



Presentation Material for the Press Conference

Launch of the Tender Offer Bid for Makino Milling Machine Co., Ltd.

April 04, 2025

Nidec Corporation

1. Events after Nidec's Dec. 27, 2024 Announcement of the Tender Offer Events from December 27, 2024 – April 04, 2025



- Though Nidec Corporation ("Nidec") constantly asked for in-person meetings, Nidec, to its disappointment, was only able to have a meeting for over an hour with the special committee and two members of the management of Makino Milling Machine Co., Ltd. (the "Target Company") respectively.
- Unfortunately, the number of questions that could be hints for a better corporate value was limited.

Date	Nidec Corporation	Makino Milling Machine Co., Ltd.
Dec. 27	- Nidec announces a letter of intent.	
Jan. 17	- Nidec meets with the members of the Target Company's special committee at the Target Company's technical center (in Maguro, Tokyo). - Nidec submits its reply to the Target Company's January 15 (first) written request.	
Jan. 23	- Nidec explains the meaning of the tender offer bid (TOB) during the press conference on its financial results.	
Jan. 27	- Nidec submits its reply to the Target Company's January 22 (second) written request.	
Jan. 31	- Nidec submits its reply to the Target Company's January 28 (first) written questionnaire.	- The Target Company sends Nidec its (third) written request and announces it.
Feb. 05	- Nidec submits its reply to the Target Company's (third) written request to Nidec's board of directors.	
Feb. 06	- Nidec receives the shareholder registry from the Target Company.	
Feb. 12		- The Target Company announces a notice on formulating a business plan.
Feb. 14	- Nidec submits its reply to the Target Company's February 07 (second) written questionnaire. - In the reply, Nidec requests a meeting with the members of the Target Company's management.	
Feb. 21		- The Target Company's management requests Nidec to hold a meeting in early March.
Feb. 26	- Nidec holds a press conference to report the events after its announcement of letter of intent, and to express its opinions on it.	
Mar. 03		(Machine Tool Engineering Foundation, which owns a 4% stake in the Target Company, announces its opposition to the TOB).
Mar. 04	- Nidec meets with members of the Target Company and its special committee.	
Mar. 17	- Nidec submits its reply to the Target Company's March 11 (third) written questionnaire.	
Mar. 19	- Nidec submits its reply to the Target Company's March 10 (third) written request.	- The Target Company announces the launch of anti-takeover measures (with conditions).
Mar. 21	- Nidec expresses its regret on the Target Company's press release on anti-takeover measures.	- Japan Association of Metal, Machinery and Manufacturing Workers (JAM) submits a "request for strengthening action guidelines against takeovers without prior consent" to the Ministry of Economy, Trade and Industry.
Mar. 26		- The Target Company's labor union and JAM hold a press conference.
Apr. 03	Nidec issues a press release on the commencement of the TOB after obtaining approval of its board of directors.	
Apr. 04	The TOB commences, and Nidec holds a press conference.	

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2. Outlook of Nidec's Tender Offer

(The TOB proposal to make Makino Milling Machine Co., Ltd. a wholly owned subsidiary of Nidec Corporation)



Tender offeror	Nidec Corporation
Target company	Makino Milling Machine Co., Ltd. (Securities code: 6135, TSE Prime Market)
Tender offer period	Apr. 04 – May 21, 2025 (31 business days), which, however, will be extended by 10 business days if the lower limit is reached (practically until Jun. 04)
Price of the TOB	11,000 yen per share
Premium	Closing price as of the base date of Dec. 26: 7,750 yen (41.94%) One-month average: 7,112 yen (54.67%) Three-month average: 6,552 yen (67.89%) Six-month average: 6,313 yen (74.24%)
Lower limit of the number of shares to be purchased	More than 50.00% on a voting rights basis
Upper limit of the number of shares to be purchased	Not set.

