



● 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

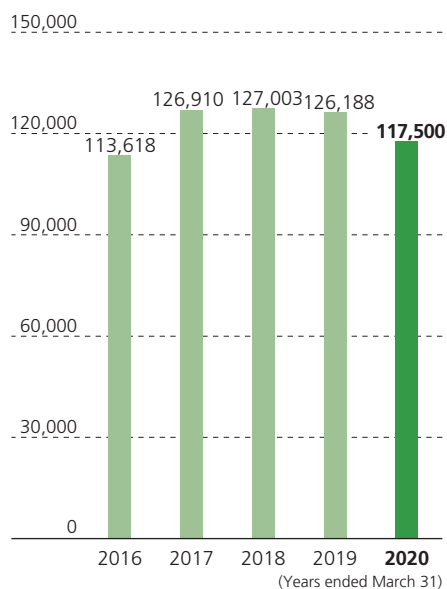
	Millions of yen					Thousands of U.S. dollars
	2020	2019	2018	2017	2016	2020
Net sales	¥ 117,500	¥ 126,188	¥ 127,003	¥ 126,910	¥ 113,618	\$ 1,087,967
Operating income	11,479	16,444	16,030	18,743	12,424	106,286
Profit attributable to owners of parent	8,433	12,445	11,840	14,158	8,525	78,082
Total assets	162,730	162,427	153,578	154,097	143,287	1,506,761
Shareholders' equity	110,809	108,010	101,015	90,536	77,632	1,026,007
Capital expenditure	5,683	8,218	4,005	4,858	3,813	52,622
Depreciation and amortization	3,767	3,405	3,198	2,871	2,999	34,878
Research and development expenses	7,097	7,922	6,506	6,442	5,331	65,709

Per share of common stock:	Yen					U.S. dollars
	2020	2019	2018	2017	2016	2020
Profit attributable to owners of parent	¥ 78.90	¥ 116.45	¥ 110.79	¥ 132.47	¥ 79.77	\$ 0.73
Diluted profit attributable to owners of parent	—	—	—	—	—	—
Cash dividends	32.00	32.00	30.00	30.00	18.00	0.30
Shareholders' equity	1,036.81	1,010.62	945.17	847.13	726.38	9.60

Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥108 to US\$1.00, the approximate exchange rate prevailing on March 31, 2020.
 2. For the fiscal years ended March 31, 2020, 2019, 2018, 2017, and 2016 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.

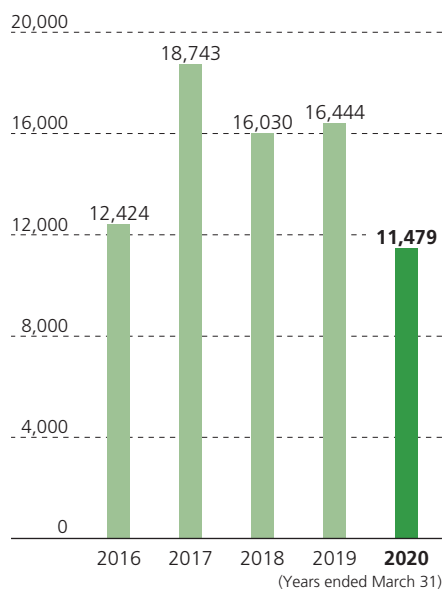
Net Sales

(Millions of yen)



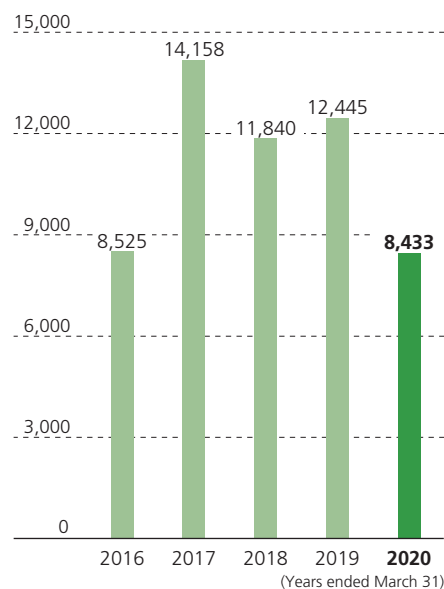
Operating Income

(Millions of yen)



Profit Attributable to Owners of Parent

(Millions of yen)





Shigeo Saito
President

1. Performance for the Last Reporting Year

The Japanese economy showed signs of a gradual recovery backed by solid capital investment in the first half of the fiscal year under review (April 1, 2019 to March 31, 2020), but personal consumption slumped in the second half and the economy took a turn for the worse. Overseas, the economy in China, a primary market for the Nissin Electric Group, has slowed down due to US-China trade friction, and the ASEAN economies have also slowed down due to sluggish exports from similar trade friction.

In addition, the global economy deteriorated sharply toward the end of the fiscal year due to the novel coronavirus pandemic (COVID-19) that spread across the world early in the year.

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 upgrading aging power system equipment, the lack of manpower has forced customers to postpone construction.

In the Chinese power system equipment market, investment in our main business in the ultrahigh voltage transmission field has recovered. At the same time, the market for our industrial equipment and parts contract manufacturing business in Thailand and Vietnam has been sluggish due to the

effect of investment adjustments of semiconductor manufacturing equipment.

In the Charged Beam Equipment and Processing Business market, demand for ion implanters for manufacturing small/medium high-definition flat panel displays (FPDs) recovered during the transitional period in China, but demand for fine coatings fell due to the sluggish automobile market.

Under these circumstances, 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, which resulted in order receipts of ¥133,220 million, a 12.2% increase compared to the previous year.

The breakdown of order receipts by business segment are: ¥65,300 million for the Power System Equipment Business (4.3% increase compared to the previous year), ¥26,288 million for the Charged Beam Equipment and Processing Business (55.1% increase compared to the previous year), ¥13,677 million for the Renewable Energy and Environment Business (18.0% increase compared to the previous year), and ¥27,955 million for the Life Cycle Engineering Business (1.4% increase compared to the previous year).

