NISSIN ELECTRIC

ANNUAL REPORT 2022

Year Ended March 31, 2022

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.

Contents

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.

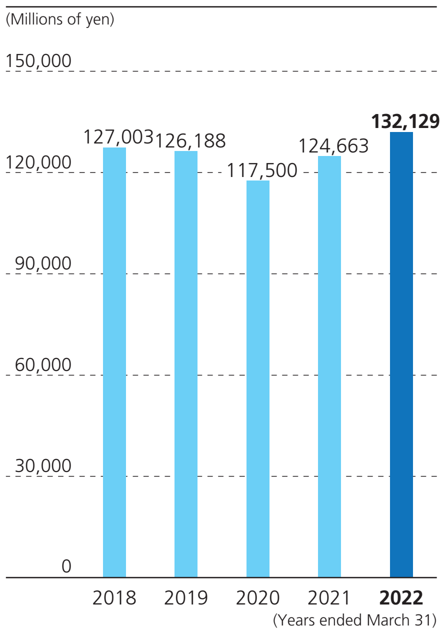
Consolidated Financial Highlights

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

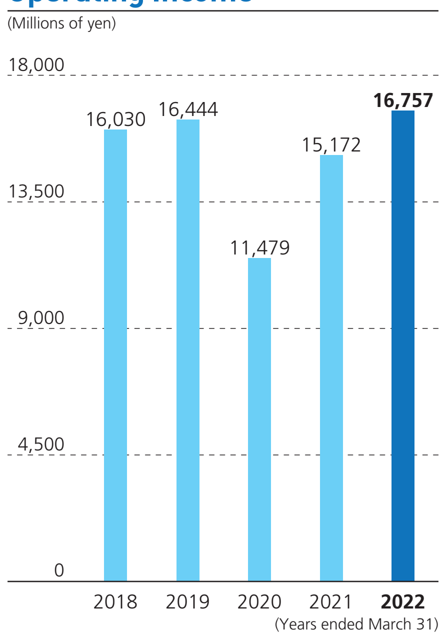
	Millions of yen					Thousands of U.S. dollars
	2022	2021	2020	2019	2018	***2022***
Net sales	**¥ 132,129**	¥ 124,663	¥ 117,500	¥ 126,188	¥ 127,003	***$ 1,083,024***
Operating income	**16,757**	15,172	11,479	16,444	16,030	***137,350***
Profit attributable to owners of parent	**11,881**	10,979	8,433	12,445	11,840	***97,389***
Total assets	**195,287**	180,410	162,730	162,427	153,578	***1,600,716***
Shareholders' equity	**131,445**	121,069	110,809	108,010	101,015	***1,077,424***
Capital expenditure	**6,431**	3,962	5,683	8,218	4,005	***52,713***
Depreciation and amortization	**4,136**	4,013	3,767	3,405	3,198	***33,900***
Research and development expenses	**6,806**	6,390	7,097	7,922	6,506	***55,789***
	Yen					*U.S. dollars*
Per share of common stock:						
Profit attributable to owners of parent	**¥ 111.17**	¥ 102.73	¥ 78.90	¥ 116.45	¥ 110.79	***$ 0.91***
Diluted profit attributable to owners of parent	**–**	–	–	–	–	***–***
Cash dividends	**36.00**	32.00	32.00	32.00	30.00	***0.30***
Shareholders' equity	**1,229.91**	1,132.82	1,036.81	1,010.62	945.17	***10.08***

Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥122 to US$1.00, the approximate exchange rate prevailing on March 31, 2022.
2. For the fiscal years ended March 31,2022, 2021,2020, 2019, 2018 there were no potentially dilutive common stocks.
3. Shareholders' equity = net assets excluding share subscription rights and noncontrolling interests.
4. 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.

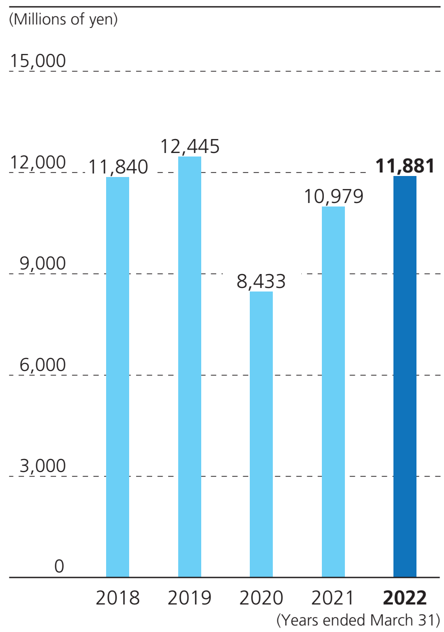
Net Sales



Operating Income



Profit Attributable to Owners of Parent



Message from the President

1. Performance for the Last Reporting Year

In FY2021 (April 1, 2021 to March 31, 2022), social and economic activity remained intermittently constrained by the COVID-19 pandemic, resulting in moderate economic recovery. Overseas, the economy in China, a key market for Nissin Electric Group, did recover on the back of strong exports but a gradual slowdown is now forecast due to its zero-COVID policy. Many ASEAN economies have recovered from recession, but their rates of growth vary widely.

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

In the market for Japanese electric power companies, demand remained high for replacement of substation equipment and electric power equipment such as transformers to manage the separation of electric power generation and transmission, and in the private sector market, installation and replacement of electric power equipment are strong.

In the Chinese power system equipment market, investment in ultrahigh voltage transmission, which the Nissin Electric Group is focusing on, has been continued based on the government's policy of strengthening investments in the electric sector.

In the Beam and Plasma Business market, demand for mainstay ion implanters expanded due to aggressive capital investment by manufacturers in small/medium high-definition

Flat Panel Displays (FPDs) and SiC (silicon carbide) power semiconductors, while demand for electron-beam processing systems is strong and demand for our fine coating service for automobile parts showed recovery.

The Equipment and Parts Solution Business market in Thailand, Vietnam and Myanmar was affected temporarily by lockdowns and production cuts due to COVID-19, but is now generally in good shape due to increased investment in semiconductor manufacturing equipment.

Under the circumstances, In the context of gradual recovery in economic activity from COVID-19 impacts, the Nissin Electric Group recorded orders received in fiscal 2021 of ¥146,552 million, a year-on-year increase of 14.6%. This can be attributed to the development and launch of products and services that address market trends and customer needs as well as strong Group-wide measures to boost cost-competitiveness.

The breakdown of orders received, by business segment, is : ¥94,095 million for the Power Supply and Environment System Business (0.2% increase compared with the previous year), ¥46,171 million for the Beam and Plasma Business (66.5% increase compared with the previous year), and ¥6,285 million for the Equipment and Parts Solution Business (0.3% increase compared with the previous year).

The increase in the Power Supply and Environment System Business came from increased private sector demand in Japan and more orders received for electric power companies in China and Taiwan. The increased orders received by the Beam and Plasma Business were due to the increase in ion implanters for manufacturing small/medium high-definition FPDs and ion implanters for semiconductors. Lastly, the increase in the Equipment and Parts Solution Business benefited from increased orders for industrial equipment and parts contract manufacturing business.

Net sales were ¥132,129 million, a 6.0% increase compared with the previous year.

The breakdown of net sales, by business segment, is: ¥90,210 million for the Power Supply and Environment System Business (3.2% increase compared with the previous year), ¥35,207 million for the Beam and Plasma Business (10.0% increase compared with the previous year), and ¥6,712 million for the Equipment and Parts Solution Business (28.2% increase compared with the previous year).

