

ANNUAL REPORT

2021

Year Ended March 31, 2021



● Corporate Principles of the Nissin Electric Group

We have established a new Business Mindset to define the Nissin Electric Group DNA passed down since our founding in order to create a driving force aimed at future growth and further evolve our corporate philosophy on our 100th anniversary. The following three elements of our Corporate Philosophy, Principles of Activities and Business Mindset form our revamped Group Philosophy.

Group Slogan

Forge a bright future for both people and technology

Corporate Philosophy

Through corporate activities that support the foundations of society and industry, the Nissin Electric Group will harmonize with the environment and contribute toward realizing a vibrant society.

Principles of Activities

Integrity, Trust and Long-term Relationships

We take the following Five Trusts as the principles of our activities. (Customer Trust, Shareholder Trust, Societal Trust, Partner Trust, Employee Mutual Trust)

Business Mindset

“Venture Spirit” fostered since our founding

The spirit to develop a future with high ambitions and a passion for constantly taking up challenges

The spirit of “New Each Day” embedded in our company name

The unwavering spirit to seek something new each day and make constant efforts toward one’s goals

“Open-mindedness and the ability to digest different cultures and technologies”

The spirit to accept different things and eventually internalize them

Five Trusts

(1) Customer Trust

We provide reliable, high-quality products and services that are useful to customers. This will facilitate our efforts to enhance our technologies, which are the source of value delivered to customers. In addition, the Company commits itself to providing constantly dependable services in order to foster long-term relationships with customers.

(2) Shareholder Trust

We exert efforts to provide appropriate dividends and to enhance the net share value for our shareholders, who are the financial supporters of the Nissin Electric Group.

(3) Societal Trust

We comply with law and other social codes, seek to coexist with the natural environment, and strive to maintain a good relationship with the local community in order to fulfill our obligation as a responsible member of society.

(4) Partner Trust

We place a strong emphasis on our relationships with our business partners. In our pursuit of growth, we remain committed to dealing with our partners in an honest and fair manner.

(5) Employee Mutual Trust

It is we, the employees, who are the source of Trust. In our business activities, we highly-motivated employees cooperate with each other in order to achieve a stable life, to find meaning in life, and to encourage personal development of all employees.

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Forward-Looking Statements

Statements regarding earnings projections, market outlooks and similar items are forward-looking statements based on information available to the company at the present time and thus contain many uncertainties. Readers should understand that such forward-looking statements embody risks and that actual results, market conditions and other events may differ significantly from the estimates and projections contained in this publication.

Consolidated Financial Highlights

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31

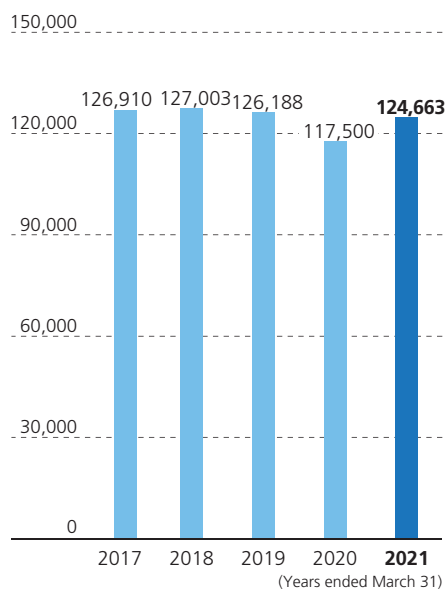
	Millions of yen					Thousands of U.S. dollars
	2021	2020	2019	2018	2017	2021
Net sales	¥ 124,663	¥ 117,500	¥ 126,188	¥ 127,003	¥ 126,910	\$ 1,123,094
Operating income	15,172	11,479	16,444	16,030	18,743	136,684
Profit attributable to owners of parent	10,979	8,433	12,445	11,840	14,158	98,908
Total assets	180,410	162,730	162,427	153,578	154,097	1,625,322
Shareholders' equity	121,069	110,809	108,010	101,015	90,536	1,090,720
Capital expenditure	3,962	5,683	8,218	4,005	4,858	35,695
Depreciation and amortization	4,013	3,767	3,405	3,198	2,871	36,154
Research and development expenses	6,390	7,097	7,922	6,506	6,442	57,572

Per share of common stock:	Yen					U.S. dollars
	2021	2020	2019	2018	2017	2021
Profit attributable to owners of parent	¥ 102.73	¥ 78.90	¥ 116.45	¥ 110.79	¥ 132.47	\$ 0.93
Diluted profit attributable to owners of parent	—	—	—	—	—	—
Cash dividends	32.00	32.00	32.00	30.00	30.00	0.29
Shareholders' equity	1,132.82	1,036.81	1,010.62	945.17	847.13	10.21

Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥ 111 to US\$1.00, the approximate exchange rate prevailing on March 31, 2021.
 2. For the fiscal years ended March 31, 2021, 2020, 2019, 2018, 2017 there were no potentially dilutive common stocks.
 3. Shareholders' equity = net assets excluding share subscription rights and noncontrolling interests.
 4. The Partial Amendments to Accounting Standard for Tax Effect Accounting, (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the start of the fiscal years ended March 31, 2018. The primary business indicators, etc. pertaining to the fiscal year ended March 31, 2018 are those after the retroactive application of the relevant accounting standards.
 5. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018) was applied from the beginning of consolidated fiscal year ended March 31, 2021.

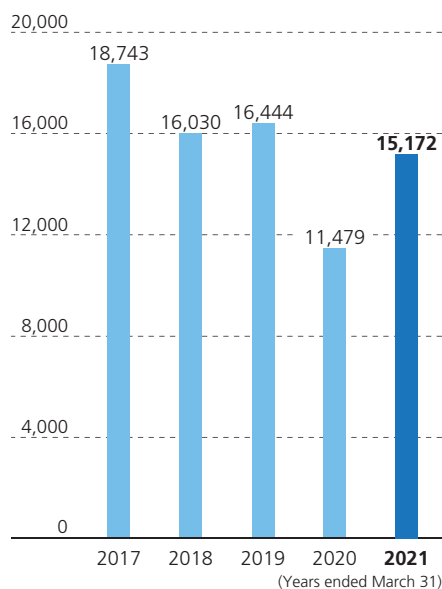
Net Sales

(Millions of yen)



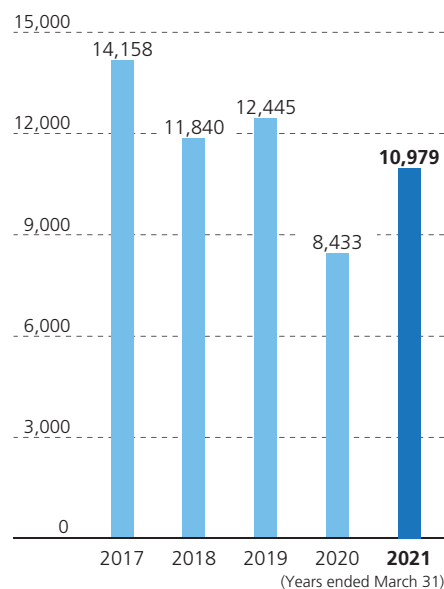
Operating Income

(Millions of yen)



Profit Attributable to Owners of Parent

(Millions of yen)





Yoshihiro
Matsushita
President

Shigeo Saito
Chairman of the Board

1. Performance for the Last Reporting Year

The Japanese economy was impacted by the global COVID-19 pandemic during the fiscal year under review (April 1, 2020 to March 31, 2021), and economic activity stagnated. The economy sharply fell due to a significant decrease in personal consumption and a cooling of capital investment. Overseas, the economy in China, a primary market for the Nissin Electric Group, has been on a recovery trend due to the government's fiscal stimulus and monetary easing measures, and, although many ASEAN countries are heading from contraction to recovery, there are variations in the pace and the economic recovery is slow, particularly in Thailand.

The trends in the primary markets related to the Nissin Electric Group are as follows.

In the market for Japanese electric power companies, equipment for the separation of electric power generation and transmission and transformer substation facility upgrades were strong, but in the private sector market, despite the continued high demand for replacement of aging electric power equipment, there has been a tendency for some customers to delay capital investment due to the impacts of the COVID-19 pandemic.

In the Chinese power system equipment market, investment in the ultra-high voltage transmission field, which the Nissin Electric Group is focusing on, has increased based on the government's policy of strengthening investments in electric power. Additionally, the market for our Industrial Equipment and Parts Contract Manufacturing Business in Thailand and Vietnam has remained firm due to the effect of a recovery in investment for semiconductor manufacturing equipment. In the Charged Beam Equipment and Processing Business

market, demand for ion implanters for semiconductors increased, but demand for ion implanters for small/medium high-definition flat panel displays (FPDs) decreased due to the postponement of panel maker investment plans because of a decline in global consumption.

Under these circumstances and while economic activities have been widely impacted by the COVID-19 pandemic, the Nissin Electric Group has aggressively pursued measures, such as developing and launching products and services corresponding to market trends and customer needs. We have also taken steps to strengthen our cost competitiveness, but our orders received were ¥127,903 million, a 4.0% decrease compared with the previous year.

The breakdown of orders received by business segment are: ¥67,320 million for the Power System Equipment Business (3.1% increase compared with the previous year), ¥19,582 million for the Charged Beam Equipment and Processing Business (25.5% decrease compared with the previous year), ¥13,151 million for the Renewable Energy and Environment Business (3.8% decrease compared with the previous year), and ¥27,848 million for the Life Cycle Engineering Business (0.4% decrease compared with the previous year).