The increase in the Power System Equipment Business is attributed to an increase in domestic demand of private sector, while the increase in the Charged Beam Equipment and Processing Business is due to an increase in ion implanters for manufacturing small/medium high-definition FPDs. The increase in the Renewable Energy and Environment Business stems from an increase in power conditioner for photovoltaic system, and the increase in the Life Cycle Engineering Business was due to an increase in after-sales service in Japan.

Net sales were ¥117,500 million, 6.9% lower compared to the previous year.

The breakdown of net sales by business segment are: ¥58,579 million for the Power System Equipment Business (2.2% increase compared to the previous year), ¥19,637 million for the Charged Beam Equipment and Processing Business

(35.4% decrease compared to the previous year), ¥13,304 million for the Renewable Energy and Environment Business (5.4% increase compared to the previous year), and ¥25,980 million for the Life Cycle Engineering Business (0.6% increase compared to the previous year).

While the Power System Equipment Business secured growth in sales thanks to an increase in Japanese demand of private sector and a recovery in electric power companies in China, the increase was only modest owing to construction delays at customers' sites due to domestic labor shortages and suspended product shipments as a result of the impact of the COVID-19 pandemic in China.

The decrease in the Charged Beam Equipment and Processing Business was due to local adjustment work of ion implanters for manufacturing small/medium high-definition FPDs at Chinese customers being delayed into the next fiscal year due to the COVID-19 pandemic, in addition to the impact of lower orders in the previous fiscal year, which resulted in a significant decrease in revenue.

The increase in the Renewable Energy and Environment Business stems from an increase in power conditioner for photovoltaic system, while the increase in the Life Cycle Engineering Business was due to an increase in after-sales service in Japan.

Operating income increased in the Renewable Energy and Environment Business and Life Cycle Engineering Business, but decreased in the Charged Beam Equipment and Processing Business due to lower sales of highly profitable ion implanters for manufacturing small/medium high-definition FPDs, which resulted in a total operating income of ¥11,479 million (down 30.2% from the previous year).

Regarding extraordinary income, we booked a gain on sales of fixed assets of ¥249 million due to the sale of some land use right at a subsidiary in China. We booked ¥62 million extraordinary loss for environment expenses required to dispose of polychlorinated biphenyl (PCB) waste .

Based on the above, as a result of booking income taxes, profit attributable to owners of parent was ¥8,433 million (down 32.2% from the previous year).

2. Medium- to Long-term Management Strategy and Development of Business

The Nissin Electric Group's medium- to long-term plan "VISION2020," aims to achieve net sales of ¥180,000 million, operating income of ¥18,000 million, and an ROA (return on assets)/ROE (return on equity) of more than 10% by fiscal year ending March 31, 2021. The plan began in April 2016.

During the fiscal year under review, the fourth year of the plan, we found ourselves in a difficult situation from the beginning of the fiscal year when we expected a significant decrease in sales of ion implanters for manufacturing small/medium high-definition FPDs, but with this year designated as the last spurt to achieve the goals of "VISION2020," we have made the acceleration of development of new markets and new products, which has been done primarily by the Department of Designing and Developing New Business under the direct control of the president, and linking the results to orders, plus the linking of the abundant backlog of orders in the Power System Equipment Business that was the result of efforts to expand production and sales to greater sales, as priority issues. At the same time, we aim to establish a corporate culture and style that puts safety and quality first while conducting a fundamental review of business processes through kaizen activities with the participation of all employees in order to boost business productivity to expand business scale over the medium to long term. We also have actively promoted capital investment to improve and rationalize our production system.

We expect the global COVID-19 pandemic to cause the economy here in Japan and abroad to rapidly deteriorate, and these harsh conditions will continue in fiscal year ending March 31, 2021. The Nissin Electric Group will flexibly implement various measures while keeping a close eye on global demand and trends in the overall supply chain, and at the same time, develop business as described below based on the growth strategies of each business segment under "VISION2020."

—Business Development in Each Business Segment—

Power System Equipment Business

- In the Japanese market, in addition to the progress of building next-generation electricity networks and power system

reforms, such as the separation of electric power generation and transmission, new business opportunities are increasing in line with the progress of local production for local consumption and smart grids to strengthen the resilience of power infrastructure and build a stable power supply system (BCP measures). We will take advantage of these opportunities and leverage our strengths in grid connection technology and technology in the special high voltage field to expand sales of Smart Power Supply Systems (SPSS), which offer various solutions that include grid connection equipment, instrument transformers, and storage battery systems.

In private sector demand, investment in upgrades at industrial plants is expected to remain strong, in addition to the market in anticipation of Expo 2025 (Osaka/Kansai Expo). We will steadily expand sales, focusing on special high voltage substation equipment, which has maintained the top share in Japan for many years.

Charged Beam Equipment and Processing Business

- Regarding ion implanters for manufacturing small/medium high-definition FPDs, investment by Chinese panel makers, mainly for organic electro-luminescence (EL) displays, is showing recovery, and we will continue to develop orders with the aim of maintaining an overwhelming global share and high profitability, and use new models as a weapon with improved productivity that meet customer needs.
- We will work to expand sales of ion implanters for semiconductors centering on new equipment for SiC (silicon carbide) power devices, for which inquiries have been rapidly increasing, and equipment for sensors.
- We will steadily capture demand for electron-beam processing systems in the automobile-related market, which has a high share of the global market, by improving our cost competitiveness, accelerating the development of equipment for new applications, and promoting the development of new markets.
- In the fine coating services, we will expand sales by opening new bases in Japan and overseas, and by introducing high-performance new films to the market in the field of tools and molds, along with automobile components.