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3. Events Leading Up to Launching the Tender Offer as Planned



- Though the method of this TOB proposal is rare in Japan, it is a rational and fair method that does not cause an opportunity loss to shareholders, and Nidec believes that this method will contribute to the Japanese M&A market's expansion and development. Experienced with a number of M&A cases, Nidec makes it a mission to be a pioneer in popularizing this method, and has determination and faith to complete this TOB as planned.
- Since announcing the TOB on December 27, 2024, Nidec has already provided the Target Company with a sufficient period, *i.e.*, more than three months, for them to examine the TOB.
- As it is uncertain as to approximately when a legally binding official counterproposal will be made, there is no reasonable ground to change the initially disclosed plan and postpone the launch of the TOB to May 09.
- While more than three months have passed since the announcement of Nidec's TOB proposal, Nidec has requested to meet with the Target Company's management team multiple times, Nidec was only able to meet once with the members of the Target Company's special committee and some of the Target Company's management team respectively, and Nidec could not hope for further progress with its subsequent request.
- In the dialogue with the Target Company's management team, Nidec disclosed personnel and other information, the Target Company repeated same questions on already explained information.
- Nidec has already explained to the Target Company that Nidec will not hesitate to provide the Target Company's individual stakeholders with explanation directly. If, in the future, the Target Company provides Nidec with an opportunity for a meeting, Nidec aims to discuss with the Target Company actively, and to have dialogues to obtain their consent and recommendation for the TOB.

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4. Problems with Introducing a Poison Pill

- It is extremely regrettable that the Target Company unilaterally announced, without a sufficient dialogue with Nidec, the launch of emergency defense measures to reject Nidec's TOB. Nidec requests its immediate withdrawal.
- Though the attorney who is the Target Company's legal advisor denies that the emergency defense measures are anti-takeover measures, the emergency defense measures are nothing but anti-takeover measures.
- Unlike a financial sponsor that seeks temporary return on an investment, Nidec, a business corporation, is proposing a permanent increase in corporate value. Introducing a poison pill to prevent a takeover is a prime example of tarnishing the Target Company's corporate value.
- Under the circumstance where the Target Company rejects a dialogue with Nidec, and launches anti-takeover measures while maintaining the state where discussions on how much increase in corporate value Nidec's TOB can bring are extremely limited, such measures deserve to be regarded as actions for the Target Company's management to protect themselves.
- Such unilateral hostile measures executed without sufficient communication between Nidec and the Target Company are extreme and a drastic medicine (If executed, those measures will highly likely cause large damage to Nidec).
- Even if the announcement of the aforementioned emergency defense measures were resolved by the Target Company's board of directors, Nidec hopes that the announcement does not reflect the will of all the members of the board.
- It is clear that the emergency defense measures will be disadvantageous to the Target Company's shareholders, and Nidec strongly hopes that the Target Company's special committee submits to the company's board of directors an opinion on retracting the measures based on a fair and neutral perspective.

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5. To the Shareholders of Makino Milling Machine Co., Ltd.

The options currently available for the Target Company's shareholders are:

- A. Apply for Nidec's TOB, or continue to hold shares without applying for the TOB; and
- B. Apply for Nidec's TOB, or apply for other TOB proposal if such a proposal is made.

A. Which is better: "Accept Nidec's TOB offer," or "Continue to hold shares of the Target Company"?

To achieve shareholder returns that exceed the amounts offered by Nidec (increase in share price, shareholder return (dividend)), the Target Company must overcome the following hurdles successfully:

1. Successfully execute and accomplish its revised business plan.
2. Ensure that the accomplishing the revised business plan is reflected in its market share price and leads to a higher share price early.
3. In launching shareholder return measures, separately secure a sufficient amount of fund to achieve its business plan.

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5. To the Shareholders of Makino Milling Machine Co., Ltd.



A. Comparison: “Accept Nidec’s TOB offer” vs. “Continue to own shares of the Target Company”

Even if the Target Company continues to operate its business independently, many uncertainties exist for them to raise their share price over Nidec’s proposed price. Therefore, Nidec believes that it is the best option for the Target Company to use cash to return Nidec’s proposed price to the Target Company’s shareholders.

