

2019 ANNUAL REPORT

Year Ended March 31, 2019



To always be selected by customers

SINTOKOGIO, LTD.



Corporate Profile

Always Taking on New Challenges

Sinto began in 1934 as a foundry equipment manufacturer dedicated to the concept of “Giving Form and Life to Process Materials”. Since then, Sinto has used its experience and know-how to expand into a wide variety of fields including surface treatment and environmental equipment. Today, Sinto is highly acclaimed as a total foundry engineering manufacturer.

Along with making advances in new technologies, Sinto’s business has expanded into new industries such as organic EL and pharmaceuticals. Sinto will continue to respond to the needs of our customers and the market at large, advancing various initiatives with an eye to the future.

The front cover is a photograph taken at the 50th anniversary ceremony for Taiwan Sintong Machinery, Sinto’s first overseas subsidiary. While carrying on the corporate culture established by our predecessors, we will continue to aim to provide the best products to our customers around the world and to the global society, creating pathways to a brighter future.

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To Our Stakeholders

Bringing new value to customers worldwide through manufacturing

The Sinto Group has deep roots in our original foundry business. By applying and expanding the technology and know-how that we have developed there to a wide variety of material manufacturing fields, we have continued to evolve as a company.

The Sinto Group's mission is to provide new value to customers worldwide through manufacturing. We have inherited the DNA of craftsmanship from our predecessors. By combining and integrating new technologies, knowledge, and original ideas, we will further develop technologies and products that will bring about a new era in our industry.



Atsushi Nagai
President

Yoshiki Ueda
Chairman (external)



Business Results for Fiscal 2018

This year, the world economy has continued its moderate growth overall, but with issues in the second half of the year such as the US-China trade conflict and the matter of the UK leaving the European Union, there is an increasing sense of uncertainty. Overseas, the US economy has maintained moderate growth, but it lacks power due to sluggish exports. In China, the pace of economic growth has slowed due to slowing personal consumption and exports, but there has been a positive shift in capital investment toward environmental regulations and industry advancement. In Europe, there has been a moderate increase in consumption due to improved employment conditions, but production has slowed due to weak exports. Within Japan, exports have weakened slightly, but there has been firm growth overall, with improved employment and income conditions leading to a recovery in personal consumption and favorable business performance.

Regarding the Sinto Group's business environment, there has been steady growth in capital investment for Japanese auto-related companies overseas. In Japan, investment in streamlining and labor savings is expanding in response to labor shortages.

Under these conditions, on a consolidated basis, we had an order volume of ¥112,134 million (3.6% increase from the previous fiscal year), net sales of ¥110,076 million (5.6% increase), and order backlog of ¥40,659 million (5.3% increase). For income, with a decreased cost rate, operating income was ¥5,586 million (16.4% increase), and with the influence of foreign exchange gain and loss, income before income taxes was ¥6,487 million (8.2% increase). However, due to tax effects on top of decreased gains from the sale of fixed assets, net income attributable to shareholders of the parent company fell to ¥5,412 million (10.2% decrease).

Forecasting Fiscal 2019

Looking toward the future, a moderate recovery can be expected, but it will be important to bear in mind risks stemming from political factors. In the US, with alleviated financial conditions and domestic demand as a driving force, independent recovery is expected to continue. China should be able to avoid a major slowdown of the economy thanks in part to economic stimulus measures from the government, and in Europe, despite weak production trends, improvements to employment and income conditions will continue to support the economy. Within Japan as well, employment and income conditions will continue to improve, and we can also predict that domestic demand will support the economy, especially with infrastructural development related to the Tokyo Olympics and Paralympics, and increased R&D investment to promote the use of AI and IoT technology.

For the business environment surrounding the Sinto Group, the trends for capital investment demand overseas are unclear, but in Japan, streamlining and labor savings investment will continue to spread, supported by an ample cash flow. We can also expect to see movement in some areas toward increased capacity in response to equipment shortages. However, with heightened geopolitical risks and the US-China trade conflict as well as the UK's withdrawal from the EU, there is concern that the world economy will worsen. If the strong yen continues amid these conditions, there is the possibility of a downturn especially for exporting companies, affecting our sales.



Yoshiki Ueda
Chairman (external)



Atsushi Nagai
President

One Global Sinto

Sinto's beginnings: C-11 Molding Machine



C-11, the first molding machine produced in Japan, represents Sinto's dedication to the future of the foundry industry and passion for producing high-quality machines, which have been our driving force since the beginning.