While the increase for the Power Supply and Environment System Business was due to the increase in Japanese electric power companies and public sector, as well as in electric power companies in Taiwan. The increase for the Beam and Plasma Business was due to higher sales of ion implanters and after-sales service and fine coating service for automobile parts. The increase for the Equipment and Parts Solution Business was due to the increase in orders for manufacturing of industrial equipment and parts manufacturing business for Japan and ASEAN.

As for operating income, the Power Supply and Environment System Business and the Beam and Plasma Business increased their income, resulting in profit of ¥16,757 million overall (up 10.4% from the previous year).

Regarding extraordinary income, we booked a gain on sale of investment securities of ¥587 million due to the sale of a portion of our policy-holding shares, and ¥23 million for provision for loss on business liquidation due to completion of the transfer of Nissin Ion Hightech (Yangzhou) Co., Ltd. For extraordinary losses, we booked an impairment loss of ¥268 million on fixed assets and ¥47 million for environmental 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 ¥11,881 million (up 8.2% from the previous year).

2. 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 our 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 SDGs' philosophy.

Under the new Medium-to-Long-Term Business Plan "VISION2025," which started in April 2021, the company is working to change its people, organization, companies and businesses under the slogan "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."

Viewing various social changes, including the use of distributed energy resources, particularly renewables with the advent of a decarbonized society, an aging society with a declining birthrate and the diversification of workstyles in Japan due to the COVID-19 pandemic, as business opportunities, the Nissin Electric Group 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 ¥160,000 million, operating income of ¥2,000 million and ROA (return on assets) and ROE (return on equity) of over 10%. We are taking the following measures in each business segment.

~Business Development by Business Segment~

■ Power Supply and Environment System Business

To respond to major changes in the domestic electric power market, which is expected to be accelerated by Japan's "Green Growth Strategy Through Achieving Carbon Neutrality in 2050," we are leveraging our strengths in grid connection technology and technology in the extra-high voltage field to further expand SPSS (Smart Power Supply Systems), 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 engineering.
- 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

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.

- Regarding ion implanters for flat panel displays (FPDs), we will work on development of large ion implanters to meet the needs of panel makers. As for ion implanters for semiconductors, we will focus on intense capital investment to

solve the shortage of semiconductors and expanding sales of SiC power semiconductor devices, which are in high demand due to the rapid growth in EV uptake.
- Regarding electron beam processing systems, we will expand sales of new systems that match customer needs, develop environmentally friendly systems and deliver processes that lead to better environmental outcomes.
- In the fine coating business, we are developing new applications for DLC (diamond-like carbon) coated parts for EVs and for wind power generation, as well as expanding sales by operating businesses using DX.

■ Equipment and Parts Solution Business

We will grow the industrial equipment and parts contract manufacturing business, which has developed with Thailand and Vietnam as its main bases by utilizing the metalworking technologies we cultivated in the manufacture of power system equipment, as an equipment and parts solution business which meets the needs of our global customers by leveraging the manufacturing capabilities and the accumulated experience and know-how of our four plants, which are located both in Japan and abroad.

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

The Nissin Electric Group will strengthen our initiatives for the SDGs, which are at the core of “VISION2025,” with the materiality (key issues of focus) set as we drive for sustainability by realizing our Corporate Philosophy.

Contribution to global environmental issues is positioned as one of the most important management issues, and we evaluate the impact of our business processes on the environment as we strive for continuous improvement. We have set medium to long-term targets of a 35% reduction in Scope 1+2 greenhouse gas emissions and a 30% reduction in Scope 3 greenhouse gas emissions by fiscal 2030 (both compared with fiscal 2018), and have been certified in June 2021 under the international Science Based Targets initiative (SBTi). We have also declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we will continue to identify risks and profit opportunities related to climate change in our response.

In addition to positively investing in human and intellectual capital, we are working on respect for human rights and diversity and creation of workplaces that are safe and employee friendly. We will build a culture that supports the potential and growth of every person regardless of nationality, gender or disability, and in which everyone can play an active role.

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.

Yoshihiro Matsushita,
President

Notes
Scope 1: Direct emissions from own business activities (fuel combustion, production processes)
Scope 2: Energy-derived indirect emissions (electricity, heat/steam)
Scope 3: Indirect emissions outside Scope 1 and 2 (raw materials procurement, product use, etc.)

Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
March 31, 2022 and 2021

ASSETS	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars (Note 1) 2022
Current assets:			
Cash and cash equivalents	**¥ 58,809**	¥ 32,784	***$ 482,044***
Time deposits	**244**	275	***1,999***
Receivables:			
Trade notes and accounts	**44,037**	49,404	***360,956***
Other	**573**	536	***4,699***
	44,610	49,940	***365,655***
Allowance for doubtful receivables	**(255)**	(190)	***(2,093)***
	44,355	49,750	***363,562***
Inventories (Note 4)	**37,382**	34,197	***306,411***
Short-term loans receivable	**–**	11,000	***–***
Other current assets	**3,672**	3,462	***30,096***
Total current assets	**144,462**	131,468	***1,184,112***
Property, plant and equipment:			
Land	**5,875**	5,827	***48,152***
Buildings and structures	**38,757**	37,974	***317,679***
Machinery and equipment	**48,151**	46,267	***394,684***
Construction in progress	**3,630**	811	***29,755***
Other noncurrent assets	**1,049**	568	***8,599***
Total property, plant and equipment	**97,462**	91,447	***798,869***
Accumulated depreciation	**(61,481)**	(58,171)	***(503,940)***
Net property, plant and equipment	**35,981**	33,276	***294,929***
Investments and other assets:			
Investment securities (Note 3)	**4,229**	4,805	***34,662***
Deferred tax assets (Note 12)	**4,023**	4,059	***32,975***
Net defined benefit asset (Note 13)	**4,649**	4,633	***38,112***
Other assets	**1,243**	1,120	***10,191***
Allowance for doubtful receivables	**(145)**	(173)	***(1,187)***
Total investments and other assets	**13,999**	14,444	***114,753***
Intangible assets	**845**	1,222	***6,922***
Total assets	**¥ 195,287**	¥ 180,410	***$ 1,600,716***

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars (Note 1) 2022
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 5)	**¥ 2,052**	¥ 2,444	***$ 16,820***
Payables:			
Trade notes and accounts	**18,151**	16,232	***148,778***
Other	**3,917**	3,734	***32,106***
	22,068	19,966	***180,884***
Accrued income taxes	**1,934**	3,329	***15,849***
Advances from customers	**–**	14,380	***–***
Contract liabilities	**17,119**	–	***140,317***
Other provision	**1,483**	1,618	***12,154***
Other current liabilities	**9,525**	8,302	***78,081***
Total current liabilities	**54,181**	50,039	***444,105***
Long-term liabilities:			
Net defined benefit liability (Note 13)	**5,882**	5,711	***48,216***
Other long-term liabilities (Note 12)	**537**	799	***4,396***
Total long-term liabilities	**6,419**	6,510	***52,612***
Total liabilities	**60,600**	56,549	***496,717***
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	***84,040***
Capital surplus	**6,638**	6,638	***54,411***
Retained earnings	**109,065**	100,817	***893,976***
Treasury stock, at cost:			
957,962 shares in 2022 and 957,882 shares in 2021	**(302)**	(302)	***(2,473)***
Total shareholders' equity	**125,654**	117,406	***1,029,954***
Other comprehensive income:			
Valuation difference on available-for-sale securities	**1,682**	2,083	***13,792***
Deferred gains and losses on hedges	**38**	12	***315***
Foreign currency translation adjustments	**5,222**	2,740	***42,807***
Remeasurements of defined benefit plans (Note 13)	**(1,152)**	(1,172)	***(9,444)***
Total other comprehensive income	**5,790**	3,663	***47,470***
Noncontrolling interests	**3,243**	2,792	***26,575***
Total net assets	**134,687**	123,861	***1,103,999***
Total liabilities and net assets	**¥ 195,287**	¥ 180,410	***$ 1,600,716***

See accompanying notes.

Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	***2022***
Net sales	**¥ 132,129**	¥ 124,663	***$ 1,083,024***
Cost and expenses:			
Cost of sales (Note 9)	**89,796**	85,256	***736,034***
Selling, general and administrative expenses (Note 9 and 10)	**25,576**	24,235	***209,640***
Operating income	**16,757**	15,172	***137,350***
Other income (expenses):			
Interest and dividend income	**248**	187	***2,036***
Gain on sales of investment securities	**587**	1,289	***4,811***
Provision for loss on business liquidation (Note 16)	**23**	(72)	***187***
Interest expense	**(90)**	(82)	***(735)***
Loss on retirement of noncurrent assets	**(65)**	(101)	***(536)***
Contribution	**(78)**	(81)	***(639)***
Impairment loss (Note 14)	**(268)**	–	***(2,198)***
Removal costs	**(118)**	(70)	***(969)***
Expenses for environmental protection measures (Note 15)	**(47)**	(619)	***(386)***
Other, net	**(20)**	118	***(159)***
Income before income taxes	**16,929**	15,741	***138,762***
Income taxes (Note 12):			
Current	**4,536**	4,694	***37,180***
Deferred	**190**	(38)	***1,554***
Total income taxes	**4,726**	4,656	***38,734***
Profit	**12,203**	11,085	***100,028***
Profit attributable to noncontrolling interests	**322**	106	***2,639***
Profit attributable to owners of parent	**¥ 11,881**	¥ 10,979	***$ 97,389***
	Yen		*U.S. dollars (Note 1)*
Amounts per share:			
Profit attributable to owners of parent	**¥ 111.17**	¥ 102.73	***$ 0.91***
Diluted profit attributable to owners of parent	**–**	–	***–***
Cash dividends applicable to the period	**36.00**	32.00	***0.30***

See accompanying notes.

Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	***2022***
Profit	**¥ 12,203**	¥ 11,085	***$ 100,028***
Other comprehensive income (Note 16):			
Valuation difference on available-for-sale securities	**(401)**	415	***(3,286)***
Deferred gains and losses on hedges	**26**	51	***213***
Foreign currency translation adjustments	**2,783**	1,936	***22,808***
Remeasurements of defined benefit plans	**21**	2,255	***171***
Total other comprehensive income	**2,429**	4,657	***19,906***
Comprehensive income	**¥ 14,632**	¥ 15,742	***$ 119,934***
Comprehensive income attributable to			
Owners of parent	**¥ 14,010**	¥ 15,429	***$ 114,833***
Noncontrolling interests	**622**	313	***5,101***

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2022 and 2021

	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						
	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, 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

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2021	**¥ 10,253**	**¥ 6,638**	**¥ 100,817**	**¥ (302)**	**¥ 117,406**
Cumulative effect of changes in accounting policies	**–**	**–**	**–**	**–**	**–**
Restated balance at April 1, 2021	**10,253**	**6,638**	**100,817**	**(302)**	**117,406**
Cash dividends	**–**	**–**	**(3,633)**	**–**	**(3,633)**
Profit attributable to owners of parent	**–**	**–**	**11,881**	**–**	**11,881**
Purchase of treasury stock	**–**	**–**	**–**	**(0)**	**(0)**
Net changes for the year	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2022	**¥10,253**	**¥ 6,638**	**¥ 109,065**	**¥ (302)**	**¥ 125,654**

	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, 2021	**¥ 2,083**	**¥ 12**	**¥ 2,740**	**¥ (1,172)**	**¥ 3,663**	**¥ 2,792**	**¥ 123,861**
Cumulative effect of changes in accounting policies	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Restated balance at April 1, 2021	**2,083**	**12**	**2,740**	**(1,172)**	**3,663**	**2,792**	**123,861**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(3,633)**
Profit attributable to owners of parent	**–**	**–**	**–**	**–**	**–**	**–**	**11,881**
Purchase of treasury stock	**–**	**–**	**–**	**–**	**–**	**–**	**(0)**
Net changes for the year	**(401)**	**26**	**2,482**	**20**	**(2,127)**	**451**	**(2,578)**
Balance at March 31, 2022	**¥ 1,682**	**¥ 38**	**¥ 5,222**	**¥ (1,152)**	**¥ 5,790**	**¥ 3,243**	**¥ 134,687**

	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, 2021	***$ 84,040***	***$ 54,411***	***$ 826,372***	***$ (2,473)***	***$ 962,350***
Cumulative effect of changes in accounting policies	***–***	***–***	***–***	***–***	***–***
Restated balance at April 1, 2021	***84,040***	***54,411***	***826,372***	***(2,473)***	***962,350***
Cash dividends	***–***	***–***	***(29,785)***	***–***	***(29,785)***
Profit attributable to owners of parent	***–***	***–***	***97,389***	***–***	***97,389***
Purchase of treasury stock	***–***	***–***	***–***	***(0)***	***(0)***
Net changes for the year	***–***	***–***	***–***	***–***	***–***
Balance at March 31, 2022	***$ 84,040***	***$ 54,411***	***$ 893,976***	***$ (2,473)***	***$ 1,029,954***

	Thousands of U.S. dollars (Note 1)						
	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, 2021	***$ 17,078***	***$ 102***	***$ 22,455***	***$ (9,609)***	***$ 30,026***	***$ 22,884***	***$ 1,015,260***
Cumulative effect of changes in accounting policies	***–***	***–***	***–***	***–***	***–***	***–***	***–***
Restated balance at April 1, 2021	***17,078***	***102***	***22,455***	***(9,609)***	***30,026***	***22,884***	***1,015,260***
Cash dividends	***–***	***–***	***–***	***–***	***–***	***–***	***(29,785)***
Profit attributable to owners of parent	***–***	***–***	***–***	***–***	***–***	***–***	***97,389***
Purchase of treasury stock	***–***	***–***	***–***	***–***	***–***	***–***	***(0)***
Net changes for the year	***(3,286)***	***213***	***20,352***	***165***	***17,444***	***3,691***	***21,135***
Balance at March 31, 2022	***$ 13,792***	***$ 315***	***$ 42,807***	***$ (9,444)***	***$ 47,470***	***$ 26,575***	***$ 1,103,999***

See accompanying notes.

Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	***2022***
Cash flows from operating activities:			
Income before income taxes	**¥ 16,929**	¥ 15,741	***$ 138,762***
Adjustments for:			
Depreciation and amortization	**4,136**	4,013	***33,900***
Impairment loss	**275**	–	***2,258***
Interest and dividend income	**(248)**	(187)	***(2,036)***
Interest expense	**90**	82	***735***
Loss (gain) on sales of investment securities	**(587)**	(1,289)	***(4,811)***
Increase (decrease) in allowance for doubtful receivables	**23**	4	***190***
Increase (decrease) in net defined benefit liability	**190**	140	***1,558***
Increase (decrease) in other provisions	**(158)**	(65)	***(1,298)***
Decrease (increase) in trade receivables	**6,787**	1,757	***55,634***
Decrease (increase) in inventories	**(2,343)**	2,627	***(19,209)***
Increase (decrease) in trade payables	**1,387**	(2,161)	***11,365***
Increase (decrease) in consumption tax payables	**(941)**	449	***(7,713)***
Increase (decrease) in advances from customers	**–**	1,999	***–***
Increase (decrease) in Contract liabilities	**2,607**	–	***21,367***
Other, net	**14**	1,006	***128***
Subtotal	**28,161**	24,116	***230,830***
Interest and dividends received	**203**	193	***1,661***
Interest paid	**(84)**	(67)	***(685)***
Income taxes paid	**(5,960)**	(1,724)	***(48,852)***
Net cash provided by (used in) operating activities	**22,320**	22,518	***182,954***
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment and intangible assets	**(4,729)**	(3,911)	***(38,761)***
Net decrease (increase) in short-term loans receivable	**11,000**	–	***90,164***
Proceeds from sales of investment securities	**676**	1,526	***5,537***
Proceeds for sales of investments in capital of subsidiary resulting in change in scope of consolidation	**178**	–	***1,459***
Other, net	**(162)**	79	***(1,329)***
Net cash provided by (used in) investing activities	**6,963**	(2,306)	***57,070***
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	**(514)**	(250)	***(4,214)***
Cash dividends paid	**(3,634)**	(3,420)	***(29,785)***
Cash dividends paid to minority shareholders	**(172)**	(127)	***(1,410)***
Other, net	**8**	(191)	***67***
Net cash provided by (used in) financing activities	**(4,312)**	(3,988)	***(35,342)***
Effect of exchange rate changes on cash and cash equivalents	**1,054**	621	***8,641***
Net increase (decrease) in cash and cash equivalents	**26,025**	16,845	***213,323***
Cash and cash equivalents at beginning of year	**32,784**	15,939	***268,721***
Cash and cash equivalents at end of year	**¥ 58,809**	¥ 32,784	***$ 482,044***

See accompanying notes.

Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2022 and 2021

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, 2022, which was ¥122 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 2021) and 16 overseas subsidiaries (17 in 2021).

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 Market prices 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. Market 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 market securities with no available fair market value are stated at moving average 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, 2022. 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 recognition

The Nissin Electric Group's primary businesses are the Power Supply and Environment System Business, the Beam and Plasma Business and the Equipment and Parts Solution Business. The primary performance obligations in each business are the sale of substation equipment, electrical equipment for water treatment, ion implanters, electron beam processing system, installation and on-site adjustment of those products, provision of fine coating services, contract processing of industrial equipment and parts, and provision of after service.

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 when 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.

The consideration received in the transactions is received generally within six months of fulfillment of the performance obligation and does not include a significant financial component.

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.

The Company and its wholly owned domestic consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system in the next consolidated fiscal year. However, 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).

Effective from the beginning of the next consolidated fiscal year, the Company will apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No.42, August 12, 2021)," which provides for accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in the case where a group accounting system is applied.

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, 2022 and 2021, 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 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, cost of sales increased by ¥341 million, selling, general and administrative expenses increased by ¥0 million and operating income, ordinary income and income before income taxes each increased by ¥435 million. In addition, the balance of retained earnings at the beginning of the consolidated fiscal year ended March 31, 2021 decreased by ¥1,748 million.

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. For the consolidated fiscal year ended March 31, 2021, net assets per share decreased by ¥13.54, and net income per share increased by ¥2.81.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter, the “Fair Value Accounting Standard”) is applied from the beginning of the current consolidated fiscal year, and follows the transitional treatment stipulated in Paragraph 19 of the “Fair Value Accounting Standard” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The new accounting policy stipulated by the “Fair Value Accounting Standard” and other standards will be applied prospectively in accordance with the treatment. This change has had no impact on the consolidated financial statements. In addition, in the notes to “Financial Instruments,” the Company has decided to provide notes on items such as the breakdown of fair value of financial instruments by level. However, in accordance with the transitional treatment prescribed in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), the notes are not presented for the previous consolidated fiscal year.

3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2022 and 2021 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Available-for-sale securities with market prices	**¥ 3,966**	¥ 4,580	***$ 32,504***
Available-for-sale securities with no market prices	**263**	225	***2,158***
Total	**¥ 4,229**	¥ 4,805	***$ 34,662***

The following table presents a summary of market prices included in investment securities that had a fair value at March 31, 2022 and 2021. 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.

	Millions of yen			
2022	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Equity securities	**¥ 1,601**	**¥ 2,365**	**¥ –**	**¥ 3,966**

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

	Thousands of U.S. dollars			
2022	*Acquisition cost*	*Gross unrealized gains*	*Gross unrealized losses*	*Book (fair) value*
Equity securities	***$ 13,125***	***$ 19,379***	***$ –***	***$ 32,504***

Proceeds from sales of market securities were ¥676 million (*$5,537 thousand*) for the year ended March 31, 2022.
Gross realized gains on those sales were ¥587 million (*$4,811 thousand*) for the year ended March 31, 2022.
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 ¥1,289 million for the year ended March 31, 2021.

4. INVENTORIES

Inventories at March 31, 2022 and 2021 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Finished goods	**¥ 6,604**	¥ 6,283	***$ 54,128***
Work-in-process	**22,523**	20,862	***184,615***
Raw materials and supplies	**8,255**	7,052	***67,668***
	¥ 37,382	¥ 34,197	***$ 306,411***

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 March31, 2022 and 2021 were ¥150 million(*$1,231 thousand*) and ¥413 million, respectively.

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

Short-term loans at March 31, 2022 and 2021 were represented by short-term notes that consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Short-term loans bearing average interest rates of 1.63% (2022) and 1.21% (2021)	**¥ 2,052**	¥ 2,442	***$ 16,820***

A summary of long-term debt at March 31, 2022 and 2021 consisted of the following:

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

6. CONTINGENT LIABILITIES

At March 31, 2022 and 2021, the Companies' contingent liabilities were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Endorsed trade notes	**¥ –**	¥ 227	***$ –***

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, 2022 and after March 31, 2022 were as follows:

Dividends paid in the fiscal year ended March 31, 2022

Approved by	Record date	Effective date	Total amount Millions of yen	Total amount *Thousands of U.S. dollars*
Shareholders' meeting on June 18, 2021	March 31, 2021	June 21, 2021	**¥ 1,710**	***$ 14,016***
Board of Directors on October 29, 2021	September 30, 2021	December 6, 2021	**¥ 1,924**	***$ 15,769***

Dividends paid after March 31, 2022 and for which the record date was in the fiscal year ended March 31, 2022.

Approved by	Record date	Effective date	Total amount Millions of yen	Total amount *Thousands of U.S. dollars*
Shareholders' meeting on June 17, 2022	March 31, 2022	June 20, 2022	**¥ 1,924**	***$ 15,768***

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
Shareholders' meeting on June 19, 2020	March 31, 2020	June 22, 2020	¥ 1,710
Board of Directors on October 30, 2020	September 30, 2020	December 7, 2020	¥ 1,710

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
Shareholders' meeting on June 18, 2021	March 31, 2021	June 21, 2021	¥ 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, 2022 and 2021 were ¥6,806 million (*$55,789 thousand*) and ¥6,390 million, respectively.