The increase in the Power System Equipment Business is attributed to an increase from electric power companies in China and Taiwan, while the decrease in the Charged Beam Equipment and Processing Business is due to a decrease in ion implanters for small/medium high-definition FPDs. The decrease in the Renewable Energy and Environment Business stems from a decrease in power conditioners for photovoltaic systems, and the decrease in the Life Cycle Engineering Business was due to a decrease in after-sales service in Japan.

Net sales were ¥124,663 million, a 6.1% increase compared with the previous year.

The breakdown of net sales by business segment are: ¥60,183 million for the Power System Equipment Business (2.7% increase compared with the previous year), ¥24,011 million for the Charged Beam Equipment and Processing Business (22.3% increase compared with the previous year), ¥12,981 million for the Renewable Energy and Environment Business (2.4% decrease compared with the previous year), and ¥27,488 million for the Life Cycle Engineering Business (5.8% increase compared with the previous year).

While the increase in the Power System Equipment Business was due to an increase in Japanese demand of private sector and an

increase from electric power companies in China and Taiwan, the increase in the Charged Beam Equipment and Processing Business was due to an increase in ion implanters for small/medium high-definition FPDs. The decrease in the Renewable Energy and Environment Business stems from a decrease in power conditioners for photovoltaic systems, while the increase in the Life Cycle Engineering Business was due to an increase in installation and on-site adjustment in Japan and after-sales service overseas.

Operating income increased in all segments, resulting in a total operating income of ¥15,172 million (up 32.2% from the previous year).

Regarding extraordinary income, we booked a gain on sale of investment securities of ¥1,289 million due to the sale of a portion of our policy-holding shares. For extraordinary losses, we booked ¥619 million for environment expenses required to dispose of polychlorinated biphenyl (PCB) waste and ¥72 million for provision for loss on business liquidation.

Based on the above, as a result of booking income taxes, profit attributable to owners of parent was ¥10,979 million (up 30.2% from the previous year).

2. Looking Back on VISION2020

In the final year of the Nissin Electric Group's medium-to-long-term business plan "VISION2020," which covered the period from 2016 to 2020, under the impact of the COVID-19 pandemic, the Nissin Electric Group actively promoted telework with the basic policy of ensuring the health and safety of all stakeholders, and drastically reviewed the way the Nissin Electric Group works to build a strong and resilient corporate structure while also working to respond to needs of our customers and society to the greatest extent possible.

In the Nissin Electric Group's five-year business activities, we strove to establish a corporate culture and atmosphere that puts safety and quality first, and, even though we worked on active capital investment for the development and rationalization of our production system and for strengthening the human resources development structure by establishing the Nissin Academy Training Center, we also promoted business development based on "VISION2020" growth strategy and strengthened profitability through untiring cost reductions.

As a result, the Nissin Electric Group's primary focus of the

Power System Equipment Business saw income increase for the fifth consecutive year against the backdrop of strong demand for renewing electric power equipment, the Charged Beam Equipment and Processing Business saw expanded demand for ion implanters for small/medium high-definition FPDs until 2018, and the Life Cycle Engineering Business, which provides installation, on-site testing work, and after-sales service, saw steady growth. Over the five years average net sales (¥124.4 billion) and operating income (¥15.5 billion) increased by 16% and 72%, respectively, when compared with the previous five years of “VISION 2015.”

However, in fiscal 2020 both net sales and operating income fell below target values (¥180.0 billion and ¥18.0 billion), in part due to the impacts of the COVID-19 pandemic.

3. The Medium-to-Long-Term Business Plan, “VISION2025” (2021–2025)

Based on our Business Mindset cultivated over a history of more than 100 years, the Nissin Electric Group will build relationships of trust with stakeholders as our “Principles of Activities” and promote corporate activities with pluralistic values, with the aim of achieving the Corporate Philosophy of “Through corporate activities that support the foundations of society and industry, the Nissin Electric Group will harmonize with the environment and contribute toward realizing a vibrant society,” which is also in line with the SDG’s philosophy.

In the new Medium-to-Long-Term Business Plan “VISION2025,” which started in April 2021, the company will work to change its people, organizations, companies and businesses under the slogan of NISSIN ISSIN (meaning the determination to renew the Nissin Electric Group toward 2050; “Issin” means “renewal” in Japanese) for transforming into a corporate group “Aiming to become a company creating a sustainable future through reliable technical capabilities where each of employees can realize the contribution to society in an environment that respects diverse values and encourages new challenges.”

Seeing various social changes, including the use of distributed energy resources with the advent of a decarbonized society and the spread use of renewable energy and diversification of workstyles due to an aging society with a declining birthrate in Japan and the new coronavirus pandemic, as business opportunities, Nissin Electric will work to implement the following growth strategies placing the SDGs at their core, and strengthen the business foundation that supports them, and

positively make investments for growth from fiscal 2026, thereby contributing to achieving a sustainable global environment and a society where every person can play an active role.

Growth strategies

- ① Expansion of environmentally friendly products
- ② Response to distributed energy
- ③ Response to renewable energy
- ④ Adoption of DX to products and business
- ⑤ Identifying demand resulting from increasing environmental awareness in emerging countries
- ⑥ Business expansion in association with the expansion of EVs

Our financial targets for fiscal 2025 are net sales of ¥160.0 billion, operating income of ¥20.0 billion, and both ROA/ROE of over 10%. In response to changes in the environment, from fiscal 2021 we will reorganize our business segments into “Power Supply and Environment System Business,” “Beam and Plasma Business” and “Equipment and Parts Solution Business” and proceed with the following measures.

~Business Development by Business Segment~

Power Supply and Environmental System Business

(Integrates the Power System Equipment Business, the Renewable Energy and Environment Business, and relevant parts of the Life Cycle Engineering Business)

In order to respond to major changes in the domestic electric power and energy-related markets, which are being accelerated by the “Green Growth Strategy Through Achieving Carbon Neutrality in 2050” that was formulated in 2020, we are leveraging our strengths in grid connection technology and technology in the extra-high voltage field to further expand SPSS (Smart Power Supply System), an environmentally friendly energy solution equipped with AI and IoT functions.

- We are actively making proposals for customer applications from electric power companies, private factories, water treatment plants, and highways, such as energy-saving and space-saving environmentally friendly substation systems, electrical power grid stabilizing systems for next-generation electric power networks, distributed energy resource control systems for the local generation and local consumption of energy, and renewable energy systems.

- Sumitomo Electric Industries, Ltd., the Company's parent company, has some of the world's best power transmission cable technologies, so for large-scale wind-power projects that are being planned we will work together and expand sales of SPSS wind power generation package systems that contribute to power quality stabilization via the Company's well-established power systems analysis technologies .
- We are constructing recurring revenue models using DX and striving to capture the steady demand for the replacement of existing electric power equipment.

Beam and Plasma Business (Integrates the Charged Beam Equipment and Processing Business and relevant parts of the Life Cycle Engineering Business)

We will promote our businesses by taking advantage of the characteristics of our beam and plasma technologies, which are one of the Nissin Electric Group's strengths.

- We are promoting the development of large-scale ion implanters for ion implanters for flat panel displays (FPDs), and for ion implanters for semiconductor we are working to expand sales centered on devices for in-vehicle power semiconductors, which are being driven by the shift to EVs .
- We are actively encouraging the introduction of electron beam processing systems for emerging market mid-sized manufacturers of automobile tires, one of our strengths, and for electric wires, foam, and films we are expanding sales of new equipment that meets customer needs and also providing environmentally friendly equipment development and processes.

In the Fine Coating Business we are developing applications for DLC (diamond-like carbon) coated parts for EVs and for wind power generation, as well as expanding sales by developing new film for tools and molds that meet customer needs and by operating businesses using DX, and in the equipment business we are selling high-performance fine coating (physical vapor deposition [PVD]) system.

Equipment and Parts Solutions Business (Independent of the business included in the Power System Equipment Business)

Utilizing the metalworking technologies we cultivated in the

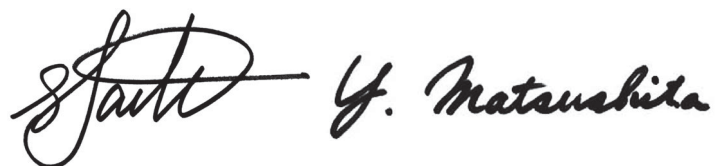
manufacture of power system equipment, the Industrial Equipment and Parts Contract Manufacturing Business, which has grown with Thailand and Vietnam as its main bases, will be made independent as a segment and will be developed as a solutions business.

- We will utilize the characteristics of each base's manufacturing capabilities to propose equipment and parts-related solutions so as to satisfy global customers.
- We will commercialize the new market-oriented business by understanding newly born environmental fields in the ASEAN region and equipment development and manufacturing needs in order to improve efficiency.

4. Efforts for SDGs and to Control Climate Change by Realizing our Corporate Philosophy

By realizing our Corporate Philosophy, the Nissin Electric Group contributes to achieving the 17 goals of the SDGs through all its business activities. Additionally, responding to climate change will be positioned as one of the most important management issues, and we will constantly evaluate the impact of our business processes on the environment and strive for continuous improvement. As a long-term goal, we set a 30% reduction in greenhouse gases by 2030 (compared with 2018), and in June 2021 we obtained SBT (Science Based Targets) certification, which is an international initiative. Going forward, we will work towards the disclosure of climate change-related risks and opportunities based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As a Group, we will continue to promote these corporate activities and continue striving to improve the Nissin Electric Group's performance and realize our Corporate Philosophy.



