiuri Shimbun article dated February 27). In other words, while in the press release dated February 27 states that “...this is a statement of our policy at the moment. To be more specific, the above statement our report explains our policy of not raising the price beyond an

appropriate valuation, even if a competing offeror appears” in terms of this point, the Yomiuri Shimbun article dated February 27 states that “Nidec's First Senior Vice President Takamitsu Araki explained at a press conference held in Tokyo that if a friendly acquirer (white knight) offers a higher price, ‘we will withdraw gracefully’”, and the Asahi Shimbun article dated the same day states that “At the press conference on the 26<sup>th</sup>, First Senior Vice President Araki... also explained about the price that ‘We will not engage in a bidding war. If it is impossible, we will withdraw’”.

Thus, there appears to be a significant contradiction between your explanation regarding the possibility of raising the tender offer price in the proposal in the future, and since this point is of extreme interest to our shareholders as well as to your shareholders, we would like to ask you to sort and answer to the question again. Specifically, please answer whether we are correct in understanding that, although you do not “plan” to raise the tender offer price for the proposal at this time in the event that a proposal from a third party that competes with this proposal is actually made, if such a proposal from a third party is actually made, there is a “possibility” of raising such tender offer price to the extent not to deviate from “your appropriate valuation” (if the said understanding is incorrect, please explain exactly how it should be understood).

### **Our Answer**

**We would like to reiterate our explanation of the information provided in “Our Request Regarding “The Company’s Opinion on the Press Release by Nidec Corporation Titled 'Report on the Progress After the Release of Our Letter of Intent and on our Opinion' published by Makino Milling Machine Co., Ltd. (Securities Code: 6135)” published on February 27.**

**“Although we believe that if you read our report carefully, you will understand, as our report states, ‘Furthermore, we believe that our proposed price of 11,000 yen is a necessary and sufficient level, and at this time, even if some shareholders request a price increase or a competing proposal is made by a white knight or other party that exceeds this price, we have no plans to raise this amount.’, this is the our policy at the moment. To be more specific, the above statement in our report explains our policy of not raising the price to a level that deviates from an appropriate valuation, even if a competing bidder appears.”**

- (3) Section 4(3) of Letter of Inquiry (2) poses the question of whether Nidec will consider revising the lower limit if opinions contrary to assumptions presented by Nidec (i.e., if the Company expresses an opinion other than that of the Company in favor of the Tender Offer, the Company will respect the opinion of the board of directors and refrain from tendering their shares. On the other hand, if the Tender Offer is successful and Nidec becomes the new parent company, the Company will accept the management policies of Nidec, and, in principle, approve the proposal for the share consolidation at the extraordinary general shareholders’ meeting.) In its Second Response, Nidec stated: “...we cannot make any analysis based on the fictitious assumption you have pointed out, because we cannot envision a specific situation in which the cross-shareholding party expresses an opinion that conflicts with our view at this point in time.” However, as we pointed out in our additional request dated March 10, 2025 (“Additional Request regarding the Receipt of an Initial Letter of Intent and the Planned Timing, etc. to Launch Tender Offer by a Third Party to Make Makino Milling

Machine Co., Ltd. a Wholly Owned Subsidiary) sent to Nidec, Nidec's explanation of "fictitious premises" is factually incorrect. We would like to ask Nidec whether it still considers setting a lower limit of less than two-thirds is appropriate in the light of concerns raised below, and if so, to re-submit a response concerning Nidec's rationale. If, on the other hand, Nidec plans to change the lower limit, please provide a specific explanation of the new lower limit and the rationale for making this change.

- ✓ Approximately 8% of the Company's shareholders, including our largest shareholder (Machine Tool Engineering Foundation), who previously indicated they are "likely" to vote in favor of the Proposal, have since expressed their opposition to the Proposal.
- ✓ In our regular engagement with institutional investors since February of this year, certain shareholders have commented that it would be incorrect to assume passive index funds would not tender their shares to the TOB. These views contradict Nidec's opinion in Section 7 (3) of the First Response, which states: "...we believe that it is a reasonable analysis to conclude that domestic passive index management funds, as a general rule, do not tender their shares in a tender offer".
- ✓ In Section 4(6) of the Second Response, Nidec claims: "Mitsubishi UFJ Trust and Banking Corporation" and "Mitsubishi UFJ Banking Corporation" are "likely to refrain from applying for the TOB if you were to express an opinion against the TOB" on basis of existing business interest between the Company and Mitsubishi UFJ Financial Group given that there are existing commercial interests between the Company and Mitsubishi UFJ Financial Group where the latter is the Company's shareholder registry administrator. However, this is based on Nidec's "assumption" only, the facts of which have not been verified with Mitsubishi UFJ Financial Group.