Renewable Energy and Environment Business

- In the renewable energy business, we will promote the expanded sales of power conditioners for photovoltaic systems for self-consumption and power conditioners for storage batteries, for which demand is expected to increase in response to greater environmental awareness. In addition, in collaboration with Sumitomo Electric Industries, Ltd., we will focus on expanding sales of equipment for wind and biomass power generation, which are expected to increase in the future.
- In the environment business, water supply and sewerage treatment facilities that were built during Japan's period of high economic growth are aging and it is time for them to be upgraded. In addition, due to the shortage of engineers as a result of Japan's aging of society, there is a growing need for more efficient maintenance and management. In order to meet these needs, we will proactively propose solutions that use our Smart Power Supply Systems (SPSS), that incorporates IoT and AI technology, which will lead to securing orders for upgrade projects.

Life Cycle Engineering Business

- While the need to extend the life of aging power system equipment has increased in Japan, the number of workers involved in the inspection, maintenance, and repair of facilities has decreased due to the shrinking working population. To respond to this, we will expand our repair and diagnosis business by making full use of technologies such as sensors, IoT, and AI.

We will also strive to increase the number of engineers by aggressively hiring mid-career employees, strengthening our stock business such as after-sales service, and expanding our overseas service bases to advance the development of global business.

- We will support the "visualization" of the operating status of solar power plants for which we have delivered a substantial number of power conditioners by providing remote monitoring services, etc. which will lead to orders.
- In the after-sales service for our Charged Beam Equipment and Processing Business, we are proactively introducing new technologies and aiming for further business growth as we

can expect business opportunities to increase due to the servicing and maintenance of ion implanters for manufacturing FPDs, for which installations have rapidly increased abroad in recent years.

3. Corporate Philosophy, and SDGs and ESG Initiatives

The Nissin Electric Group seeks to engage in business activities with a multifaceted value axis, based on our Business Mindset and with the development of firm relations of trust with our stakeholders as the Principles of Activities. With that in mind, we aim to realize our Corporate Philosophy, which states that "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." Also, in order to realize a sustainable society, which is the aim of SDGs (Sustainable Development Goals) and ESG (Environment, Society, Governance), we will actively incorporate activities that are conscious of solving social issues and will continue to develop our corporate activities.

As part of our efforts to address environmental issues, Nissin Electric announced that it would aim to obtain certification from the SBT Initiative (SBTi), an international environmental organization for our greenhouse gas reduction targets toward 2030. These efforts are now in full swing.

Although the situation remains tense because there is no telling how critical the impact of the COVID-19 pandemic will be, we will do our best to overcome this difficult situation as a group and to do our best to grow in the future.



Shigeo Saito, President

Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
March 31, 2020 and 2019

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Current assets:			
Cash and cash equivalents	¥ 15,939	¥ 12,938	\$ 147,582
Time deposits	323	422	2,988
Receivables:			
Trade notes and accounts	57,823	53,961	535,401
Other	537	459	4,974
	58,360	54,420	540,375
Allowance for doubtful receivables	(174)	(222)	(1,613)
	58,186	54,198	538,762
Inventories (Note 4)	29,235	25,979	270,697
Short-term loans receivable	11,000	22,243	101,852
Other current assets	2,958	1,885	27,393
Total current assets	117,641	117,665	1,089,274
Property, plant and equipment:			
Land	5,805	5,928	53,754
Buildings and structures	35,869	35,278	332,115
Machinery and equipment	45,067	43,390	417,289
Construction in progress	1,126	931	10,427
Other noncurrent assets	424	40	3,926
Total property, plant and equipment	88,291	85,567	817,511
Accumulated depreciation	(55,546)	(54,487)	(514,320)
Net property, plant and equipment	32,745	31,080	303,191
Investments and other assets:			
Investment securities (Note 3)	4,463	5,102	41,323
Deferred tax assets (Note 12)	4,414	4,646	40,874
Net defined benefit asset (Note 13)	1,290	1,478	11,945
Other assets	1,085	1,245	10,039
Allowance for doubtful receivables	(178)	(221)	(1,642)
Total investments and other assets	11,074	12,250	102,539
Intangible assets	1,270	1,432	11,757
Total assets	¥ 162,730	¥ 162,427	\$ 1,506,761

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 5)	¥ 2,620	¥ 3,005	\$ 24,256
Payables:			
Trade notes and accounts	18,043	17,930	167,065
Other	3,161	3,863	29,273
	21,204	21,793	196,338
Accrued expenses	7,083	7,887	65,582
Accrued income taxes	522	2,580	4,835
Advances from customers	9,897	8,730	91,642
Other provision	1,666	1,670	15,424
Other current liabilities	401	237	3,707
Total current liabilities	43,393	45,902	401,784
Long-term liabilities:			
Net defined benefit liability (Note 13)	5,474	5,284	50,690
Other long-term liabilities	447	598	4,146
Total long-term liabilities	5,921	5,882	54,836
Total liabilities	49,314	51,784	456,620
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	94,934
Capital surplus	6,638	6,638	61,464
Retained earnings	95,006	90,100	879,686
Treasury stock, at cost:			
957,849 shares in 2020 and 957,770 shares in 2019	(301)	(301)	(2,791)
Total shareholders' equity	111,596	106,690	1,033,293
Other comprehensive income:			
Valuation difference on available-for-sale securities	1,668	2,142	15,449
Deferred gains and losses on hedges	(39)	(2)	(357)
Foreign currency translation adjustments	994	2,241	9,195
Remeasurements of defined benefit plans (Note 13)	(3,410)	(3,061)	(31,573)
Total other comprehensive income	(787)	1,320	(7,286)
Noncontrolling interests	2,607	2,633	24,134
Total net assets	113,416	110,643	1,050,141
Total liabilities and net assets	¥ 162,730	¥ 162,427	\$ 1,506,761

See accompanying notes.

Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Net sales	¥ 117,500	¥ 126,188	\$ 1,087,967
Cost and expenses:			
Cost of sales (Note 9)	81,200	84,190	751,856
Selling, general and administrative expenses (Note 9 and 10)	24,821	25,554	229,825
Operating income	11,479	16,444	106,286
Other income (expenses):			
Interest and dividend income	232	231	2,153
Insurance income	91	–	846
Gain on sales of investment securities	–	681	–
Gain on sales of fixed assets (Note 14)	249	–	2,306
Interest expense	(116)	(74)	(1,077)
Loss on retirement of noncurrent assets	(65)	(61)	(601)
Contribution	(62)	(29)	(578)
Removal costs	(82)	(45)	(759)
Expenses for environmental protection measures (Note 15)	(62)	–	(577)
Loss on transport accident	(98)	–	(906)
Loss on disaster (Losses due to Typhoon No. 21, “Jebi”) (Note 16)	–	(178)	–
Other, net	270	302	2,507
Income before income taxes	11,836	17,271	109,600
Income taxes (Note 12):			
Current	2,636	4,389	24,412
Deferred	553	141	5,120
Total income taxes	3,189	4,530	29,532
Profit	8,647	12,741	80,068
Profit attributable to noncontrolling interests	214	296	1,986
Profit attributable to owners of parent	¥ 8,433	¥ 12,445	\$ 78,082
Amounts per share:	Yen		U.S. dollars (Note 1)
Profit attributable to owners of parent	¥ 78.90	¥ 116.45	\$ 0.73
Diluted profit attributable to owners of parent	–	–	–
Cash dividends applicable to the period	32.00	32.00	0.30

See accompanying notes.

Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Profit	¥ 8,647	¥ 12,741	\$ 80,069
Other comprehensive income (Note 17):			
Valuation difference on available-for-sale securities	(474)	(1,212)	(4,389)
Deferred gains and losses on hedges	(37)	62	(338)
Foreign currency translation adjustments	(1,338)	(323)	(12,393)
Remeasurements of defined benefit plans	(354)	(345)	(3,277)
Total other comprehensive income	(2,203)	(1,818)	(20,397)
Comprehensive income	¥ 6,444	¥ 10,923	\$ 59,672
Comprehensive income attributable to			
Owners of parent	¥ 6,325	¥ 10,670	\$ 58,570
Noncontrolling interests	119	253	1,102

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	¥ 10,253	¥ 6,679	¥ 81,288	¥ (301)	¥ 97,919
Cash dividends	–	–	(3,633)	–	(3,633)
Profit attributable to owners of parent	–	–	12,445	–	12,445
Purchase of treasury stock	–	–	–	(0)	(0)
Purchase of investments in capital of consolidated subsidiaries	–	(41)	–	–	(41)
Net changes for the year	–	–	–	–	–
Balance at March 31, 2019	¥ 10,253	¥ 6,638	¥ 90,100	¥ (301)	¥ 106,690

	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, 2018	¥ 3,354	¥ (64)	¥ 2,524	¥ (2,718)	¥ 3,096	¥ 2,798	¥ 103,813
Cash dividends	–	–	–	–	–	–	(3,633)
Profit attributable to owners of parent	–	–	–	–	–	–	12,445
Purchase of treasury stock	–	–	–	–	–	–	(0)
Purchase of investments in capital of consolidated subsidiaries	–	–	–	–	–	–	(41)
Net changes for the year	(1,212)	62	(283)	(343)	(1,776)	(165)	(1,941)
Balance at March 31, 2019	¥ 2,142	¥ (2)	¥ 2,241	¥ (3,061)	¥ 1,320	¥ 2,633	¥ 110,643

	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
Cash dividends	–	–	(3,527)	–	(3,527)
Profit attributable to owners of parent	–	–	8,433	–	8,433
Purchase of treasury stock	–	–	–	(0)	(0)
Purchase of investments in capital of consolidated subsidiaries	–	–	–	–	–
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				Total other comprehensive income	Noncontrolling interests	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			
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)
Purchase of investments in capital of consolidated subsidiaries	—	—	—	—	—	—	—
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

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, 2019	\$ 94,934	\$ 61,464	\$ 834,260	\$ (2,791)	\$ 987,867
Cash dividends	—	—	(32,656)	—	(32,656)
Profit attributable to owners of parent	—	—	78,082	—	78,082
Purchase of treasury stock	—	—	—	(0)	(0)
Purchase of investments in capital of consolidated subsidiaries	—	—	—	—	—
Net changes for the year	—	—	—	—	—
Balance at March 31, 2020	\$ 94,934	\$ 61,464	\$ 879,686	\$ (2,791)	\$ 1,033,293

Thousands of U.S. dollars (Note 1)

	Other comprehensive income				Total other comprehensive income	Noncontrolling interests	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			
Balance at April 1, 2019	\$ 19,837	\$ (19)	\$ 20,748	\$ (28,340)	\$ 12,226	\$ 24,383	\$ 1,024,476
Cash dividends	—	—	—	—	—	—	(32,656)
Profit attributable to owners of parent	—	—	—	—	—	—	78,082
Purchase of treasury stock	—	—	—	—	—	—	(0)
Purchase of investments in capital of consolidated subsidiaries	—	—	—	—	—	—	—
Net changes for the year	(4,388)	(338)	(11,553)	(3,233)	(19,512)	(249)	(19,761)
Balance at March 31, 2020	\$ 15,449	\$ (357)	\$ 9,195	\$ (31,573)	\$ (7,286)	\$ 24,134	\$ 1,050,141

See accompanying notes.

Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Cash flows from operating activities:			
Income before income taxes	¥ 11,836	¥ 17,271	\$ 109,600
Adjustments for:			
Depreciation and amortization	3,767	3,405	34,878
Interest and dividend income	(232)	(231)	(2,153)
Interest expense	116	74	1,077
Increase (decrease) in allowance for doubtful receivables	(83)	(78)	(773)
Increase (decrease) in net defined benefit liability	(109)	(651)	(1,007)
Increase (decrease) in other provisions	(312)	(937)	(2,890)
Gain on sale of fixed assets	(255)	(11)	(2,362)
Decrease (increase) in trade receivables	(4,535)	(668)	(41,994)
Decrease (increase) in inventories	(3,889)	(3,342)	(36,011)
Increase (decrease) in trade payables	850	588	7,871
Decrease (increase) in advance payments	(350)	871	(3,243)
Increase (decrease) in accrued expenses	(761)	196	(7,046)
Increase (decrease) in advances from customers	1,223	(1,111)	11,321
Other, net	(878)	(848)	(8,132)
Subtotal	6,388	14,528	59,136
Interest and dividends received	225	229	2,084
Interest paid	(106)	(74)	(977)
Income taxes paid	(4,850)	(2,906)	(44,905)
Net cash provided by (used in) operating activities	1,657	11,777	15,338
Cash flows from investing activities:			
Proceeds from sales of investments in capital of subsidiaries and associates	134	–	1,238
Payments for purchase of property, plant and equipment and intangible assets	(6,033)	(7,045)	(55,861)
Proceeds from sales of property, plant and equipment and intangible assets	403	27	3,728
Net decrease (increase) in short-term loans receivable	11,264	(240)	104,296
Other, net	47	1,187	442
Net cash provided by (used in) investing activities	5,815	(6,071)	53,843
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(273)	1,000	(2,531)
Cash dividends paid	(3,527)	(3,634)	(32,656)
Cash dividends paid to minority shareholders	(154)	(343)	(1,425)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(115)	–
Other, net	(116)	(86)	(1,074)
Net cash provided by (used in) financing activities	(4,070)	(3,178)	(37,686)
Effect of exchange rate changes on cash and cash equivalents	(401)	(37)	(3,709)
Net increase (decrease) in cash and cash equivalents	3,001	2,491	27,786
Cash and cash equivalents at beginning of year	12,938	10,447	119,796
Cash and cash equivalents at end of year	¥ 15,939	¥ 12,938	\$ 147,582

See accompanying notes.

Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2020 and 2019

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, 2020, which was ¥108 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 2019) and 17 overseas subsidiaries (16 in 2019).

Consolidated subsidiaries whose closing dates differs 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 intangible 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, 2020. 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 construction contracts

The Company and its consolidated domestic subsidiaries apply the percentage-of-completion method with the cost comparison method to estimate the progress of construction contracts for the portions of the contract completed by the end of the fiscal year that can be estimated reliably. The completed contract method is applied to other construction contracts.

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, 2020 and 2019, 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 were immaterial.

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 31, 2020)
- Implementation Guidance on Disclosures of Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

IASB and FASB jointly developed comprehensive accounting standards for revenue recognition. "Revenue from contracts with customers" was issued in May 2014 (IFRS 15 by the IASB and Topic 606 by the FASB). IFRS 15 is effective for fiscal years beginning after January 1, 2018, and Topic 606 is effective for fiscal years beginning after December 15, 2017. The

comprehensive accounting standard for revenue recognition was developed and issued together with the implementation guideline by ASBJ.

From the viewpoint of comparability between financial statements, which is one of the benefits of consistency with IFRS 15, ASBJ decided to establish its accounting standard with the incorporation of the basic principles of IFRS 15 and added alternative treatment for items that have been subjected to accounting practices in Japan to the extent that comparability is not impaired.

(2) Planned Adoption Date

The Company and its domestic consolidated companies will adopt the accounting standard for revenue recognition and implementation guidance on the accounting standard for revenue recognition published on March 30, 2018 from the beginning of the fiscal year ending March 31, 2021. The Company and its domestic consolidated companies plan to adopt the accounting standard for revenue recognition and implementation guidance on accounting standard for revenue recognition and implementation guidance on disclosures about fair value of financial instruments revised on March 31, 2020 from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of Adoption

The impact on the consolidated financial statements will be a decrease of 1,747 million yen in the beginning balance of retained earnings for the fiscal year ending March 2021.

The Company is in the process of assessing the impact of adopting the accounting standards.

- 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

Under the circumstances 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 international accounting standards mainly regarding the guidance and disclosure of the fair value of financial instruments and has published.

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 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 Adoption

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

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Summary

Regarding the "causes of estimation uncertainty" required to be disclosed in Paragraph 125 of IAS 1-Presentation of financial statements-published by the IASB in 2003, ASBJ has developed and published an accounting standard for the disclosure of accounting estimates because there were requests for greater disclosure under Japanese standards for information that is highly useful to users of financial statements.

ASBJ's basic policy for the development of the accounting standard was not to expand individual notes but to show the principle (disclosure purpose) and specific disclosure content is determined by the disclosure purpose of each company.

(2) Planned Adoption Date

The Company and its consolidated companies plan to adopt the standards from the year-end of the fiscal year ending March 31, 2021.

- Accounting Standards for Disclosure of Accounting Policy Changes in Accounting and Correction of Errors (ASBJ Statement No. 24, March 31, 2020)

(1) Summary

In response to a proposal to consider the enhancement of information regarding the "Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc., are not clear " ASBJ made the necessary revisions and announced accounting standards for the disclosure of accounting policy changes in accounting and correction of errors.

In pursuing the enhancement of information pertaining to "Principles and procedures of accounting treatment adopted when the provisions of related accounting standards etc., are not clear, " if the relevant accounting standards are clear the provisions of the Note on Corporate Accounting Principles (Note 1-2) will take over so as not to affect the practice to date.

(2) Planned Adoption Date

The Company and its consolidated companies plan to adopt the standards from the year-end of the fiscal year ending March 31, 2021.

3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Available-for-sale securities with available fair values	¥ 4,238	¥ 4,887	\$ 39,242
Available-for-sale securities with no available fair values	225	215	2,081
Total	¥ 4,463	¥ 5,102	\$ 41,323

The following is a summary of the available-for-sale securities included in investment securities that had a fair value at March 31, 2020 and 2019.

Unlisted stocks are not included in "Other securities" in the table below as they have no market prices, and it is deemed to be extremely difficult to determine their market value.

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

2019	Millions of yen			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	¥ 1,861	¥ 3,026	¥ –	¥ 4,887

2020	Thousands of U.S. dollars			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	\$ 17,325	\$ 21,917	\$ –	\$ 39,242

Gross realized gains and losses on the sale of available-for-sale securities for the fiscal year ended March 31, 2020 were not material. Proceeds from sales of available-for-sale securities were ¥1,191 million for the year ended March 31, 2019. Gross realized gains on those sales were ¥681 million for the year ended March 31, 2019.