Shigeo Saito,
Chairman of the Board

Yoshihiro Matsushita,
President

Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
March 31, 2021 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current assets:			
Cash and cash equivalents	¥ 32,784	¥ 15,939	\$ 295,351
Time deposits	275	323	2,475
Receivables:			
Trade notes and accounts	49,404	57,823	445,080
Other	536	537	4,827
	49,440	58,360	449,907
Allowance for doubtful receivables	(190)	(174)	(1,715)
	49,750	58,186	448,192
Inventories (Note 4)	34,197	29,235	308,085
Short-term loans receivable	11,000	11,000	99,099
Other current assets	3,462	2,958	31,194
Total current assets	131,468	117,641	1,184,396
Property, plant and equipment:			
Land	5,827	5,805	52,493
Buildings and structures	37,974	35,869	342,106
Machinery and equipment	46,267	45,067	416,815
Construction in progress	811	1,126	7,304
Other noncurrent assets	568	424	5,131
Total property, plant and equipment	91,447	88,291	823,849
Accumulated depreciation	(58,171)	(55,546)	(524,064)
Net property, plant and equipment	33,276	32,745	299,785
Investments and other assets:			
Investment securities (Note 3)	4,805	4,463	43,286
Deferred tax assets (Note 12)	4,059	4,414	36,571
Net defined benefit asset (Note 13)	4,633	1,290	41,736
Other assets	1,120	1,085	10,091
Allowance for doubtful receivables	(173)	(178)	(1,554)
Total investments and other assets	14,444	11,074	130,130
Intangible assets	1,222	1,270	11,011
Total assets	¥ 180,410	¥ 162,730	\$ 1,625,322

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 5)	¥ 2,444	¥ 2,620	\$ 22,019
Payables:			
Trade notes and accounts	16,232	18,043	146,237
Other	3,734	3,161	33,638
	19,966	21,204	179,875
Accrued expenses	7,489	7,083	67,466
Accrued income taxes	3,329	522	29,992
Advances from customers	14,380	9,897	129,551
Other provision	1,618	1,666	14,574
Other current liabilities	813	401	7,325
Total current liabilities	50,039	43,393	450,802
Long-term liabilities:			
Net defined benefit liability (Note 13)	5,711	5,474	51,446
Other long-term liabilities (Note 12)	799	447	7,202
Total long-term liabilities	6,510	5,921	58,648
Total liabilities	56,549	49,314	509,450
Contingent liabilities (Note 6)			
NET ASSETS (Note 7 and 8)			
Shareholders' equity:			
Common stock:			
Authorized - 431,329,000 shares			
Issued and outstanding - 107,832,445 shares	10,253	10,253	92,368
Capital surplus	6,638	6,638	59,803
Retained earnings	100,817	95,006	908,264
Treasury stock, at cost:			
957,882 shares in 2021 and 957,849 shares in 2020	(302)	(301)	(2,717)
Total shareholders' equity	117,406	111,596	1,057,718
Other comprehensive income:			
Valuation difference on available-for-sale securities	2,083	1,668	18,770
Deferred gains and losses on hedges	12	(39)	112
Foreign currency translation adjustments	2,740	994	24,681
Remeasurements of defined benefit plans (Note 13)	(1,172)	(3,410)	(10,561)
Total other comprehensive income	3,663	(787)	33,002
Noncontrolling interests	2,792	2,607	25,152
Total net assets	123,861	113,416	1,115,872
Total liabilities and net assets	¥180,410	¥ 162,730	\$ 1,625,322

See accompanying notes.

Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net sales	¥ 124,663	¥ 117,500	\$ 1,123,094
Cost and expenses:			
Cost of sales (Note 9)	85,256	81,200	768,077
Selling, general and administrative expenses (Note 9 and 10)	24,235	24,821	218,333
Operating income	15,172	11,479	136,684
Other income (expenses):			
Interest and dividend income	187	232	1,685
Gain on sales of investment securities	1,289	–	11,611
Gain on sales of fixed assets (Note 14)	–	249	–
Provision for loss on business liquidation	(72)	–	(649)
Interest expense	(82)	(116)	(742)
Loss on retirement of noncurrent assets	(101)	(65)	(910)
Contribution	(81)	(62)	(730)
Removal costs	(70)	(82)	(630)
Expenses for environmental protection measures (Note 15)	(619)	(62)	(5,580)
Foreign currency exchange loss	(66)	–	(594)
Other, net	184	263	1,667
Income before income taxes	15,741	11,836	141,812
Income taxes (Note 12):			
Current	4,694	2,636	42,290
Deferred	(38)	553	(342)
Total income taxes	4,656	3,189	41,948
Profit	11,085	8,647	99,864
Profit attributable to noncontrolling interests	106	214	956
Profit attributable to owners of parent	¥ 10,979	¥ 8,433	\$ 98,908
		Yen	U.S. dollars (Note 1)
Amounts per share:			
Profit attributable to owners of parent	¥ 102.73	¥ 78.90	\$ 0.93
Diluted profit attributable to owners of parent	–	–	–
Cash dividends applicable to the period	32.00	32.00	0.29

See accompanying notes.

Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Profit	¥ 11,085	¥ 8,647	\$ 99,864
Other comprehensive income (Note 16):			
Valuation difference on available-for-sale securities	415	(474)	3,739
Deferred gains and losses on hedges	51	(37)	460
Foreign currency translation adjustments	1,936	(1,338)	17,440
Remeasurements of defined benefit plans	2,255	(354)	20,315
Total other comprehensive income	4,657	(2,203)	41,954
Comprehensive income	¥ 15,742	¥ 6,444	\$ 141,818
Comprehensive income attributable to			
Owners of parent	¥ 15,429	¥ 6,325	\$ 139,000
Noncontrolling interests	313	119	2,818

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2019	¥ 10,253	¥ 6,638	¥ 90,100	¥ (301)	¥ 106,690
Cumulative effect of changes in accounting policies	–	–	–	–	–
Restated balance at April 1, 2019	¥ 10,253	¥ 6,638	¥ 90,100	¥ (301)	¥ 106,690
Cash dividends	–	–	(3,527)	–	(3,527)
Profit attributable to owners of parent	–	–	8,433	–	8,433
Purchase of treasury stock	–	–	–	(0)	(0)
Net changes for the year	–	–	–	–	–
Balance at March 31, 2020	¥ 10,253	¥ 6,638	¥ 95,006	¥ (301)	¥ 111,596

	Millions of yen						
	Other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income	Noncontrolling interests	Total net assets
Balance at April 1, 2019	¥ 2,142	¥ (2)	¥ 2,241	¥ (3,061)	¥ 1,320	¥ 2,633	¥ 110,643
Cumulative effect of changes in accounting policies	–	–	–	–	–	–	–
Restated balance at April 1, 2019	2,142	(2)	2,241	(3,061)	1,320	2,633	110,643
Cash dividends	–	–	–	–	–	–	(3,527)
Profit attributable to owners of parent	–	–	–	–	–	–	8,433
Purchase of treasury stock	–	–	–	–	–	–	(0)
Net changes for the year	(474)	(37)	(1,247)	(349)	(2,107)	(26)	(2,133)
Balance at March 31, 2020	¥ 1,668	¥ (39)	¥ 994	¥ (3,410)	¥ (787)	¥ 2,607	¥ 113,416

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2020	¥ 10,253	¥ 6,638	¥ 95,006	¥ (301)	¥ 111,596
Cumulative effect of changes in accounting policies	–	–	(1,748)	–	(1,748)
Restated balance at April 1, 2020	10,253	6,638	93,258	(301)	109,848
Cash dividends	–	–	(3,420)	–	(3,420)
Profit attributable to owners of parent	–	–	10,979	–	10,979
Purchase of treasury stock	–	–	–	(0)	(0)
Net changes for the year	–	–	–	–	–
Balance at March 31, 2021	¥ 10,253	¥ 6,638	¥ 100,817	¥ (302)	¥ 117,406

Millions of yen

	Other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income	Noncontrolling interests	
Balance at April 1, 2020	¥ 1,668	¥ (39)	¥ 994	¥ (3,410)	¥ (787)	¥ 2,607	¥ 113,416
Cumulative effect of changes in accounting policies	–	–	–	–	–	–	(1,748)
Restated balance at April 1, 2020	1,668	(39)	994	(3,410)	(787)	2,607	111,668
Cash dividends	–	–	–	–	–	–	(3,420)
Profit attributable to owners of parent	–	–	–	–	–	–	10,979
Purchase of treasury stock	–	–	–	–	–	–	(0)
Net changes for the year	415	51	1,746	2,238	(4,450)	185	(4,635)
Balance at March 31, 2021	¥ 2,083	¥ 12	¥ 2,740	¥ (1,172)	¥ 3,663	¥ 2,792	¥ 123,861

Thousands of U.S. dollars (Note 1)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2020	\$ 92,368	\$ 59,803	\$ 855,912	\$ (2,717)	\$ 1,005,366
Cumulative effect of changes in accounting policies	–	–	(15,745)	–	(15,745)
Restated balance at April 1, 2020	92,368	59,803	840,167	(2,717)	(989,621)
Cash dividends	–	–	(30,811)	–	(30,811)
Profit attributable to owners of parent	–	–	98,908	–	98,908
Purchase of treasury stock	–	–	–	(0)	(0)
Net changes for the year	–	–	–	–	–
Balance at March 31, 2021	\$ 92,368	\$ 59,803	\$ 908,264	\$ (2,717)	\$ 1,057,718

Thousands of U.S. dollars (Note 1)

	Other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income	Noncontrolling interests	
Balance at April 1, 2020	\$ 15,031	\$ (348)	\$ 8,947	\$ (30,720)	\$ (7,090)	\$ 23,482	\$ 1,021,758
Cumulative effect of changes in accounting policies	–	–	–	–	–	–	(15,745)
Restated balance at April 1, 2020	15,031	(348)	8,947	(30,720)	(7,090)	23,482	1,006,013
Cash dividends	–	–	–	–	–	–	(30,811)
Profit attributable to owners of parent	–	–	–	–	–	–	98,908
Purchase of treasury stock	–	–	–	–	–	–	(0)
Net changes for the year	3,739	460	15,734	20,159	40,092	1,670	41,762
Balance at March 31, 2021	\$ 18,770	\$ 112	\$ 24,681	\$ (10,561)	\$ 33,002	\$ 25,152	\$ 1,115,872

See accompanying notes.

Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 15,741	¥ 11,836	\$ 141,812
Adjustments for:			
Depreciation and amortization	4,013	3,767	36,154
Interest and dividend income	(186)	(232)	(1,684)
Interest expense	82	116	742
Loss (gain) on sales of investment securities	(1,289)	(90)	(11,611)
Increase (decrease) in allowance for doubtful receivables	4	(83)	36
Increase (decrease) in net defined benefit liability	140	(109)	1,257
Increase (decrease) in other provisions	(65)	(197)	(587)
Decrease (increase) in trade receivables	1,757	(4,535)	15,826
Decrease (increase) in inventories	2,627	(3,889)	23,667
Increase (decrease) in trade payables	(2,161)	850	(19,466)
Increase (decrease) in consumption tax payables	449	(322)	4,046
Increase (decrease) in advances from customers	1,999	1,223	18,011
Other, net	1,005	(1,947)	9,061
Subtotal	24,116	6,388	217,264
Interest and dividends received	193	225	1,737
Interest paid	(67)	(106)	(601)
Income taxes paid	(1,724)	(4,850)	(15,536)
Net cash provided by (used in) operating activities	22,518	1,657	202,864
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment and intangible assets	(3,911)	(6,033)	(35,236)
Net decrease (increase) in short-term loans receivable	–	11,264	–
Proceeds from sales of investment securities	1,526	6	13,745
Other, net	79	578	717
Net cash provided by (used in) investing activities	(2,306)	5,815	(20,774)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(250)	(273)	(2,249)
Cash dividends paid	(3,420)	(3,527)	(30,811)
Cash dividends paid to minority shareholders	(127)	(154)	(1,148)
Other, net	(191)	(116)	(1,714)
Net cash provided by (used in) financing activities	(3,988)	(4,070)	(35,922)
Effect of exchange rate changes on cash and cash equivalents	621	(401)	5,590
Net increase (decrease) in cash and cash equivalents	16,845	3,001	151,758
Cash and cash equivalents at beginning of year	15,939	12,938	143,593
Cash and cash equivalents at end of year	¥ 32,784	¥ 15,939	\$ 295,351

See accompanying notes.

Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2021 and 2020

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the overseas consolidated subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded disclosures from the consolidated financial statements of Nissin Electric Co., Ltd. (the "Company") prepared in accordance with

Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

The translations of the Japanese yen amounts into U.S. dollar amounts have been included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2021, which was ¥111 to U.S. \$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company, 9 domestic subsidiaries (9 in 2020) and 17 overseas subsidiaries (17 in 2020).

Consolidated subsidiaries whose closing date differ from the consolidated closing date carry out provisional closing on the consolidated closing date in order to ensure proper disclosure of the consolidated financial statements.

Translation of foreign currencies

Foreign currency monetary assets and liabilities are translated into Japanese yen at fiscal year-end rates, and the resulting translation gains and losses are included in profit attributable to the owners of the parent. The balance sheets of the consolidated overseas subsidiaries are translated into Japanese yen at fiscal year-end rates, except for shareholders' equity accounts, which are translated at historical rates. Income statements of the consolidated overseas subsidiaries are translated at average rates. The resulting foreign currency translation adjustments are shown as a separate component of net assets, net of noncontrolling interests.

Securities and investment securities

Investment securities are classified and accounted for based on management's intent as follows:

Equity securities issued by subsidiaries and associates which are not consolidated or accounted for using the equity method are stated at moving average cost. Available-for-sale securities with available fair market values are stated at fair market value at the fiscal year end, and unrealized gains and losses are reported net of applicable income taxes and noncontrolling interests as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Other available-for-sale securities with no available fair market value are stated at moving average cost. Held-to-maturity debt securities are stated at amortized cost.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined mainly by the specific identification method for finished goods and work-in-process and by the average cost method for raw materials and supplies.

Property, plant and equipment (excluding lease assets)

The Companies use the straight-line method to amortize tangible assets excluding lease assets.

Intangible assets (excluding lease assets)

The Companies use the straight-line method to amortize intangible assets, excluding lease assets.

Allowance for doubtful receivables

The allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based on the actual rate of historical bad debts. For certain doubtful receivables, the uncollectible amount is individually estimated.

Allowance for losses on contracts

To provide for losses on contracts, the Company and some consolidated subsidiaries accrue the amounts which are reasonably estimated at the end of the year.

Accounting method for retirement benefits

In the calculation of retirement benefit obligations, the benefit formula method was adopted to attribute retirement benefit obligations to the period of service up to the end of the consolidated fiscal year ended March 31, 2021. Actuarial differences are recognized in expenses in equal amounts over a certain number of years (mainly 13 years), a period which is within the average of the estimated remaining service years of employees, commencing with the following year.

Accounting standard for revenue and expenses to important

The Companies adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018) from the beginning of the fiscal year ended March 31, 2021 and recognized revenue at the amount to be received in exchange for promised goods or services at the time when their control was transferred to the customer.

Income taxes

The Companies recognize the tax effects of loss carryforwards and the temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes. The asset-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company files a tax return under the consolidated taxation system, which allows companies to base tax payments on the combined profits and losses of the parent company and its wholly owned domestic subsidiaries.

Regarding the transition to the group tax sharing system established by the "Act for Partial Revision of the Income Tax Act etc.," (Act No. 8 of 2020) and the related review of the taxation system for a stand-alone entity, in accordance with Paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), the amounts of the deferred tax assets and deferred tax liabilities of the Company and its wholly owned domestic consolidated subsidiaries are based on the tax regulations before this revision without applying Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018).

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize a change in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from a change in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized.

When forward foreign exchange contracts meet certain conditions, the hedged items are stated at the forward exchange contract rate. If interest rate and currency swap contracts are used as hedges and meet certain hedging criteria, the hedged items are stated at the forward exchange contract rate and the net amounts to be paid or received under the interest rate and currency swap contracts is added to or deducted from the interest on the assets or liabilities for which the swap contracts were executed.

The Companies use forward foreign currency contracts and interest rate and currency swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuations in foreign currency exchange rates and interest rates.

The following summarizes the hedging derivative financial instruments used by the Companies and the hedged items:

Hedging instruments:

Forward foreign exchange contracts
Nondeliverable forward contracts
Interest rate and currency swap contracts

Hedged items:

Foreign currency receivables and payables
Foreign currency receivables and payables
Principal and interest of foreign currency
loans receivables and debts

Cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Amounts per share

The computations of profit attributable to the owners of the parent per share of common stock are based on the weighted average number of shares outstanding during each period. Diluted profit attributable to the owners of the parent per share of common stock assumes that all stock options were exercised at the beginning of the fiscal year. For the fiscal years ended March 31, 2021 and 2020, there were no potentially dilutive common stocks.

In accordance with the Japanese Corporate Law, the declaration of dividends and the appropriations of retained earnings are approved at the general meeting of shareholders held after the end of the fiscal year. However, cash dividends per share shown in the consolidated statements of income reflect the final dividends approved after the end of the relevant fiscal year.

Changes in accounting policy

The overseas consolidated subsidiaries, excluding the U.S. consolidated subsidiaries, have applied IFRS 16, "Leases," from the beginning of the fiscal year ended March 31, 2020. With the application of IFRS 16, the lessee generally recognizes all leases as assets and liabilities. In applying IFRS 16, the Company has adopted the method approved as a transitional measure for recognizing the cumulative effect of applying this accounting standard on the date of initial application. The effect on the consolidated financial statements for the fiscal year ended March 31, 2020 was immaterial.

The Companies adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018) from the beginning of the fiscal year ended March 31, 2021 and recognized revenue at the amount to be received in exchange for promised goods or services at the time when their control was transferred to the customer.

The delivery of a product, which had been previously identified as a separate transaction, and installation and adjustment of equipment for the product in question were identified as a single performance obligation. However, as a result of the change in the Accounting Standard for Revenue Recognition, the method was changed to recognize revenue when the installation and on-site adjustment of the equipment were completed. In addition, for conventional contract work, the percentage of completion method was applied to work for which the certitude of the result was recognized for the portion being

worked on, and the completed contract method was applied to other work. However, for performance obligations that are fulfilled over a certain period of time, the method was changed to estimate the progress in fulfilling performance obligations and recognizing revenue over the certain period of time based on the degree of progress in question. If a performance obligation is not fulfilled over a certain period of time, then it is recorded as a performance obligation that will be fulfilled at the time when the installation is completed.