(1) It is uncertain whether the Target Company can achieve its revised business plan.

- One cannot say for sure that the Target Company can achieve its revised business plan.

(2) Achieving the revised business plan may not necessarily lead to a target share price.

- The Target Company’s corporate value based on the revised business plan will fluctuate widely based on the level of achieving the revised business plan.

- Achieving the revised business plan may not necessarily lead to a high share price.

- In essence, a company’s performance, etc. is affected by external factors such as future economic environments and the state of the world, it is difficult to predict share price.

- The way to evaluate the revised business plan differs among shareholders considering making investment in the future.

- Compared with the closing price on February 12, which is immediately before the announcement on the revised business plan, the Target Company’s closing share price decreased 0.3% on February 13 (the following day), and decreased 0.8% on February 19 (a week later).

→ These results likely indicate that a large number of investors are, at least at present, sceptical if the Target Company can achieve its revised business plan, and if the Target Company can surely achieve the plan or not.

(3) The viability of the shareholder return measures

- The shareholder return measures presented in the revised business plan assumes that the Target Company will achieve the plan, meaning that its base fund will decrease if the Target Company fails to achieve it.

- Executing the shareholder return measures sooner would decrease the cash for equipment investment and R&D, and restrict investments in the Target Company’s growth.

→ The plan shows that, while the amount of the shareholder return measures targeted this time is increasing, [the amount of the annual average equipment investment is decreasing.](#)

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5. To the Shareholders of Makino Milling Machine Co., Ltd.



B. Comparison with other possible TOB proposals

- Though the Target Company has yet to officially announce who submitted an initial proposal or its details, this comparison is with Nidec’s proposal based on the assumption that the counterproposal was made, as reported, a financial sponsor.
- Though a detailed comparison is not possible as no other proposals are made at present, Nidec believes that making a price proposal better than Nidec’s would not be easy.
- Even if a counterproposal is made, the timing to obtain required permits, among other elements, are uncertain at present, and the timing to finally close such TOB may come later than Nidec’s TOB period.

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6. To Other Stakeholders



To the executives of Makino Milling Machine Co., Ltd.

The options currently available for the Target Company's board of directors are:

- A) Accept Nidec's proposal, and recommend applying for Nidec's TOB;
- B) Reject Nidec's and all the other takeover proposals, and maintain the status quo (including the execution of the defense measures on Nidec); and
- C) Reject Nidec's proposal, and accept the one by another company (and execute the defense measures on Nidec).

Although it depends on what is the most ideal scenario for the Target Company's management, is it best to maintain the status quo? Is it best for them to block the path to joining the Nidec Group, and to accept the takeover proposal by another company? Nidec believes that the Target Company needs to express its policy to its shareholders regarding these questions.

- Even at present, Nidec remains strongly hopeful to have a dialogue with the Target Company's management.
- There will be no mutual understanding without dialogue between Nidec and the Target Company. Therefore, Nidec wants to deepen mutual understanding through two-way dialogues with the Target Company's management (the president and those below).
- Nidec intends to seek, with utmost sincerity, a dialogue with the Target Company so that they will, in the end, understand, and recommend application for, Nidec's proposal before the TOB period ends.

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6. To Other Stakeholders



To the executives of Maki Makino Milling Machine Co., Ltd.

B) If the Target Company rejects Nidec's and all the other takeover proposals, and maintains the status quo (including the execution of the defense measures on Nidec):

Nidec's TOB is not executed, and the Target Company's share price will be at the level prior to Nidec's proposal, causing the Target Company's existing shareholders a tremendous opportunity loss. In addition, with respect to the Target Company's management policy (as of February 12, 2025, including the Target Company's revised business plan), there are numbers of hurdles to overcome to improve the Target Company's share price from its level prior to Nidec's proposal to a level higher than Nidec's proposed share price.