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of yen 2022	Millions of yen 2021	*Thousands of U.S. dollars* 2022
Salaries and bonuses for employees	**¥ 8,986**	¥ 8,568	***$ 73,652***
Research and development expenses	**5,662**	5,477	***46,408***
Cost of transportation of goods	**2,030**	1,732	***16,639***
Retirement benefit costs	**533**	723	***4,368***
Sales commissions	**621**	571	***5,092***
Provision of allowance for doubtful accounts	**35**	5	***289***

11. DERIVATIVE TRANSACTIONS

A. Derivative transactions to which hedge accounting is not applicable

	Millions of yen				Millions of yen			
	2022				2021			
	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	**¥ 158**	**¥ –**	**¥ (7)**	**¥ (7)**	¥ 790	¥ –	¥ (16)	¥ (16)
Thai baht	**6**	**–**	**(0)**	**(0)**	18	–	(1)	(1)
U.S. dollars	**4**	**–**	**(0)**	**(0)**	41	–	(2)	(2)
Trade payables								
Thai baht	**64**	**–**	**2**	**2**	280	–	4	4
Chinese yuan	**41**	**–**	**3**	**3**	41	–	2	2
U.S. dollars	**–**	**–**	**–**	**–**	88	–	2	2
Currency interest rate swaps:								
Trade receivables								
U.S. dollars	**143**	**18**	**(20)**	**(20)**	319	143	(14)	(14)
Chinese yuan	**133**	**66**	**(28)**	**(28)**	199	133	(13)	(13)
Trade payables								
Japanese Yen	**328**	**214**	**(36)**	**(36)**	273	239	(14)	(14)
Total	**¥ 877**	**¥298**	**¥ (86)**	**¥ (86)**	¥ 2,049	¥ 515	¥ (52)	¥ (52)

	Thousands of U.S. dollars			
	2022			
	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	***$ 1,294***	***$ –***	***$ (51)***	***$ (51)***
Thai baht	***52***	***–***	***(3)***	***(3)***
U.S. dollars	***32***	***–***	***(4)***	***(4)***
Trade payables				
Thai baht	***525***	***–***	***17***	***17***
Chinese yuan	***333***	***–***	***23***	***23***
U.S. dollars	***–***	***–***	***–***	***–***
Currency interest rate swaps:				
Trade receivables				
U.S. dollars	***1,174***	***145***	***(166)***	***(166)***
Chinese yuan	***1,090***	***545***	***(226)***	***(226)***
Trade payables				
Japanese Yen	***2,686***	***1,756***	***(293)***	***(293)***
Total	***$ 7,186***	***$ 2,446***	***$ (703)***	***$ (703)***

B. Derivative transactions to which hedge accounting is applicable

	Millions of yen			Millions of yen			*Thousands of U.S. dollars*		
	2022			2021			***2022***		
	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									
Euros	**¥ 37**	**¥ –**	**¥ (4)**	¥ –	¥ –	¥ –	***$ 307***	***–***	***$ (32)***
U.S. dollars	**25**	**–**	**(2)**	375	–	(19)	***202***	***–***	***(15)***
Trade payables									
U.S. dollars	**16**	**–**	**1**	3	–	0	***130***	***–***	***(8)***
Euros	**16**	**–**	**1**	4	–	(0)	***129***	***–***	***8***
Deferred hedge method									
Forward foreign exchange contracts:									
Trade receivables									
Chinese yuan	**1,196**	**–**	**(17)**	36	–	(1)	***9,805***	***–***	***(140)***
U.S. dollars	**487**	**61**	**(28)**	42	0	(2)	***3,989***	***499***	***(230)***
Euros	**2**	**–**	**(0)**	298	–	(14)	***15***	***–***	***(2)***
Thai baht	**–**	**–**	**–**	46	2	(0)	***–***	***–***	***–***
Trade payables									
U.S. dollars	**903**	**–**	**33**	456	–	16	***7,400***	***–***	***271***
N.Z. dollars	**714**	**–**	**13**	400	–	2	***5,853***	***–***	***106***
Chinese yuan	**683**	**80**	**35**	344	–	17	***5,601***	***657***	***286***
Swiss francs	**160**	**–**	**15**	36	–	0	***1,314***	***–***	***119***
Euros	**56**	**–**	**2**	8	–	0	***456***	***–***	***20***
Thai baht	**50**	**11**	**3**	72	–	(0)	***415***	***92***	***23***
Total	**¥ 4,345**	**¥ 152**	**¥ 52**	¥ 2,120	¥ 2	¥ (1)	***$ 35,616***	***$ 1,248***	***$ 422***

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, 2022 and 2021, respectively.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2022 and 2021 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Deferred tax assets:			
Net defined benefit liability	**¥ 1,789**	¥ 1,743	***$ 14,667***
Accrued employees' bonuses	**1,193**	1,160	***9,778***
Devaluation of inventories	**874**	941	***7,165***
Depreciation	**781**	981	***6,405***
Research and development expenses	**773**	741	***6,337***
Cost of sales	**728**	589	***5,971***
Unrealized intercompany profits	**313**	327	***2,564***
Retirement benefits trust	**276**	285	***2,262***
Tax loss carryforwards	**145**	188	***1,190***
Other temporary differences	**1,603**	1,710	***13,124***
Total deferred tax assets	**8,475**	8,665	***69,463***
Valuation allowance	**(1,009)**	(1,062)	***(8,267)***
Net deferred tax assets	**7,466**	7,603	***61,196***
Deferred tax liabilities:			
Net defined benefit asset	**(1,430)**	(1,416)	***(11,719)***
Undistributed earnings of overseas subsidiaries	**(1,110)**	(1,039)	***(9,100)***
Valuation difference on available-for-sale securities	**(682)**	(862)	***(5,588)***
Reserve for deferred gains related to fixed assets for tax purposes	**(216)**	(221)	***(1,774)***
Other temporary differences	**(5)**	(6)	***(40)***
Total deferred tax liabilities	**(3,443)**	(3,544)	***(28,221)***
Net deferred tax assets	**¥ 4,023**	¥ 4,059	***$ 32,975***

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, 2022 and 2021 were as follows:

	2022	2021
Statutory income tax rate	**30.5 %**	30.5 %
Tax credit for research and development expenses	**(3.1)**	(2.0)
Foreign withholding tax	**1.3**	0.7
Effect of lower tax rates on overseas subsidiaries	**(1.9)**	(2.1)
Temporary differences for investments in subsidiaries	**0.4**	1.0
Others	**0.6**	1.4
Effective income tax rate	**27.9 %**	29.6 %

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
	2022	2021	***2022***
Balance at beginning of year	**¥ 27,308**	¥ 27,027	***$ 223,843***
Service cost - benefits earned during the year	**1,314**	1,364	***10,768***
Interest cost on retirement benefit obligations	**146**	144	***1,193***
Actuarial differences	**54**	(100)	***442***
Payment of retirement benefits	**(1,168)**	(1,161)	***(9,574)***
Other	**–**	34	***–***
Balance at end of year	**¥ 27,654**	¥ 27,308	***$ 226,672***

(2) Movements in pension assets

	Millions of yen		Thousands of U.S. dollars
	2022	2021	***2022***
Balance at beginning of year	**¥ 26,230**	¥ 22,843	***$ 215,008***
Expected return on pension assets	**581**	514	***4,759***
Actuarial differences	**(585)**	1,891	***(4,793)***
Contributions from the employer	**1,004**	1,864	***8,226***
Payment of retirement benefits	**(809)**	(922)	***(6,632)***
Other	**–**	40	***–***
Balance at end of year	**¥ 26,421**	¥ 26,230	***$ 216,568***

(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
	2022	2021	***2022***
Retirement benefit obligation of funded plans	**¥ 27,504**	¥ 27,169	***$ 225,441***
Pension assets	**(26,421)**	(26,230)	***(216,568)***
	¥ 1,083	¥ 939	***$ 8,873***
Retirement benefit obligation of unfunded plans	**150**	139	***1,231***
Net defined benefit liability (asset) recorded in consolidated balance sheet	**¥ 1,233**	¥ 1,078	***$ 10,104***
Net defined benefit liability	**¥ 5,882**	¥ 5,711	***$ 48,216***
Net defined benefit asset	**(4,649)**	(4,633)	***(38,112)***
Net defined benefit liability (asset) recorded in consolidated balance sheet	**¥ 1,233**	¥ 1,078	***$ 10,104***

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2022	2021	***2022***
Service cost - benefits earned during the year	**¥ 1,314**	¥ 1,364	***$ 10,768***
Interest cost on retirement benefit obligation	**146**	144	***1,193***
Expected return on pension assets	**(581)**	(514)	***(4,759)***
Amortization of unrecognized actuarial differences	**681**	1,260	***5,582***
	¥ 1,560	¥ 2,254	***$ 12,784***

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	***2022***
Actuarial differences	**¥ 41**	¥ 3,258	***$ 332***

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	***2022***
Unrecognized actuarial differences	**¥ 1,749**	¥ 1,790	***$ 14,337***

(7) Pension assets

Pension assets consist of the following:

	2022	2021
Bonds	**36 %**	42 %
Stock	**19**	19
Cash	**14**	15
Alternative	**27**	21
Other	**4**	3
	100 %	100 %

Alternative consists of investment for hedge funds which invests mainly in global REITs, Private Equity, 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 10% at the fiscal years ended March 31, 2022 and 2021, respectively.