If the result of a performance obligation can reasonably be measured, then the method for estimating the rate of progress for fulfillment of the performance obligation is calculated by the ratio of the actual cost to the estimated cost (input method). If the result of a performance obligation cannot reasonably be measured, then revenue will only be recognized within the range of actual costs that are incurred.

The application of such changes in accounting policies follows the transitional treatment prescribed in paragraph 84 of the Accounting Standard for Revenue Recognition such that the new accounting policy was applied from the beginning balance of retained earnings of the current consolidated fiscal year to add to or deduct from the beginning balance of retained earnings of the current consolidated fiscal year the cumulative effects of applying retrospectively the new accounting policy from the beginning of the current consolidated fiscal year.

However, applying the method prescribed in paragraph 86 of Accounting Standard for Revenue Recognition for the contracts which have been modified before the beginning of the current consolidated fiscal year, the cumulative effect is added to or deducted from the beginning balance of the retained earnings of the current consolidated fiscal year based on the terms of the contracts that have reflected all modifications in the contracts.

As a result, for the consolidated fiscal year ended March 31, 2021, net sales increased by ¥776 million (*\$7,000 thousand*), cost of sales increased by ¥341 million (*\$3,074 thousand*), selling, general and administrative expenses increased by ¥0 million (*\$3 thousand*) and operating income, ordinary income and income before income taxes each increased by ¥435 million (*\$3,923 thousand*). In addition, the balance of retained earnings at the beginning of the consolidated fiscal year ended March 31, 2021 decreased by ¥1,748 million (*\$15,745 thousand*).

As the cumulative impact was reflected in net assets at the beginning of the consolidated fiscal year ended March 31, 2021, the beginning balance of retained earnings on the consolidated statement of changes in equity decreased by ¥1,748 million (*\$15,745 thousand*). For the consolidated fiscal year ended March 31, 2021, net assets per share decreased by ¥13.54 (*\$0.12*), and net income per share increased by ¥2.81 (*\$0.03*).

Standards and guidance not yet adopted

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

Disclosure regarding revenue recognition is stipulated.

(2) Planned Adoption Date

The Company and its consolidated companies plan to adopt the standards from the beginning of the fiscal year ending March 31, 2022.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Implementation Guidance on Disclosures of Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

In consideration of the fact that IASB and FASB have similar detailed guidance regarding fair value measurements, IFRS 13 Fair Value Measurement in IFRS and Topic 820 in the Accounting Standards Codification Fair Value Measurement in U.S. GAAP, ASBJ has made efforts to make the Japanese standards consistent with the international accounting standards mainly regarding the guidance and disclosure of the fair value of financial instruments and has published the related standards and guidance. From the viewpoint of improving the comparability of financial statements between domestic and overseas companies by using a uniform calculation method as a basic policy for the development of accounting standards for fair value measurement, ASBJ has basically adopted all the provisions of IFRS 13 and has stipulated other treatments for individual items to the extent that comparability between financial statements is not significantly impaired and considering the practices that have been conducted in Japan up to now.

(2) Planned Adoption Date

The Company and its consolidated companies plan to adopt the standards from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application

The impact of the application of the accounting standards on the consolidated financial statements has not yet been determined.

3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Available-for-sale securities with available fair values	¥ 4,580	¥ 4,238	\$ 41,261
Available-for-sale securities with no available fair values	225	225	2,025
Total	¥ 4,805	¥ 4,463	\$ 43,286

The following table presents a summary of available-for-sale securities included in investment securities that had a fair value at March 31, 2021 and 2020. Unlisted stocks are not included in "Other securities" in the table as they had no market prices, and it was deemed extremely difficult to determine their market value.

2021	Millions of yen			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	¥ 1,634	¥ 2,946	¥ –	¥ 4,580

2020	Millions of yen			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	¥ 1,871	¥ 2,367	¥ –	¥ 4,238

2021	Thousands of U.S. dollars			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	\$ 14,722	\$ 26,539	\$ –	\$ 41,261

Proceeds from sales of available-for-sale securities were ¥1,526 million for the year ended March 31, 2021.

Gross realized gains on those sales were ¥1,288 million for the year ended March 31, 2021.

Gross realized gains and losses on the sale of available-for-sale securities for the fiscal year ended March 31, 2020 were not material.

The "acquisition cost" in the table represents the book value after recognition of impairment loss.

The Company recognized no impairment loss for the fiscal years ended March 31, 2021 and 2020.

4. INVENTORIES

Inventories at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Finished goods	¥ 6,283	¥ 2,902	\$ 56,610
Work-in-process	20,862	19,763	187,946
Raw materials and supplies	7,052	6,570	63,529
	¥ 34,197	¥ 29,235	\$ 308,085

After being offset by the allowance for losses on contracts, inventories related to construction contracts for which losses were expected for the fiscal years ended March 31, 2021 and 2020 were ¥413 million (\$3,723 thousand) and ¥620 million, respectively.

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term loans at March 31, 2021 and 2020 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Short-term loans bearing average interest rates of 1.21% (2021) and 2.10% (2020)	¥ 2,442	¥ 2,598	\$ 22,003

A summary of long-term debt at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Long-term debt	¥ –	¥ 24	\$ –
Current portion of long-term debt	2	(22)	16
Loans maturing serially through 2022 bearing average interest rates of 0.48% (2021) and 0.47% (2020)	¥ 2	¥ 2	\$ 16

6. CONTINGENT LIABILITIES

At March 31, 2021 and 2020, the Companies' contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Endorsed trade notes	¥ 227	¥ 143	\$ 2,047

7. NET ASSETS

"Net assets" comprises three subsections: shareholders' equity, other comprehensive income and noncontrolling interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law") in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may, by resolution of the shareholders, be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

8. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Dividend information

Dividends paid in the fiscal year ended March 31, 2021 and after March 31, 2021 were as follows:

Dividends paid in the fiscal year ended March 31, 2021

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 19, 2020	'March 31, 2020	'June 22, 2020	¥ 1,710	\$ 15,405
Board of Directors on October 30, 2020	'September 30, 2020	'December 7, 2020	¥ 1,710	\$ 15,405

Dividends paid after March 31, 2021 and for which the record date was in the fiscal year ended March 31, 2021.

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 18, 2021	'March 31, 2021	'June 21, 2021	¥ 1,710	\$ 15,405

Dividends paid in the fiscal year ended March 31, 2020 and after March 31, 2020 were as follows:

Dividends paid in the fiscal year ended March 31, 2020

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 19, 2019	'March 31, 2019	'June 20, 2019	¥ 1,817	
Board of Directors on October 30, 2019	'September 30, 2019	'December 5, 2019	¥ 1,710	

Dividends paid after March 31, 2020 and for which the record date was in the fiscal year ended March 31, 2020.

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 19, 2020	March 31, 2020	'June 22, 2020	¥ 1,710	

9. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and selling, general and administrative expenses for the fiscal years ended March 31, 2021 and 2020 were ¥6,390 million (\$57,572 thousand) and ¥7,097 million, respectively.

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Salaries and bonuses for employees	¥ 8,568	¥ 8,295	\$ 77,191
Research and development expenses	5,477	5,490	49,346
Cost of transportation of goods	1,732	1,786	15,604
Retirement benefit costs	723	682	6,509
Sales commissions	571	628	5,146
Provision of allowance for doubtful accounts	5	(49)	42

11. DERIVATIVE TRANSACTIONS

A. Derivative transactions to which hedge accounting is not applicable

	Millions of yen				Millions of yen			
	2021				2020			
	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Transactions other than market transactions								
Forward foreign exchange contracts:								
Trade receivables								
Chinese yuan	¥ 790	¥ –	¥ (16)	¥ (16)	¥ 653	¥ –	¥ (1)	¥ (1)
U.S. dollars	41	–	(2)	(2)	7	–	(0)	(0)
Thai baht	18	–	(1)	(1)	–	–	–	–
Trade payables								
Thai baht	280	–	4	4	–	–	–	–
U.S. dollars	88	–	2	2	4	–	(0)	(0)
Chinese yuan	41	–	2	2	3	–	(0)	(0)
Currency interest rate swaps:								
Trade receivables								
U.S. dollars	319	143	(14)	(14)	327	259	(11)	(11)
Chinese yuan	199	133	(13)	(13)	199	199	2	2
Trade payables								
Japanese yen	273	239	(14)	(14)	273	273	1	1
Total	¥ 2,049	¥ 515	¥ (52)	¥ (52)	¥ 1,466	¥ 731	¥(9)	¥(9)

Thousands of U.S. dollars

	2021			
	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Transactions other than market transactions				
Forward foreign exchange contracts:				
Trade receivables				
Chinese yuan	\$ 7,121	\$ –	\$ (143)	\$(143)
U.S. dollars	368	–	(17)	(17)
Thai baht	162	–	(10)	(10)
Trade payables				
Thai baht	2,527	–	32	32
U.S. dollars	793	–	14	14
Chinese yuan	363	–	16	16
Currency interest rate swaps:				
Trade receivables				
U.S. dollars	2,875	1,290	(122)	(122)
Chinese yuan	1,797	1,198	(112)	(112)
Trade payables				
Japanese yen	2,458	2,155	(126)	(126)
Total	\$ 18,646	\$ 4,643	\$ (468)	\$(468)

Fair values are based on quotes obtained from financial institutions.