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, 2020 and 2019.

4. INVENTORIES

Inventories at March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Finished goods	¥ 2,902	¥ 1,389	\$ 26,867
Work-in-process	19,763	18,368	182,996
Raw materials and supplies	6,570	6,222	60,834
Total	¥ 29,235	¥ 25,979	\$ 270,697

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, 2020 and 2019 were ¥620 million (\$5,737 thousand) and ¥339 million, respectively.

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

Short-term loans at March 31, 2020 and 2019 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Short-term loans bearing average interest rates of 2.10% (2020) and 2.74% (2019)	¥ 2,598	¥ 2,980	\$ 24,050

A summary of long-term debt at March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Long-term debt	¥ 24	¥ 51	\$ 222
Current portion of long-term debt	(22)	(25)	(206)
Loans maturing serially through 2022 bearing average interest rates of 0.47% (2020) and 7.50% (2019)	¥ 2	¥ 26	\$ 16

The annual maturities of long-term debt outstanding at March 31, 2020 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2021	22	206
2022	2	16
2023 and thereafter	—	—
Total	¥ 24	\$ 222

6. CONTINGENT LIABILITIES

At March 31, 2020 and 2019, the Companies' contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Endorsed trade notes	¥ 143	¥ 201	\$ 1,325

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, 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	\$ 16,824
Board of Directors on October 30, 2019	'September 30, 2019	'December 5, 2019	¥ 1,710	\$ 15,832

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	\$ 15,832

Dividends paid in the fiscal year ended March 31, 2019 and after March 31, 2019 were as follows:

Dividends paid in the fiscal year ended March 31, 2019

Approved by	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 26, 2018	'March 31, 2018	'June 27, 2018	¥ 2,031
Board of Directors on October 30, 2018	'September 30, 2018	'December 5, 2018	¥ 1,602

Dividends paid after March 31, 2019 and for which the record date was in the fiscal year ended March 31, 2019.

Approved by	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 19, 2019	March 31, 2019	'June 20, 2019	¥ 1,817

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, 2020 and 2019 were ¥7,097 million (\$65,709 thousand) and ¥7,922 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
	2020	2019	2020
Salaries and bonuses for employees	¥ 8,295	¥ 8,335	\$ 76,809
Research and development expenses	5,490	6,714	50,829
Cost of transportation of goods	1,786	1,712	16,539
Retirement benefit costs	682	510	6,315
Sales commissions	628	558	5,814
Provision of allowance for doubtful receivables	(49)	(83)	(457)

11. DERIVATIVE TRANSACTIONS

A. Derivative transactions to which hedge accounting is not applicable

	Millions of yen				Millions of yen			
	2020				2019			
	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	¥ 653	¥ –	¥ (1)	¥ (1)	¥ 666	¥ –	¥ (4)	¥ (4)
U.S. dollars	7	–	(0)	(0)	222	–	(11)	(11)
Trade payables								
U.S. dollars	4	–	(0)	(0)	25	–	(0)	(0)
Chinese yuan	3	–	0	0	183	–	1	1
Currency interest rate swaps:								
Trade receivables								
U.S. dollars	327	259	(11)	(11)	–	–	–	–
Chinese yuan	199	¥ 199	2	2	199	199	(4)	(4)
Trade payables								
Japanese yen	273	273	1	1	–	–	–	–
Total	¥ 1,466	¥ 731	¥ (9)	¥ (9)	¥ 1,295	¥ 199	¥ (18)	¥ (18)

Thousands of U.S. dollars

	2020			
	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	\$ 6,043	\$ –	\$ (10)	\$ (10)
U.S. dollars	62	–	(2)	(2)
Trade payables				
U.S. dollars	37	–	(1)	(1)
Chinese yuan	34	–	0	0
Currency interest rate swaps:				
Trade receivables				
U.S. dollars	3,025	2,395	(99)	(99)
Chinese yuan	1,847	1,847	18	18
Trade payables				
Japanese yen	2,526	2,526	6	6
Total	\$ 13,574	\$ 6,768	\$ (88)	\$ (88)

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		
	2020			2019			2020		
	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	¥ 26	¥ –	¥ (0)	¥ 123	¥ –	¥ (0)	\$ 241	\$ –	\$ (1)
Australian dollars	-	-	-	31	-	1	-	-	-
Trade payables									
U.S. dollars	93	-	2	1	-	0	858	-	22
Euros	19	-	0	8	-	(0)	179	-	2
Canadian dollars	-	-	-	4	-	(0)	-	-	-
Deferred hedge method									
Forward foreign exchange contracts:									
Trade receivables									
Chinese yuan	2	-	0	9	-	(0)	23	-	0
U.S. dollars	1	-	(0)	128	-	(2)	13	-	(0)
Trade payables									
U.S. dollars	459	-	(5)	142	-	(0)	4,251	-	(43)
N.Z. dollars	341	-	(43)	41	-	1	3,154	-	(396)
Chinese yuan	257	-	(6)	130	-	(1)	2,377	-	(60)
Swiss francs	69	-	1	79	-	(1)	636	-	11
Thai baht	35	-	(3)	34	-	0	329	-	(23)
Euros	35	-	(0)	11	-	(0)	325	-	(2)
Canadian dollars	-	-	-	3	-	0	-	-	-
Total	¥ 1,337	¥ –	¥ (54)	¥ 744	¥ –	¥ (2)	\$ 12,386	\$ –	\$ (491)