(8) Actuarial assumptions

	2022	2021
Discount rate	**mainly 0.52%**	mainly 0.52%
Long-term expected rate of return	**mainly 2.5%**	mainly 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 ¥170 million (*$1,391 thousand*) and ¥169 million for the fiscal years ended March 31, 2022 and 2021, respectively.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	***2022***
	¥ 170	¥ 169	***$ 1,391***

14. IMPAIRMENT LOSS

Fiscal year ended March 31, 2022.

Location	Group	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Maebashi, Japan	Assets to be disposed	Buildings, Structure and machinery and equipment	**¥ 161**	***$ 1,322***
Tianjin, China	Fine coating service	Buildings, machinery and equipment and other	**107**	***876***
	Total		**¥ 268**	***$ 2,198***

In principle, the Nissin Electric Group organizes its segment assets by location and business group. In addition, assets to be disposed of are grouped by individual asset.

The book value of the assets to be disposed of at the Company's Maebashi Works was reduced to the recoverable amount, and an impairment loss of ¥161 million (*$1,322 thousand*) was recorded due to the scheduled disposal of the assets.

The impairment loss consisted of ¥122 million (*$999 thousand*) for buildings, ¥0 million (*$4 thousand*) for structures, ¥36 million (*$296 thousand*) for machinery and equipment, ¥0 million (*$0 thousand*) for vehicles and transportation equipment, and ¥3 million (*$24 thousand*) for tools, furniture and fixtures.

The recoverable amount was evaluated as zero since the future use of the assets is no longer expected due to the decision to dispose of the assets.

The book value of the assets owned by consolidated subsidiary Nissin Advanced Coating (Tianjin) Co., Ltd. was reduced to the recoverable amount due to a decline in profitability, and an impairment loss of ¥107 million (*$876 thousand*) was recorded. The impairment loss consisted of ¥1 million (*$9 thousand*) for buildings, ¥92 million (*$754 thousand*) for machinery and equipment, ¥0 million (*$1 thousand*) for vehicles and delivery equipment, ¥4 million (*$30 thousand*) for tools, furniture and fixtures, and ¥10 million (*$81 thousand*) for others.

The recoverable amount was calculated based on the value in use, which was set at zero because no future cash flows were expected.

15. EXPENSES FOR ENVIRONMENTAL PROTECTION MEASURES

Fiscal year ended March 31, 2022 and 2021.

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

16. PROVISION FOR LOSS ON BUSINESS LIQUIDATION

Fiscal year ended March 31, 2022.

With the completion of the transfer of Nissin Yiwang High Technology (Yangzhou) Co., Ltd., which was a consolidated subsidiary, we have recorded a reversal amount of allowance for business consolidation loss.

17. OTHER COMPREHENSIVE INCOME

	Millions of yen		*Thousands of U.S. dollars*
	2022	2021	***2022***
Valuation difference on available-for-sale securities:			
Current period	**¥ 5**	¥ 1,868	***$ 44***
Adjustments	**(587)**	(1,289)	***(4,810)***
Before income tax effect	**(582)**	579	***(4,766)***
Tax effects	**181**	(164)	***1,480***
Total	**¥ (401)**	¥ 415	***$(3,286)***
Deferred gains and losses on hedges:			
Current period	**¥ 37**	¥73	***$306***
Adjustments	**–**	–	***–***
Before income tax effect	**37**	73	***306***
Tax effects	**(11)**	(22)	***(93)***
Total	**¥ 26**	¥ 51	***$ 213***
Foreign currency translation adjustments:			
Current period	**¥ 2,973**	¥ 1,936	***$ 24,366***
Adjustments	**(190)**	–	***(1,558)***
Total	**¥ 2,783**	¥ 1,936	***$ 22,808***
Remeasurements of defined benefit plans:			
Current period	**¥ (640)**	¥ 1,998	***$ (5,250)***
Adjustments	**681**	1,260	***5,582***
Before income tax effect	**41**	3,258	***332***
Tax effects	**(20)**	(1,003)	***(161)***
Total	**¥ 21**	¥ 2,255	***$ 171***
Total other comprehensive income:	**¥ 2,429**	¥ 4,657	***¥ 19,906***

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 three reporting segments classified by the type and nature of its products and services: Power Supply and Environment System, Beam and Plasma and Equipment and Parts Solution.

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

Segment Name	Main Products and Services
Power Supply and Environment System	Provision of solutions related to environmentally friendly electric power and environmental systems, including power quality stabilization and distributed energy, and the manufacturing, sales, installation, and after-sales service of the products that comprise such solutions.
Beam and Plasma	Manufacturing, sales, installation, and after-sales service of ion implanters, electron-beam processing systems, and fine coating systems using beam and plasma technology, and provision of implantation, electron-beam processing, and coating services using such systems.
Equipment and Parts Solution	Industrial equipment and parts contract manufacturing based on metalworking technologies related to the manufacture of power system equipment, and development and sale of products that meet local needs in the ASEAN region by proposing solutions.

Effective from the beginning of the current fiscal year, the Company changed the presentation of its reporting segments from the four business segments of Power System Equipment Business, Charged Beam Equipment and Processing Business, Renewable Energy and Environment Business, and Life Cycle Engineering Business to the three business segments of Power Supply and Environment System Business, Beam and Plasma Business, and Equipment and Parts Solution Business in order to respond to changes in the business environment. The segment information for the previous consolidated fiscal year is created from the changed classification method.

The methods used to calculate for sales, profit or loss, assets and other items by reportable segment are 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, 2022	Power Supply and Environment System	Beam and Plasma	Equipment and Parts Solution	Total	Adjustment	Consolidated
Sales:						
Sales to outside customers	**¥ 90,210**	**¥ 35,207**	**¥ 6,712**	**¥ 132,129**	**–**	**¥ 132,129**
Intersegment sales and transfers	**493**	**80**	**824**	**1,397**	**(1,397)**	**–**
Total	**90,703**	**35,287**	**7,536**	**133,526**	**(1,397)**	**132,129**
Segment profit (loss)	**¥ 13,674**	**¥ 5,838**	**¥ 545**	**¥ 20,057**	**¥ (3,300)**	**¥ 16,757**
Segment assets	**¥ 97,229**	**¥ 34,467**	**¥ 9,317**	**¥ 141,013**	**¥ 54,274**	**¥ 195,287**
Other:						
Depreciation and amortization	**¥ 2,230**	**¥1,325**	**¥ 432**	**¥ 3,987**	**¥ 149**	**¥ 4,136**
Increase in property, plant and equipment and intangible assets	**5,118**	**754**	**349**	**6,221**	**210**	**6,431**