B. Derivative transactions to which hedge accounting is applicable

	Millions of yen			Millions of yen			Thousands of U.S. dollars		
	2021			2020			2021		
	Contracted amount	Amount of principal due over one year	Fair value	Contracted amount	Amount of principal due over one year	Fair value	Contracted amount	Amount of principal due over one year	Fair value
Allocation method									
Forward foreign exchange contracts:									
Trade receivables									
U.S. dollars	¥ 375	¥ –	¥ (19)	¥ 26	¥ –	¥ (0)	\$ 3,373	\$ –	\$ (174)
Trade payables									
Euros	4	–	(0)	19	–	0	33	–	(0)
U.S. dollars	3	–	0	93	–	2	30	–	2
Deferred hedge method									
Forward foreign exchange contracts:									
Trade receivables									
Euros	298	–	(14)	–	–	–	2,688	–	(129)
Thai baht	46	2	(0)	–	–	–	414	21	(3)
U.S. dollars	42	0	(2)	1	–	0	373	1	(21)
Chinese yuan	36	–	(1)	2	–	(0)	328	–	(10)
Trade payables									
U.S. dollars	456	–	16	459	–	(5)	4,104	–	145
N.Z. dollars	400	–	2	341	–	(43)	3,607	–	16
Chinese yuan	344	–	17	257	–	(6)	3,102	–	156
Thai baht	72	–	(0)	35	–	(3)	651	–	(3)
Swiss francs	36	–	0	69	–	1	326	–	7
Euros	8	–	0	35	–	(0)	74	–	2
Total	¥ 2,120	¥ 2	¥ (1)	¥ 1,337	¥ –	¥ (54)	\$ 19,103	\$ 22	\$ (12)

Fair values are based on quotes obtained from financial institutions.

12. INCOME TAXES

The Companies are subject to several taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of 30.5% and 30.5 % for the fiscal years ended March 31, 2021 and 2020, respectively.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Net defined benefit liability	¥ 1,743	¥ 1,673	\$ 15,700
Accrued employees' bonuses	1,160	1,051	10,451
Depreciation	981	488	8,837
Devaluation of inventories	941	1,038	8,474
Research and development expenses	741	819	6,677
Cost of sales	589	541	5,310
Unrealized intercompany profits	327	226	2,948
Retirement benefits trust	285	282	2,571
Allowance for environmental protection measures	223	120	2,008
Tax loss carryforwards	188	191	1,697
Other temporary differences	1,487	1,310	13,390
Total deferred tax assets	8,665	7,739	78,063
Valuation allowance	(1,062)	(1,099)	(9,568)
Net deferred tax assets	7,603	6,640	68,495
Deferred tax liabilities:			
Net defined benefit asset	(1,416)	(379)	(12,759)
Undistributed earnings of overseas subsidiaries	(1,039)	(880)	(9,356)
Valuation difference on available-for-sale securities	(862)	(698)	(7,769)
Reserve for deferred gains related to fixed assets for tax purposes	(221)	(223)	(1,992)
Other temporary differences	(6)	(46)	(48)
Total deferred tax liabilities	(3,544)	(2,226)	(31,924)
Net deferred tax assets	¥ 4,059	¥ 4,414	\$ 36,571

Significant differences between the statutory income tax rate and the effective income tax rate in the consolidated financial statements for the fiscal years ended March 31, 2021 and 2020 were as follows:

	2021	2020
Statutory income tax rate	30.5 %	30.5 %
Tax credit for research and development expenses	(2.0)	(3.6)
Foreign withholding tax	0.7	0.8
Effect of lower tax rates on overseas subsidiaries	(2.1)	(1.3)
Temporary differences for investments in subsidiaries	1.0	(0.3)
Others	1.4	0.8
Effective income tax rate	29.6 %	26.9 %

13. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

A. Overview of retirement benefit plans

The Company and some consolidated subsidiaries have unfunded retirement benefit plans, defined contribution pension plans and defined benefit pension plans. There are also cases in which an employee is given premium severance pay on leaving the company. In addition, the Company has an employee pension trust.

B. Defined benefit plans

(1) Movements in retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥ 27,027	¥ 26,984	\$ 243,494
Service cost - benefits earned during the year	1,364	1,401	12,293
Interest cost on retirement benefit obligations	144	147	1,298
Actuarial differences	(100)	(149)	(902)
Payment of retirement benefits	(1,161)	(1,392)	(10,463)
Other	34	36	306
Balance at end of year	¥ 27,308	¥ 27,027	\$ 246,026

(2) Movements in pension assets

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥ 22,843	¥ 23,178	\$ 205,797
Expected return on pension assets	514	505	4,631
Actuarial differences	1,891	(1,638)	17,038
Contributions from the employer	1,864	1,826	16,795
Payment of retirement benefits	(922)	(1,008)	(8,305)
Other	40	(21)	359
Balance at end of year	¥ 26,230	¥ 22,843	\$ 236,315

(3) Reconciliation from retirement benefit obligations and pension assets to net defined benefit liability (asset) in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Retirement benefit obligation of funded plans	¥ 27,169	¥ 26,905	\$ 244,770
Pension assets	(26,230)	(22,843)	(236,315)
	¥ 939	¥ 4,062	\$ 8,455
Retirement benefit obligation of unfunded plans	139	122	1,256
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 1,078	¥ 4,184	\$ 9,710

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net defined benefit liability	¥ 5,711	¥ 5,474	\$ 51,446
Net defined benefit asset	(4,633)	(1,290)	(41,736)
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 1,078	¥ 4,184	\$ 9,710

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost - benefits earned during the year	¥ 1,364	¥ 1,401	\$ 12,293
Interest cost on retirement benefit obligation	144	147	1,298
Expected return on pension assets	(514)	(504)	(4,631)
Amortization of unrecognized actuarial differences	1,260	1,046	11,348
	¥ 2,254	¥ 2,090	\$ 20,308

(5) Remeasurements of defined benefit plans (before tax)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Actuarial differences	¥ (3,258)	¥ (501)	\$ (29,350)

(6) Accumulated remeasurements of defined benefit plans (before tax)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized actuarial differences	¥ 1,790	¥ 5,047	\$ 16,123

(7) Pension assets

Pension assets consist of the followings:

	2021	2020
Bonds	42 %	46 %
Stock	19	18
Cash	15	9
Alternative	21	24
Other	3	3
	100 %	100 %

Alternative consists of investments in hedge funds which invest mainly in global REITs, long and short strategies, multi-assets, etc. Total pension assets include an employees' retirement benefit trust which is set up for the corporate pension plan. The proportion of pension assets in trust were 10% and 9% at the fiscal years ended March 31, 2021 and 2020, respectively.

(8) Actuarial assumptions

	2021	2020
Discount rate (mainly)	0.52 %	0.52 %
Long-term expected rate of return (mainly)	2.5 %	2.5 %

The Nissin Electric Group provides mainly a point based plan. The Group does not use the salary increase rate in order to calculate retirement benefit obligation.

C. Defined contribution plans

The required contributions to the defined contribution plans of the Company and certain consolidated subsidiaries were ¥169 million (\$1,525 thousand) and ¥169 million for the fiscal years ended March 31, 2021 and 2020, respectively.

14. GAIN ON SALES OF FIXED ASSETS

Fiscal year ended March 31, 2021 and 2020.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Land	¥ –	¥ 44	\$ –
Land use right	¥ –	¥ 205	\$ –

15. EXPENSES FOR ENVIRONMENTAL PROTECTION MEASURES

Fiscal year ended March 31, 2021 and 2020.

The Company booked expenses for environmental protection measures that are necessary for the disposal of polychlorinated biphenyl (PCB) waste.

16. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Valuation difference on available-for-sale securities:			
Current period	¥ 1,868	¥ (658)	\$ 16,825
Adjustments	(1,289)	–	(11,611)
Before income tax effect	579	(658)	5,214
Tax effects	(164)	184	(1,476)
Total	¥ 415	¥ (474)	\$ 3,738
Deferred gains and losses on hedges:			
Current period	¥ 73	¥ (53)	\$ 662
Adjustments	–	–	–
Before income tax effect	73	(53)	\$ 662
Tax effects	(22)	16	(202)
Total	¥ 51	¥ (37)	\$ 460
Foreign currency translation adjustments:			
Current period	¥ 1,936	¥ (1,338)	\$ 17,440
Adjustments	–	–	–
Total	¥ 1,936	¥ (1,338)	\$ 17,440
Remeasurements of defined benefit plans:			
Current period	¥ 1,998	¥ (1,547)	\$ 18,002
Adjustments	1,260	1,046	11,348
Before income tax effect	3,258	(501)	29,350
Tax effects	(1,003)	147	(9,034)
Total	¥ 2,255	¥ (354)	\$ 20,316
Total other comprehensive income:	¥ 4,657	¥ (2,203)	\$ 41,954

17. REVENUE RECOGNITION

(1) Content of Primary Obligations Based on Contracts with Customers in the Company's Primary Businesses

The Nissin Electric Group's primary businesses are the Power System Equipment Business, the Charged Beam Equipment and Processing Business, the Renewable Energy and Environment Business and the Life Cycle Engineering Business. The primary performance obligations in each business are the sale of substation equipment, ion implanters for manufacturing small/medium high-definition flat panel displays (FPDs), electrical equipment for water treatment, installation and on-site adjustment of those products, contract processing of industrial equipment and parts, provision of fine coating services, and provision of maintenance.

(2) Timing of revenue recognition

For delivery of products and services that do not involve the installation and adjustment of the equipment, revenue is recognized and the performance obligation fulfilled by the delivery of the product.

When the sale of equipment and the installation and adjustment of the equipment are deemed a single performance obligation, revenue is recognized at the time the equipment is installed and adjusted.