C) Reject Nidec's proposal, and accept the one by another company:

Comparison with Nidec's proposal in a case where a counterproposal is made by a financial sponsor

- First, though the Target Company has yet to officially announce who submitted the initial proposal, here is the comparison based on the assumption (which is only an assumption) that a counterproposal has been made by a financial sponsor, as reported (common issues if a counterproposal is made by a financial sponsor).
- The debt ratio will increase, generating a burden.
- The Target Company's balance sheet will deteriorate. With the introduction of the LBO loan, mezzanine, etc., the company's DE Ratio will rise significantly.
- In this scenario, the Target Company will have a debt loan, which is more costly than self-funding, while the amount of high-interest payment and principal repayment will increase, and investment for growth will be restricted. If the Target Company's growth (sales increase) is impeded, the company may fall into a vicious cycle of its expected earning rate deteriorating (profit decreasing) and its repayment principal restricted. In such a case, the Target Company will have to generate cash for loan repayment due to fixed cost reduction by factory consolidation and workforce reduction.
- Possible loss of management independence
- The current management may lose their management free hand, as measures will be executed under the leadership of the fund, a new shareholder (The current management may even be replaced with a new one). In cases of an MBO based on the maintenance of the current management, synergies may likely be limited, as the current management policy will remain unchanged.
- It is unclear as to how a fund will exit the deal.
- Though a fund will exit the deal by selling the Target Company's shares to other companies or by relisting the Target Company, such relisting cannot be guaranteed based on the market environment.
- If the Target Company joins the Nidec Group, the Target Company's debt ratio will not deteriorate, since the TOB is not fund procurement utilizing the Target Company's balance sheet. (If the financial sponsor is an overseas fund)
- The timing for closing will be uncertain, as such a way of TOB requires a foreign exchange law-based examination procedure in relation to direct inward investment, and, even if such a TOB will be approved in the end, it is unclear as to how long it will take before it is approved.
- (If a financial sponsor invest jointly with a business corporation)
- As a scheme, a financial sponsor can have a business corporation invest part of the money needed for strategic alliance. Depending on such an alliance, it is not easy to increase an actual corporate value based on a strategic alliance with a partner without substantive controlling interest. For example, after forming an alliance with a European business corporation to improve a company's European service system, the alliance effects can be limited if it is merely an alliance, and unless the level of financial commitment is high.

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7. Messages from the Representatives of the Companies that Joined the Nidec Group, and from the Executive GM of Nidec Corporation's Machinery & Automation Business Unit



The representatives of the machine tool companies that joined the Nidec Group:

- Kazuhiro Harada (Representative Director and President, Takisawa Machine Tool Co., Ltd.)
- Yoshihide Morimoto (Representative Director and Chairman, Nidec OKK Corporation)
- Haruhiko Niitani (Representative Director and President, Nidec Machine Tool Corporation and Nidec OKK Corporation)

Executive GM, Machinery & Automation Business Unit

- Tatsuya Nishimoto (Executive GM, Machinery & Automation Business Unit, Nidec Corporation)

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Nidec's M&A



- Nidec places importance on its individual companies' independent business management, while materializing their sustainable growth.
- Nidec places importance on communication with a purchased company's executives and employees, and supports healthy, active, and bold management decisions.

1. Nidec places importance on a purchased company's independence.

- While aiming to generate synergies with Nidec Group companies in sales, purchasing, development, production, and other areas of business, Nidec maintains purchased companies' independence (by avoiding concentrating sales, purchasing, development, and other functions on Nidec's head office).

2. Nidec places importance on communication with a purchased company's executives and employees

- Maintain close communication with the purchased company's management, executives, and employees (+ labor union), listen to their opinions, etc. on issues and the company's growth, and discuss with the management how to solve the issues and achieve further growth. → Support for active and bold actions to achieve necessary targets/goals.

3. Nidec supports a purchased company to increase its profit and for necessary investments.

- A company's sustainable growth requires a constant achievement of healthy profit at/above a certain level. To do so, Nidec will improve the purchased company's profit ratio, improve the levels of highly contributing employees' and executives' salaries and compensations, while making decisions on anticipated investments in the market carefully, boldly, and promptly.

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