	Thousands of U.S. dollars					
Year ended March 31, 2022	*Power Supply and Environment System*	*Beam and Plasma*	*Equipment and Parts Solution*	*Total*	*Adjustment*	*Consolidated*
Sales:						
Sales to outside customers	***$ 739,425***	***$ 288,579***	***$ 55,020***	***$ 1,083,024***	***$ –***	***$ 1,083,024***
Intersegment sales and transfers	***4,040***	***659***	***6,754***	***11,453***	***(11,453)***	***–***
Total	***743,465***	***289,238***	***61,774***	***1,094,477***	***(11,453)***	***1,083,024***
Segment profit (loss)	***$ 112,078***	***$ 47,850***	***$ 4,471***	***$ 164,399***	***$ (27,049)***	***$ 137,350***
Segment assets	***$ 796,957***	***$ 282,513***	***$ 76,371***	***$ 1,155,841***	***$ 444,875***	***$ 1,600,716***
Other:						
Depreciation and amortization	***$ 18,281***	***$ 10,864***	***$ 3,537***	***$ 32,682***	***$ 1,218***	***$ 33,900***
Increase in property, plant and equipment and intangible assets	***41,948***	***6,181***	***2,863***	***50,992***	***1,721***	***52,713***

An adjustment of negative ¥3,300 million (*$27,049 thousand*) in segment profit (loss) includes an elimination of transactions between the segments of ¥27 million (*$222 thousand*) and corporate expenses of negative ¥3,327 million (*$27,271 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥54,274 million (*$444,875 thousand*) in segment assets includes an elimination of transactions between the segments of negative ¥1,073 million (*$8,788 thousand*) and corporate assets of ¥55,347 million (*$453,663 thousand*). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥149 million (*$1,218 thousand*) in depreciation and amortization includes an elimination of transactions between the segments of negative ¥14 million (*$119 thousand*) and corporate expenses of ¥163 million (*$1,337 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥210 million (*$1,721 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, 2021	Power Supply and Environment System	Beam and Plasma	Equipment and Parts Solution	Total	Adjustment	Consolidated
	Millions of yen					
Sales:						
Sales to outside customers	¥ 87,433	¥ 31,994	¥ 5,236	¥ 124,663	¥ –	¥ 124,663
Intersegment sales and transfers	372	64	1,078	1,514	(1,514)	–
Total	87,805	32,058	6,314	126,177	(1,514)	124,663
Segment profit (loss)	¥ 13,271	¥ 4,459	¥ 553	¥ 18,283	¥ (3,111)	¥ 15,172
Segment assets	¥93,265	¥35,829	¥10,003	¥ 139,097	¥ 41,313	¥ 180,410
Other:						
Depreciation and amortization	¥ 2,137	¥ 1,353	¥ 403	¥ 3,893	¥ 120	¥ 4,013
Increase in property, plant and equipment and intangible assets	1,742	1,795	365	3,902	60	3,962

An adjustment of negative ¥3,111 million in segment profit (loss) includes an elimination of transactions between the segments of ¥52 million and corporate expenses of negative ¥3,163 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥41,314 million in segment assets includes an elimination of transactions between the segments of negative ¥1,544 million and corporate assets of ¥42,858 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥120 million in depreciation and amortization includes an elimination of transactions between the segments of negative ¥21 million and corporate expenses of ¥141 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥60 million 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.

C. Information about geographical segments

	Millions of yen				
		Asia			
Year ended March 31, 2022	Japan	China	Other	Other	Total
Sales	**¥ 89,852**	**¥ 22,671**	**¥ 17,527**	**¥ 2,079**	**¥ 132,129**

	Millions of yen					
		Asia				
Year ended March 31, 2022	Japan	ASEAN	China	Other	Other	Total
Property, plant and equipment	**¥ 27,488**	**¥ 4,886**	**¥ 2,526**	**¥ 967**	**¥ 114**	**¥ 35,981**

	Thousands of U.S. dollars				
		Asia			
Year ended March 31, 2022	*Japan*	China	*Other*	Other	*Total*
Sales	***$ 736,492***	***$ 185,832***	***$ 143,667***	***$ 17,033***	***$ 1,083,024***

	Thousands of U.S. dollars					
		Asia				
Year ended March 31, 2022	*Japan*	*ASEAN*	*China*	*Other*	*Other*	*Total*
Property, plant and equipment	***$ 225,313***	***$ 40,052***	***$ 20,703***	***$ 7,924***	***$ 937***	***$ 294,929***

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

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

D.Impairment loss by reporting segment

	Millions of yen					
Year ended March 31, 2022	Power Supply and Environment System	Beam and Plasma	Equipment and Parts Solution	Total	Elimination or corporate	Consolidated
Impairment loss	**¥ 161**	**¥ 107**	**¥ –**	**¥ 268**	**¥ –**	**¥ 268**

	Thousands of U.S. dollars					
Year ended March 31, 2022	*Power Supply and Environment System*	*Beam and Plasma*	*Equipment and Parts Solution*	*Total*	*Elimination or corporate*	*Consolidated*
Impairment loss	***$ 1,322***	***$ 876***	***$ –***	***$ 2,198***	***$ –***	***$ 2,198***

19. RELATED PARTY TRANSACTIONS

Parent Company

Year ended March 31, 2022

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%)**	**Collection of funds**	**¥ 16,923**	**Short-term loans receivable**	**¥ –**

Year ended March 31, 2022

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.	***$ 817,516***	***Directly (51.5%)***	***Collection of funds***	***$ 138,714***	***Short-term loans receivable***	***$ –***

1. Regarding the collection of funds, the transaction amount is the average balance during the period. The interest rate is determined based on market interest rates.

The head office of Sumitomo Electric Industries, Ltd. is located in Osaka Chuo-ku, Osaka, Japan.
Four of the parent company's officers are concurrently serving as officers for the Company.

Year ended March 31, 2021

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	¥ 15,538	Short-term loans receivable	¥ 11,000

20. REVENUE RECOGNITION

a. Information disaggregating revenue from contracts with customers

The Nissin Electric Group's revenues consist primarily of revenues recognized from contracts with customers. The following is a breakdown of the revenues in the major geographic markets and their relationship to the reporting segments.

		Millions of yen							
Year ended March 31, 2022		Power Supply and Environment System		Beam and Plasma		Equipment and Parts Solution		Total	
Japan		**¥ 76,833**	**85%**	**¥ 10,506**	**30%**	**¥ 2,513**	**37%**	**¥ 89,852**	**68%**
Asia	China	**7,889**	**9**	**14,782**	**42**	**1**	**0**	**22,672**	**17**
	ASEAN	**103**	**0**	**882**	**3**	**3,797**	**57**	**4,782**	**4**
	OtherAsia	**5,202**	**6**	**7,252**	**21**	**292**	**4**	**12,746**	**10**
North America • Other		**183**	**0**	**1,785**	**4**	**109**	**2**	**2,076**	**1**
Profit generated from contracts with customers		**¥ 90,210**	**100%**	**¥ 35,207**	**100%**	**¥ 6,712**	**100%**	**¥ 132,128**	**100%**
Sales to outside customers		**¥ 90,210**	**100%**	**¥ 35,207**	**100%**	**¥ 6,712**	**100%**	**¥ 132,128**	**100%**