In contract work, for performance obligations that are fulfilled over a period of time, the degree of progress in fulfilling the performance obligation is estimated and revenue is recognized based on the degree of progress made toward fulfilling the obligation. If a performance obligation is not fulfilled over a period of time, revenue is recognized when the performance is completed as a performance obligation that is fulfilled at one time.

18. SEGMENT INFORMATION

A. Overview of Reporting Segments

(1) Method of Determining Reporting Segments

The reporting segments are the components of the Company for which separate financial information is available and evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing business performance.

The Company has four reporting segments classified by the type and nature of its products and services: Power System Equipment, Charged Beam Equipment and Processing, Renewable Energy and Environment and Life Cycle Engineering.

(2) Types of products and services related to each reporting segment

Segment Name	Main Products and Services
Power System Equipment	Switchgears, transformers, instrument transformers, relays, circuit breakers, gas insulated switchgears, capacitors, harmonic filter equipment, reactors, smart power supply systems (SPSS), industrial equipment and components, etc.
Charged Beam Equipment and Processing	Ion implanters for semiconductors, ion implanters for flat panel displays (FPD), electron-beam processing systems, electron-beam processing services, fine coating systems, fine coating services, etc.
Renewable Energy and Environment	Photovoltaic systems, power conditioners for photovoltaic systems, smart power supply systems (SPSS), voltage dip compensators, static var compensators, monitoring and control systems, etc.
Life Cycle Engineering	Comprehensive support services: installation, adjustment, inspection, maintenance, etc.

The method of calculation for sales, profit or loss, assets and other items by reportable segment is pursuant to the accounting policies stated in Note 2. Intersegment sales and transfers are determined on the same terms and conditions as ordinary transactions.

B. Information about net sales, profit (loss), assets and other items by reporting segment

	Millions of yen						
Year ended March 31, 2021	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 60,183	¥ 24,011	¥ 12,981	¥ 27,488	¥ 124,663	¥ –	¥ 124,663
Intersegment sales and transfers	186	9	4	1,170	1,396	(1,396)	–
Total	60,369	24,020	12,985	28,658	126,032	(1,396)	124,663
Segment profit (loss)	¥ 8,408	¥ 2,208	¥ 2,021	¥ 4,670	¥ 17,307	¥ (2,135)	¥ 15,172
Segment assets	¥ 79,063	¥ 26,711	¥ 10,673	¥ 23,546	¥ 139,993	¥ 40,417	¥ 180,410
Other:							
Depreciation and amortization	¥ 2,205	¥ 1,189	¥ 188	¥ 312	¥ 3,894	¥ 119	¥ 4,013

	Thousands of U.S. dollars						
Year ended March 31, 2021	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	\$ 542,189	\$ 216,314	\$ 116,949	\$ 247,642	\$ 1,123,094	\$ –	\$ 1,123,094
Intersegment sales and transfers	1,676	83	36	10,535	12,330	(12,330)	–
Total	543,865	216,397	116,985	258,177	1,135,424	(12,330)	1,123,094
Segment profit (loss)	\$ 75,751	\$ 19,893	\$ 18,210	\$ 42,069	\$ 155,923	\$ (19,239)	\$ 136,684
Segment assets	\$ 712,279	\$ 240,643	\$ 96,150	\$ 212,129	\$ 1,261,201	\$ 364,121	\$ 1,625,322
Other:							
Depreciation and amortization	\$ 19,867	\$ 10,714	\$ 1,689	\$ 2,810	\$ 35,080	\$ 1,074	\$ 36,154
Increase in property, plant and equipment and intangible assets	16,787	15,166	1,233	1,979	35,165	530	35,695

An adjustment of negative ¥2,135 million (*\$19,239 thousand*) in segment profit (loss) includes an elimination of transactions between the segments of ¥54 million (*\$484 thousand*) and corporate expenses of negative ¥2,189 million (*\$19,723 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥40,417 million (*\$364,121 thousand*) in segment assets includes an elimination of transactions between the segments of negative ¥1,156 million (*\$10,409 thousand*) and corporate assets of ¥41,573 million (*\$374,530 thousand*). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥119 million (*\$1,074 thousand*) in depreciation and amortization includes an elimination of transactions between the segments of negative ¥22 million (*\$199 thousand*) and corporate expenses of ¥141 million (*\$1,273 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥59 million (*\$530 thousand*) in increase in property, plant and equipment and intangible assets. Corporate assets are mainly assets not attributable to the reporting segments.

Segment profit (loss) has been adjusted with operating income in the consolidated statements of income.

“Depreciation and amortization” and “Increase in property, plant and equipment and intangible assets” include long-term prepaid expenses and their amortization.

Year ended March 31, 2020	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 58,579	¥ 19,637	¥ 13,304	¥ 25,980	¥ 117,500	¥ –	¥ 117,500
Intersegment sales and transfers	292	218	+ 0	954	1,464	(1,464)	–
Total	58,871	19,855	13,304	26,934	118,964	(1,464)	117,500
Segment profit (loss)	¥ 6,864	¥ 428	¥ 1,617	¥ 4,119	¥ 13,028	¥ (1,549)	¥ 11,479
Segment assets	¥ 77,688	¥ 27,168	¥ 11,082	¥ 24,586	¥ 140,524	¥ 22,206	¥ 162,730
Other:							
Depreciation and amortization	¥ 2,130	¥ 1,100	¥ 178	¥ 272	¥ 3,680	¥ 87	¥ 3,767
Increase in property, plant and equipment and intangible assets	2,937	1,894	215	415	5,461	222	5,683

An adjustment of negative ¥1,549 million in segment profit (loss) includes an elimination of transactions between the segments of ¥47 million and corporate expenses of negative ¥1,596 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥22,206 million in segment assets includes an elimination of transactions between the segments of negative ¥3,174 million and corporate assets of ¥25,380 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥87 million in depreciation and amortization includes an elimination of transactions between the segments of negative ¥19 million and corporate expenses of ¥106 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥222 million in increase in property, plant and equipment and intangible assets includes an elimination of transactions between the segments of negative ¥41 million and corporate assets of ¥263 million. Corporate assets are mainly assets not attributable to the reporting segments.

Segment profit (loss) has been adjusted with operating income in the consolidated statements of income.

“Depreciation and amortization” and “Increase in property, plant and equipment and intangible assets” include long-term prepaid expenses and their amortization.

C. Matters Concerning Changes in Reporting Segments

As the Accounting Standard for Revenue Recognition were applied from the beginning of the consolidated fiscal year ended March 31, 2021 and as the accounting method for revenue recognition was changed, the method for measuring profit or loss in business segments was similarly changed.

As a result these changes and when compared to the method used until now, for the consolidated fiscal year ended March 31, 2021, net sales decreased by ¥947 million and segment income decreased by ¥192 million for the Power System Equipment Business, net sales increased by ¥277 million and segment income increased by ¥113 million for the Charged Beam Equipment and Processing Business, and net sales increased by ¥1,447 million and segment income increased by ¥514 million for the Renewable Energy and Environment Business.

D. Information about geographical segments

Year ended March 31, 2021	Millions of yen					
	Japan	Asia		Other	Total	
		China	Other	Other		
Sales	¥ 84,734	¥ 22,323	¥ 13,245	¥ 4,361	¥ 124,663	

Year ended March 31, 2021	Millions of yen					
	Japan	Asia		Other	Total	
		ASEAN	China	Other	Other	
Property, plant and equipment	¥ 24,997	¥ 4,669	¥ 2,623	¥ 890	¥ 97	¥ 33,276

Thousands of U.S. dollars						
Year ended March 31, 2021	Japan		Asia		Other	Total
	China		Other			
Sales	\$ 763,371	\$ 201,107	\$ 119,326	\$ 39,290	\$ 1,123,094	

Thousands of U.S. dollars						
Year ended March 31, 2021	Japan		Asia		Other	Total
	ASEAN		China			
Property, plant and equipment	\$ 225,201	\$ 42,066	\$ 23,630	\$ 8,020	\$ 868	\$ 299,785

Millions of yen						
Year ended March 31, 2020	Japan		Asia		Other	Total
	China		Other			
Sales	¥ 85,328	¥ 17,028	¥ 11,825	¥ 3,319	¥ 117,500	

Millions of yen						
Year ended March 31, 2020	Japan		Asia		Other	Total
	ASEAN		China			
Property, plant and equipment	¥ 24,829	¥ 4,394	¥ 2,657	¥ 848	¥ 17	¥ 32,745

19. RELATED PARTY TRANSACTIONS

Parent Company

Year ended March 31, 2021

Name	Capital	Ratio of voting rights (owned)	Transactions	Amounts	Closing balances	Amounts
	Millions of yen			Millions of yen		Millions of yen
Sumitomo Electric Industries, Ltd.	¥ 99,737	Directly (51.5%)	Loan of funds	¥ 15,538	Short-term loans receivable	¥ 11,000

Year ended March 31, 2021

Name	Capital	Ratio of voting rights (owned)	Transactions	Amounts	Closing balances	Amounts
	Thousands of U.S. dollars			Thousands of U. S. dollars		Thousands of U. S. dollars
Sumitomo Electric Industries, Ltd.	\$ 898,531	Directly (51.5%)	Loan of funds	\$ 139,986	Short-term loans receivable	\$ 99,099

- Regarding the lending of funds, the transaction amount is the average balance during the period. The interest rate is determined based on market interest rates.
- The transaction amount for product sales includes transactions between subsidiaries and the parent company.
- The transaction amount for product sales is the transaction amount for the current consolidated fiscal year. The transaction amount does not include consumption tax, etc., while the ending balance includes consumption tax, etc. In addition, product prices are determined in the same way as general transactions, by referring to the market price.