#### **Our Answer:**

**As stated in our press release "The Additional Written Request that We Received from Your Company" dated March 14, 2025, based on the contents of the "Additional Request regarding the Receipt of an Initial Letter of Intent and the Planned Timing, etc. to Launch Tender Offer by a Third Party to Make Makino Milling Machine Co., Ltd. a Wholly Owned Subsidiary" dated March 10, 2025, we have been seriously considering the following two points: (1) to postpone the commencement date of the TOB until May 9, 2025 and (2) to make the minimum number of shares to be purchased under the TOB equal to or more than 2/3 of all voting rights held by all of your shareholders. With respect to the above concerns raised by you, our current views are as follows:**

- ✓ **Expression of Opposition to the Proposal by Shareholders**  
**First, with respect to Machine Tool Engineering Foundation, as we informed you in Our Answer (2), the analysis regarding the TOB and the subsequent proposal for reverse stock split as a squeeze-out procedure (the "Reverse Stock Split Proposal") is not based on the actions of shareholders at the present time, but rather on the actions of shareholders at a future point in time based on the expectation that they will have a certain understanding of our management policies, etc. if the TOB**



is successful and we become your parent company. In contrast, the resolutions of the Board of Councilors and the Board of Directors of— Machine Tool Engineering Foundation are “we are against the TOB proposal and cannot accept the TOB”, which are related to the TOB. Thus, they are at different points in time and are not contradictory. Furthermore, with respect to the shareholders who allegedly submitted letters to the FSA stating that they do not accept the TOB and do not support the subsequent resolution of the shareholders' meeting for the squeeze-out, since you have not disclosed any information regarding the reasons, purposes, and background of such shareholders not supporting the Reverse Stock Split Proposal, the attributes and number of such major shareholders, the number of such shareholders, and the number of voting rights of your shares held by each, we are unable to conduct an analysis based on the situation that you appear to be concerned about.

✓ **Comments in Dialogues with Institutional Investors**

As we explained in Our Answer (2), domestic passive index funds are funds that pursue the rate of return of the investment benchmark with the objective of linking investment results to an index such as a stock price index that serves as market benchmark for the assets in which they invest, even if we assume that there are funds that behave exceptionally differently from the pursuit of benchmark returns, it would be extremely difficult to estimate the level of such funds to a sufficiently reasonable extent. Therefore, we believe that it is a reasonable analysis to conclude that domestic passive index management funds, as a general rule, do not tender their shares in a tender offer.

✓ **Regarding Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Banking Corporation**

Our opinion regarding the application of the TOB by these shareholders is based on the objective circumstances explained in Our Answer (2), and we recognize that no circumstances have emerged at this point that would overturn our opinion.

END



[Restrictions on solicitation] This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase, any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

[Future Forecasts] This press release may contain forward-looking statements, including those related to the future business of Nidec Corporation (the “Tender Offeror” or the “Offeror”) and other companies, such as “anticipate,” “expect,” “intend,” “plan,” “believe,” and “assume.” Such statements are based on the Tender Offeror’s current business prospects and may change as a result of future developments. The Tender Offeror is under no obligation to update any forward-looking statements in this information to reflect actual business performance or changes in various circumstances or conditions. This press release contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as “forward-looking statements” due to known or unknown risks, uncertainties or other factors. None of the Offeror or its affiliates assures that such express or implied projections set forth herein as “forward-looking statements” will eventually prove to be correct. “Forward-looking statements” contained herein were prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither Tender Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

[U.S. Regulations]

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; “Securities Exchange Act”) or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release is equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and Makino Milling Machine Co., Ltd. (“the Target”) are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

The financial advisors of the Offeror or Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers’ accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.

All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

[Other Countries] Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.