		Thousands of U.S. dollars							
Year ended March 31, 2022		*Power Supply and Environment System*		*Beam and Plasma*		*Equipment and Parts Solution*		*Total*	
Japan		***$ 629,777***	***85%***	***$ 86,113***	***30%***	***$ 20,602***	***37%***	***$ 736,492***	***68%***
Asia	*China*	***64,661***	***9***	***121,161***	***42***	***9***	***0***	***185,831***	***17***
	ASEAN	***847***	***0***	***7,228***	***3***	***31,121***	***57***	***39,196***	***4***
	OtherAsia	***42,637***	***6***	***59,440***	***21***	***2,394***	***4***	***104,471***	***10***
North America • Other		***1,503***	***0***	***14,637***	***4***	***894***	***2***	***17,034***	***1***
Profit generated from contracts with customers		***$ 739,425***	***100%***	***$ 288,579***	***100%***	***$ 55,020***	***100%***	***$ 1,083,024***	***100%***
Sales to outside customers		***$ 739,425***	***100%***	***$ 288,579***	***100%***	***$ 55,020***	***100%***	***$ 1,083,024***	***100%***

b. Information that provides a basis for understanding revenue from contracts with customers

Notes are omitted because the same information is presented in the Notes to Consolidated Financial Statements in Note2, "Summary of Significant Accounting Policies-Accounting standard for revenue recognition."

c. Information about the relationship between the fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized from the current consolidated fiscal year onward

(1) balances of Contract liabilities

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2022	March 31, 2021	***March 31, 2022***
Receivables from contracts with customers	**¥ 44,037**	¥ 49,404	***$ 360,956***
Contract liabilities	**17,119**	14,380	***140,317***

Contract liabilities relate mainly to advances received from customers based on payment terms for sales contracts with local governments for electrical equipment for water treatment in the Power Supply and Environment System Business and for ion implanters and other equipment in the Beam and Plasma Business.

The amount of revenue recognized in the current consolidated fiscal year that was included in the contract liabilities balance at the beginning of the period was ¥12,071 million (*$98,944 thousand*). The main reason for the ¥2,739 million (*$22,447 thousand*) increase in contract liabilities during the current consolidated fiscal year was an increase in advances received due to an increase in orders for ion implantation equipment.

The amount of revenue (mainly changes in transaction prices) recognized in the current consolidated fiscal year from performance obligations that were fulfilled (or partially fulfilled) in prior fiscal years was not stated because the amount was immaterial.

(2) Transaction prices allocated to remaining performance obligations

For the Nissin Electric Group, the total transaction price allocated to the remaining performance obligations at the end of the consolidated fiscal year and the period over which revenue is expected to be recognized are set for thin the table below. Transactions with initial expected contract periods of one year or less are not included in these amounts.

	Millions of yen	*Thousands of U.S. dollars*
Contract period is more than 1 year, and estimated sales are within 1 year as of the end of the consolidated fiscal year.	¥ 73,501	*$ 602,463*
Contract period is more than 1 year, and estimated sales are over 1 year as of the end of the consolidated fiscal year.	45,168	*370,231*
	¥ 118,669	*$ 972,694*

21. BREAKDOWN OF FAIR VALUE OF FINANCIAL INSTRUMENTS BY LEVEL

The fair values of financial instruments are categorized into three levels based on the observability and the materiality of the valuation inputs used in fair value measurements.
Level 1: Fair values measured by quoted prices for the assets or liabilities are given in active markets among observable valuation inputs
Level 2: Fair values measured by observable inputs other than inputs included within Level 1
Level 3: Fair values measured by unobservable valuation inputs
When several inputs that have a significant impact on the fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level form which inputs were used belongs.

a. Financial instruments recorded at fair value in the consolidated balance sheet

	Millions of yen				*Thousands of U.S. dollars*			
	Fair value				***Fair value***			
Year ended March 31, 2022	Level 1	Level 2	Level 3	Total	*Level 1*	*Level 2*	*Level 3*	*Total*
Securities and investment securities								
Other securities								
Stock	**¥ 3,966**	**¥ –**	**¥ –**	**¥3,966**	***$ 32,504***	***$ –***	***$ –***	***$ 32,504***
Derivative transactions								
Currency related	**–**	**(52)**	**–**	**(52)**	***–***	***(429)***	***–***	***(429)***
Currency interest rate related	**–**	**(48)**	**–**	**(48)**	***–***	***(392)***	***–***	***(392)***
Total assets	**¥ 3,966**	**¥ (100)**	**¥ –**	**¥ 3,866**	***$ 32,504***	***$ (821)***	***$ –***	***$ 31,683***
Derivative transactions								
Currency related	**–**	**106**	**–**	**106**	***–***	***865***	***–***	***865***
Currency interest rate related	**–**	**(36)**	**–**	**(36)**	***–***	***(293)***	***–***	***(293)***
Total liabilities	**¥ –**	**¥ 70**	**¥ –**	**¥ 70**	***$ –***	***$ 572***	***$ –***	***$ 572***

b. Explanation of valuation techniques and valuation inputs used in fair value measurements

Securities and investment securities:
The fair value of listed shares is stated at the fair market value in active markets and is categorized as Level 1.

The fair value of currency swaps is calculated using the discounted present value report using observable inputs such as interest rates and exchange rates, and is classified as Level 2.

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, 2022 and 2021, 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, 2022 and 2021, 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 matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

<table>
<tr><td colspan="2">Appropriateness of an accounting period in which revenue was recognized by the Company related to sales with services for the installation and on-site adjustment of the equipment</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Company's sales account for approximately 60% of net sales of ¥132,128 million in the consolidated financial statements for the current fiscal year as the Company sells products related to the power supply and environmental system business.
As described in Note to Consolidated Financial Statements - Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Accounting standard for revenue and recognition", delivery, installation and adjustment of equipment in connection with the sale of the equipment with services for installation and on-site adjustment of the equipment are identified as a single performance obligation, and revenue is recognized at the time when the equipment is installed and adjusted.
The Company sells a wide variety of products 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 the delivery, installation and adjustment of the equipment are not identified as a single performance obligation and revenue may not be recognized in the appropriate accounting period.
We, therefore, determined that our assessment of the appropriateness of the accounting period in which revenue was recognized by the Company related to sales with services for the installation and on-site adjustment of the equipment was of up most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</td><td>The primary procedures we performed to assess the appropriateness of the accounting period in which revenue from the sale of equipment with services for installation and on-site adjustment of the equipment was recognized included the following:

(1) Internal control testing
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 the controls below:

• controls for sales in which sales staff check the details of each contract, determine whether the contracts include services for the installation and on-site adjustment of the equipment, and, if the contracts are concluded individually for the installation and adjustment of the equipment, check whether the contracts have been appropriately combined and prepare confirmation documents for the performance obligations to be approved by a supervisor.

(2) Assessment of whether revenue from the sale of equipment was recognized in the appropriate accounting period
We performed the procedures set forth below to assess whether revenue from the sale of equipment was recognized in the appropriate accounting period:

• inspected documents including contracts and confirmation documents for the performance obligations for sales transactions selected using a statistical method to assess whether the sales contracts with services for the installation and on-site adjustment of the equipment were appropriately combined.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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, 2022 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.

Satoshi Kihira
Designated Engagement Partner
Certified Public Accountant

Toshiyuki Maeda
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Kyoto Office, Japan
September 21, 2022

Corporate Data (as of March 31, 2022)

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
5,382

Board of Directors and Statutory Auditors (as of June 17, 2022)

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
19F KANDA SQUARE, 2-2-1, Kanda-Nishikicho,
Chiyoda-ku, Tokyo
101-0054, Japan
Telephone: +81-3-6739-9701
Facsimile: +81-3-6739-9091

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

Domestic Group Companies

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

Nissin Business Promote Co., Ltd.
Business Line: Management of design drawings, printing and bookbinding, etc

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, etc

AuLand Co., Ltd.
Business Line:Manufacturing and sales of power transformers

Overseas Group Companies

Nissin Electric (Wuxi) Co., Ltd.
Wuxi, Jiangsu, China
Business Line: Manufauturing 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

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

NISSIN ELECTRIC CO., LTD.
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.

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