The head office of Sumitomo Electric Industries, Ltd. is located in Osaka Chuo-ku, Osaka, Japan. The Parent Company supplies products such as cables for power distribution, applications and other equipment. The Company purchases cables for power distribution and supplies our products at the parent company. Four of the parent company's officers are concurrently serving as officers for the Company.

Year ended March 31, 2020

Name	Capital Millions of yen	Ratio of voting rights (owned)	Transactions	Amounts Millions of yen	Closing balances	Amounts Millions of yen
Sumitomo Electric Industries, Ltd.	¥ 99,737	Directly (51.5%)	Loan of funds	¥ 18,231	Short-term loans receivable	¥ 11,000
			Sales of products	¥ 3,425	Accounts	¥ 3,089

Independent Auditor's Report

To the Board of Directors of Nissin Electric Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Nissin Electric Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. These matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of an accounting period in which revenue was recognized by Nissin Electric Co., Ltd. related to sales of power system equipment with services for the installation and on-site adjustment of the equipment	
The key audit matter	How the matter was addressed in our audit
<p>Nissin Electric Co., Ltd. ("the Company") concluded sales contracts for power system equipment with their customers. The sales of the power system equipment accounted for approximately 50% of the total consolidated revenue of ¥124,663 million for the fiscal year ended March 31, 2021.</p> <p>The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018) from the beginning of the fiscal year ended March 31, 2021 and recognized revenue at the amount to be received in exchange for promised goods or services at the time when their control was transferred to the customer.</p> <p>In adopting the accounting standard, sales contracts for power system equipment that involve delivery, installation and adjustment of equipment are deemed as a single performance obligation for the sale of the equipment with services for installation and on-site adjustment of the equipment, and revenue is recognized at the time the equipment is installed and adjusted as described in Note 17, "Revenue Recognition," in the Notes to Consolidated Financial Statements.</p> <p>The Company sells a wide variety of power system equipment and may conclude individual contracts for delivery, installation and adjustment of equipment. It is necessary for sales staff to check the details of each contract and determine whether or not the contracts should be combined. If the contracts are not appropriately combined for the sale of equipment with the services of installation and on-site adjustment of the equipment, then delivery, installation and on-site adjustment of the equipment are not deemed a single performance obligation and revenue may not be recognized in the appropriate accounting period.</p> <p>We therefore, determined that our assessment of the appropriateness of the accounting period in which revenue was recognized by the Company related to the sale of power system equipment with services of installation and on-site adjustment of the equipment was the most significant in our audit of the consolidated financial statements for the fiscal year ended March 31, 2021 and, accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the appropriateness of the accounting period in which revenue from the sale of equipment with services of installation and on-site adjustment of the equipment was recognized included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain internal controls of the Company relevant to the process of recognizing revenue from the sale of equipment. In this assessment, we focused our testing on controls below:</p> <ul style="list-style-type: none"> controls for sales in which sales staff check the details of each contract and determine whether the contracts include services of installation and on-site adjustment of the equipment. If the contracts include those services, the sales staff determine whether the contracts have been appropriately combined and prepare confirmation documents for the performance obligation(s) to be approved by a supervisor. <p>(2) Assessment of whether revenue from the sale of equipment was recognized in the appropriate period</p> <p>We performed the procedures set forth below to assess whether revenue from the sale of equipment was recognized in the appropriate period:</p> <ul style="list-style-type: none"> inspected contracts and confirmation documents for the performance obligations of sales transactions for power system equipment selected using a statistical method to assess whether the sales contracts with services of installation and on-site adjustment of the equipment were appropriately combined.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yoshinari Umeda
Designated Engagement Partner
Certified Public Accountant

Toshiyuki Maeda
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Kyoto Office, Japan
October 8, 2021

Company Outline

Company Name

Nissin Electric Co., Ltd.

Founded

November 1910

Incorporated

April 1917

Head Office

47 Umezu-takase-cho, Ukyo-ku, Kyoto
615-8686, Japan
Telephone: +81-75-861-3151
Facsimile: +81-75-864-8312

Stated Capital

¥10,252,845,127

Authorized Shares

431,329,000

Issued Shares

107,832,445

Employees

5,236

Board of Directors and Statutory Auditors (as of June 18, 2021)

Chairman of the Board

Shigeo Saito*

President

Yoshihiro Matsushita*

Managing Directors

Yukifumi Teramoto
Kenji Kobayashi

Directors

Masahiro Yurino
Sachiko Hirabayashi

Standing Auditors

Tadashi Ueno
Naoyoshi Akashi

Auditors

Hitoshi Tanaka
Go Saeki
Yoko Matsubara

* Representative Director

Major Offices and Works

Head Office and Works

47 Umezu-takase-cho, Ukyo-ku, Kyoto
615-8686, Japan

Tokyo Office

1 Kandaizumi-cho, Chiyoda-ku, Tokyo
101-0024, Japan
Telephone: +81-3-5821-5908
Facsimile: +81-3-5821-5877

Maebashi Works

2121 Soja, Soja-machi, Maebashi, Gumma
371-8515, Japan

Kuze Works

575 Kuze-tonoshiro-cho Minami-ku, Kyoto
601-8205, Japan

Domestic Group Companies

NHV Corporation

Business Line: Manufacturing and customer service for electron beam processing systems, irradiation service of electron beam

Nissin Denki Shouji Co., Ltd.

Business Line: Sales of electrical equipment

Nissin Systems Co., Ltd.

Business Line: Design and sales of computer software

Nissin Ion Equipment Co., Ltd.

Business Line: Manufacturing and customer service of LSI/LCD manufacturing equipment

Nippon ITF Inc.

Business Line: Manufacturing and customer service of fine coating systems. Fine coating service.

Nissin Pulse Electronics Co., Ltd.

Business Line: Manufacturing and sales of high voltage equipment and related equipment

Nissin Heartful Friend Co., Ltd.

Business Line: Digitization of documents

AuLand Co., Ltd.

Business Line: Manufacturing and sales of power transformers

Overseas Group Companies

Nissin Electric (Wuxi) Co., Ltd.

Wuxi, Jiangsu, China
Business Line: Manufacturing and sales of power capacitors and capacitor voltage transformers

Beijing Hongda Nissin Electric Co., Ltd.

Beijing, China
Business Line: Manufacturing and sales of gas insulated switchgears (GIS)

Nissin Electric Wuxi Co., Ltd.

Wuxi, Jiangsu, China
Business Line: Manufacturing and sales of gas insulated voltage transformers for GIS, current transformers. Fine coating service

Nissin Allis Ion Equipment (Shanghai) Co., Ltd.

PuDong New Area, Shanghai, China
Business Line: Sales and customer service of LSI/LCD manufacturing equipment

Nissin Advanced Coating (Shenyang) Co., Ltd.

Shenyang, China
Business Line: Fine coating service

Nissin Advanced Coating (Tianjin) Co., Ltd.

Tianjin, China
Business Line: Fine coating service

Nissin Ion HighTech (Yangzhou) Co., Ltd.

Yangzhou, China
Business Line: Manufacturing and sales of LSI/LCD manufacturing equipment

NHV Accelerator Technologies Shanghai

Shanghai, China
Business Line: Manufacturing and customer service for electron beam processing systems

Nissin Allis Electric Co., Ltd.

Taoyuan, Taiwan
Business Line: Manufacturing and sales of gas insulated switchgears

Nissin Allis Union Ion Equipment Co., Ltd.

Hsin-Chu City, Taiwan
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Electric (Thailand) Co., Ltd.

Pathumthani, Thailand
Business Line: Manufacturing and sales of power capacitors, gas circuit breakers and metal parts. Fine coating service

Nissin Electric Vietnam Co., Ltd.

Bac Ninh, Vietnam
Business Line: Manufacturing and sales of metal parts, electrical equipment. Fine coating service

Nissin Electric Myanmar Co., Ltd.

Yangon Region, Myanmar
Business Line: Manufacturing and sales of metal parts, electrical equipment

NHV America Inc.

Methuen, Massachusetts, U.S.A.
Business Line: Manufacturing and sales of electron beam processing systems

Nissin Ion Equipment USA, Inc.

Texas Customer Service Center
Austin, Texas, U.S.A
Massachusetts R&D Center
North Billerica, Massachusetts, U.S.A
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Ion Korea Co., Ltd.

Hwang Seong-city, Gyeonggi-Do, Korea
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Advanced Coating Indo Co., Private Ltd.

Noida, India
Business Line: Fine coating service

Forge a bright future for both people and technology



47, Umezu-Takase-cho, Ukyo-ku, Kyoto 615-8686, Japan

Tel:+81(75)-861-3151 Fax:+81(75)-864-8312

URL <https://nissin.jp/e/>

Cover Story



Sekison-tei

Sekison-tei was the residence of Junichiro Tanizaki, a great writer known as the author of "The Makioka Sisters". He passed over the residence to Nissin in 1956 when he left Kyoto. At that time, he requested that the residence be maintained in the same condition, since he wanted to see it on his visits to Kyoto. Nissin has kept this promise to Tanizaki, and is using this residence as a guest house while maintaining its traditional elegance. Sekison-tei is an invaluable asset, and proof that Nissin Electric Group puts its Principles of Activities of "Integrity, Trust and Long-term Relationships" into practice.