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, 2020 and 2019, respectively.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Net defined benefit liability	¥ 1,673	¥ 1,610	\$ 15,486
Accrued employees' bonuses	1,051	1,143	9,729
Devaluation of inventories	1,038	986	9,611
Research and development expenses	819	759	7,581
Cost of sales	541	686	5,013
Depreciation	488	592	4,523
Retirement benefits trust	282	346	2,615
Unrealized intercompany profits	226	256	2,096
Tax loss carryforwards	191	278	1,765
Other temporary differences	1,430	1,597	13,239
Total deferred tax assets	7,739	8,253	71,658
Valuation allowance	(1,099)	(1,161)	(10,171)
Net deferred tax assets	6,640	7,092	61,487
Deferred tax liabilities:			
Undistributed earnings of overseas subsidiaries	(880)	(916)	(8,147)
Valuation difference on available-for-sale securities	(698)	(883)	(6,467)
Net defined benefit asset	(379)	(391)	(3,508)
Reserve for deferred gains related to fixed assets for tax purposes	(223)	(246)	(2,064)
Other temporary differences	(46)	(10)	(427)
Total deferred tax liabilities	(2,226)	(2,446)	(20,613)
Net deferred tax assets	¥ 4,414	¥ 4,646	\$ 40,874

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, 2020 and 2019 were as follows:

	2020	2019
Statutory income tax rate	30.5 %	30.5 %
Tax credit for research and development expenses	(3.6)	(4.5)
Effect of lower tax rates on overseas subsidiaries	(1.3)	(1.0)
Tax credit for increase in salaries	–	(0.6)
Foreign withholding tax	0.8	0.6
Others	0.5	1.2
Effective income tax rate	26.9 %	26.2 %

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
	2020	2019	2020
Balance at beginning of year	¥ 26,984	¥ 26,118	\$ 249,856
Service cost - benefits earned during the year	1,401	1,415	12,976
Interest cost on retirement benefit obligations	147	144	1,363
Actuarial differences	(149)	381	(1,381)
Payment of retirement benefits	(1,392)	(1,068)	(12,884)
Other	36	(6)	(328)
Balance at end of year	¥ 27,027	¥ 26,984	\$ 250,258

(2) Movements in pension assets

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year	¥ 23,178	¥ 22,165	\$ 214,615
Expected return on pension assets	505	479	4,673
Actuarial differences	(1,638)	(514)	(15,164)
Contributions from the employer	1,826	1,780	16,907
Payment of retirement benefits	(1,008)	(723)	(9,334)
Other	(20)	(9)	(184)
Balance at end of year	¥ 22,843	¥ 23,178	\$ 211,513

(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
	2020	2019	2020
Retirement benefit obligation of funded plans	¥ 26,905	¥ 26,859	\$ 249,124
Pension assets	(22,843)	(23,178)	(211,513)
	¥ 4,062	¥ 3,681	\$ 37,611
Retirement benefit obligation of unfunded plans	122	125	1,134
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 4,184	¥ 3,806	\$ 38,745

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net defined benefit liability	¥ 5,474	¥ 5,284	\$ 50,690
Net defined benefit asset	(1,290)	(1,478)	(11,945)
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 4,184	¥ 3,806	\$ 38,745

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost - benefits earned during the year	¥ 1,401	¥ 1,415	\$ 12,976
Interest cost on retirement benefit obligation	147	144	1,363
Expected return on pension assets	(504)	(479)	(4,673)
Amortization of unrecognized actuarial differences	1,046	394	9,685
	¥ 2,090	¥ 1,474	\$ 19,351

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

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Actuarial differences	¥ (501)	¥ (501)	\$ (4,636)

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

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized actuarial differences	¥ 5,047	¥ 4,547	\$ 46,736

(7) Pension assets

Pension assets consist of the followings:

	2020	2019
Bonds	46 %	33 %
Stock	18	26
Cash	9	7
Alternative	24	31
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 9% and 12% at the fiscal years ended March 31, 2020 and 2019, respectively.

(8) Actuarial assumptions

	2020	2019
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 (\$1,565 thousand) and ¥168 million for the fiscal years ended March 31, 2020 and 2019, respectively.

14. GAIN ON SALES OF FIXED ASSETS

Fiscal year ended March 31, 2020

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Land	¥ 44	\$ 411
Land use right	¥ 205	\$ 1,895

15. EXPENSES FOR ENVIRONMENTAL PROTECTION MEASURES

Fiscal year ended March 31, 2020

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

16. LOSS ON DISASTER (LOSSES DUE TO TYPHOON NO. 21, "JEBI")

Fiscal year ended March 31, 2019

Losses due to Typhoon No. 21, (Jebi), which occurred on September 4, 2018, were recorded in the amount of 85 million yen for repair costs, etc., for noncurrent assets and 93 million yen for fixed costs during the period of suspension of operations and business.

17. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Valuation difference on available-for-sale securities:			
Current period	¥ (658)	¥ (967)	\$ (6,096)
Adjustments	—	(681)	—
Before income tax effect	(658)	(1,648)	(6,096)
Tax effects	184	436	1,707
Total	¥ (474)	¥ (1,212)	\$ (4,389)
Deferred gains and losses on hedges:			
Current period	¥ (53)	¥ 90	\$ (485)
Adjustments	—	—	—
Before income tax effect	(53)	90	(485)
Tax effects	16	(28)	147
Total	¥ (37)	¥ 62	(338)
Foreign currency translation adjustments:			
Current period	¥ (1,338)	¥ (323)	\$ (12,393)
Adjustments	—	—	—
Total	¥ (1,338)	¥ (323)	\$ (12,393)
Remeasurements of defined benefit plans:			
Current period	¥ (1,547)	¥ (895)	\$ (14,321)
Adjustments	1,046	394	9,685
Before income tax effect	(501)	(501)	(4,636)
Tax effects	147	156	1,359
Total	¥ (354)	¥ (345)	\$ (3,277)
Total other comprehensive income:	¥ (2,203)	¥ (1,818)	\$ (20,397)

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, relay, circuit breakers, gas insulated switchgears, capacitor, harmonic filter equipment, reactor, 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 methods used to calculate sales, profit or loss, assets and other items by reportable segment are the same as those in 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, 2020	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

	Thousands of U.S. dollars						
Year ended March 31, 2020	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	\$ 542,403	\$ 181,826	\$ 123,183	\$ 240,555	\$ 1,087,967	\$ –	\$ 1,087,967
Intersegment sales and transfers	2,696	2,021	2	8,838	13,557	(13,557)	–
Total	545,099	183,847	123,185	249,393	1,101,524	(13,557)	1,087,967
Segment profit (loss)	\$ 63,561	\$ 3,964	\$ 14,968	\$ 38,141	\$ 120,634	\$ (14,348)	\$ 106,286
Segment assets	\$ 719,332	\$ 251,559	\$ 102,607	\$ 227,652	\$ 1,301,150	\$ 205,611	\$ 1,506,761
Other:							
Depreciation and amortization	\$ 19,724	\$ 10,189	\$ 1,648	\$ 2,516	\$ 34,077	\$ 801	\$ 34,878
Increase in property, plant and equipment and intangible assets	27,187	17,539	1,993	3,846	50,565	2,057	52,622

An adjustment of negative ¥1,549 million (*\$14,348 thousand*) in segment profit (loss) includes an elimination of transactions between the segments of ¥47 million (*\$430 thousand*) and corporate expenses of negative ¥1,596 million (*\$14,778 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥22,206 million (*\$205,611 thousand*) in segment assets includes an elimination of transactions between the segments of negative ¥3,174 million (*\$29,386 thousand*) and corporate assets of ¥25,380 million (*\$234,997 thousand*). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥87 million (*\$801 thousand*) in depreciation and amortization includes an elimination of transactions between the segments of negative ¥19 million (*\$182 thousand*) and corporate expenses of ¥106 million (*\$983 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥222 million (*\$2,057 thousand*) in increase in property, plant and equipment and intangible assets includes an elimination of transactions between the segments of negative ¥41 million (*\$383 thousand*) and corporate assets of ¥263 million (*\$2,440 thousand*). 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, 2019	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	¥ 57,320	¥ 30,411	¥ 12,625	¥ 25,832	¥ 126,188	¥ –	¥ 126,188
Intersegment sales and transfers	320	417	+ 0	1,541	2,278	(2,278)	–
Total	57,640	30,828	12,625	27,373	128,466	(2,278)	126,188
Segment profit (loss)	¥ 6,898	¥ 5,682	¥ 1,398	¥ 3,910	¥ 17,888	¥ (1,444)	¥ 16,444
Segment assets	¥ 70,676	¥ 26,826	¥ 10,026	¥ 22,484	¥ 130,012	¥ 32,415	¥ 162,427
Other:							
Depreciation and amortization	¥ 1,872	¥ 1,051	¥ 194	¥ 215	¥ 3,332	¥ 73	¥ 3,405
Increase in property, plant and equipment and intangible assets	4,907	2,315	366	604	8,192	26	8,218

An adjustment of negative ¥1,444 million in segment profit (loss) includes an elimination of transactions between the segments of negative ¥24 million and corporate expenses of negative ¥1,468 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥32,415 million in segment assets includes an elimination of transactions between the segments of negative ¥2,074 million and corporate assets of ¥34,489 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥73 million in depreciation and amortization includes an elimination of transactions between the segments of negative ¥21 million and corporate expenses of ¥94 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of negative ¥26 million in increase in property, plant and equipment and intangible assets includes an elimination of transactions between the segments of negative ¥51 million and corporate assets of ¥77 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. Information about geographical segments

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

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

Year ended March 31, 2020	Thousands of U.S. dollars				
	Japan	China	Other	Other	Total
Sales	\$ 790,070	\$ 157,667	\$ 109,495	\$ 30,734	\$ 1,087,967

Year ended March 31, 2020	Thousands of U.S. dollars				
	Japan	ASEAN	China	Other	Total
Property, plant and equipment	\$ 229,896	\$ 40,686	\$ 24,602	\$ 7,853	\$ 303,191

Year ended March 31, 2019	Millions of yen					Total
	Japan	Asia		Other	Other	
		China	Other			
Sales	¥ 85,109	¥ 24,485	¥ 13,232	¥ 3,362	¥ 126,188	

Year ended March 31, 2019	Millions of yen					Total
	Japan	Asia		Other	Other	
		ASEAN	China			
Property, plant and equipment	¥ 23,374	¥ 4,061	¥ 2,804	¥ 812	¥ 29	¥ 31,080

19. RELATED PARTY TRANSACTIONS

Parent 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

Year ended March 31, 2020

Name	Capital Thousands of U.S. dollars	Ratio of voting rights (owned)	Transactions	Amounts Thousands of U. S. dollars	Closing balances	Amounts Thousands of U. S. dollars
Sumitomo Electric Industries, Ltd.	\$ 898,531	Directly (51.5%)	Loan of funds	\$ 214,137	Short-term loans receivable	\$ 198,198
			Sales of products	\$ 31,718	Accounts	\$ 28,604

1. 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.
2. The transaction amount for product sales includes transactions between subsidiaries and the parent company.
3. 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, 2019

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	¥ 23,769	Short-term loans receivable	¥ 22,000

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, 2020 and 2019, 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, 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, 2020 and 2019, and its consolidated financial performance and 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.

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 including 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

Hisaki Nakajima
Designated Engagement Partner
Certified Public Accountant

Yoshinari Umeda
Designated Engagement Partner
Certified Public Accountant

Toshiyuki Maeda
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Kyoto Office, Japan
November 13, 2020

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

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

5,112

Board of Directors and Statutory Auditors (as of June 19, 2020)

Chairman

Hideaki Obata*

President

Shigeo Saito*

Senior Managing Director

Masahide Nobu*

Managing Directors

Yukifumi Teramoto

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
Telephone: +81-75-861-3151
Facsimile: +81-75-864-8312

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
Telephone: +81-27-251-1131
Facsimile: +81-27-254-1578

Kuze Works

575 Kuze-tonoshiro-cho Minami-ku, Kyoto
601-8205, Japan
Telephone: +81-75-922-4611
Facsimile: +81-75-922-4615

Domestic Group Companies

NHV Corporation

Business Line: Manufacturing and customer service for electron 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: Fine coating of various materials

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 Domestic 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 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 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



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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.