An encounter that started Sinto's global expansion



James Hesburgh
Chairman of the Board of
Sinto America

It has been my good fortune to have been associated with Sintokogio, directly and indirectly, for fifty-four years. My initial contact was in 1965 as Vice President - International of Wheelabrator Corporation. Over the years, I have worked closely with the outstanding leaders who are responsible for the tremendous success of Sintokogio. As a result of their astute management skills, Sinto has become a major and respected force in its international markets. I feel proud and privileged to serve as Chairman of the Board of Sinto America.

I fully enjoy this responsibility and the many friends and business associates that I developed with the Sinto family over the years.

Sinto Group's Guiding Principle, "Sinto Beliefs"



Sinto Beliefs is the foundation for the actions of all Sinto Group employees.

Sinto Group's corporate philosophy is "HEART (Human Enrichment & Achievement through Reliable Technology)". Our mission based on this philosophy is to create new value for manufacturing and to share our achievements and joy with our customers all over the world.

Medium-term Management Plan "Connecting to the Future"



The slogan for our current mid-term management plan is "Connecting to the Future". Over this three-year period, we will work hard so that our successors can look back and say that Sinto has changed for the better, thanks to our efforts today.

More than ever, we will work with our comrades around the world, pooling our global resources in the foundry and surface treatment businesses to aim for even greater heights as One Global Sinto.

Overseas Leadership Supporting One Global Sinto



Klaus Wilbert
Executive Officer of
Sintokogio and President
of Heinrich Wagner Sinto

What does the foundry of the future look like?

The future foundry plant needs improvements with respect to cleanliness and emissions because of higher governmental regulations. Also, intelligent production using Industry 4.0 technologies to reduce casting defects is key for surviving in the foundry competition in Europe.

In response to both needs, the Sinto Group provides, through our Sinto Wellness Creation and Sinto Support System business units, the necessary products for future-oriented foundries.



George Yen
Chairman of Taiwan Sinto

How should companies respond to changes in the business environment?

Whenever a new technology is available, it disrupts the whole value chain and creates a completely new industry. Our company has been classified as belonging in a traditional industry, and to fully utilize current technology, we would need to revamp new business structures to optimize productivity and energy saving activities. In the future, companies will be expected to conduct business while being conscious of capturing Industry 4.0/Web 3.0; making use of the voice economy, spatial computing, and quantum computing; employing strategic automation; and responding to needs for artificial intelligence. To make this possible, we must ensure that we are able to establish risk evaluation and management, and attract and retain talented staff.



Michael Halsband
President of Roberts Sinto

What is the progress on the key themes for the mid-term management plan?

Sinto America Inc. strives to be an innovator in the foundry industry and other industries in North America, by placing a special focus on automation and digitization. Specifically, our developments of vision-based robotics solutions for the foundry cleaning room, presented at Cast Expo in Atlanta, Georgia in April 2019, received a lot of positive attention. Our new analytical tools, aimed at digitizing and measuring every aspect of a process, have already been applied to mold machines and handling systems, and Sinto's sensor-based monitoring technology has been applied to sand systems and automotive conveyor products. In this way, we are offering holistic solutions that improve process performance and product quality.



Vitor Azevedo
President of Sinto Brasil
Produtos Limitada

What do you believe is important as a manager?

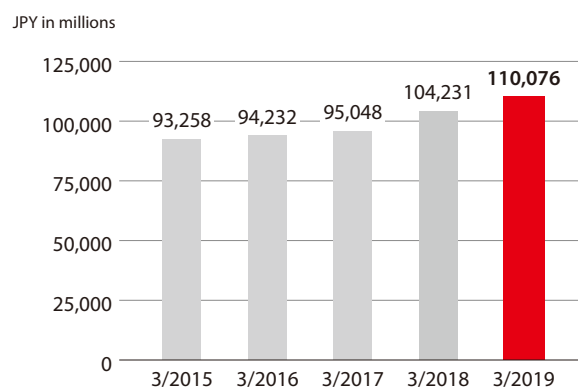
Most people assume the main role of a manager is to make money, which it is. But to ensure the company you manage makes money today and will keep making money tomorrow, it is necessary to do more than just take care of the day-to-day business. It is necessary to:

- Lead. Inspire confidence in your people. Coach them to achieve their best, and know them well enough to get results from them up to their maximum potential.
- Be a bridge builder. Build bridges with your partners, customers, suppliers, and all organizations that are important for the future of your company.
- Always demand the best, from yourself and your people. Learn from mistakes in order not to repeat them, and never quit on your quest for excellence.

Financial Highlights

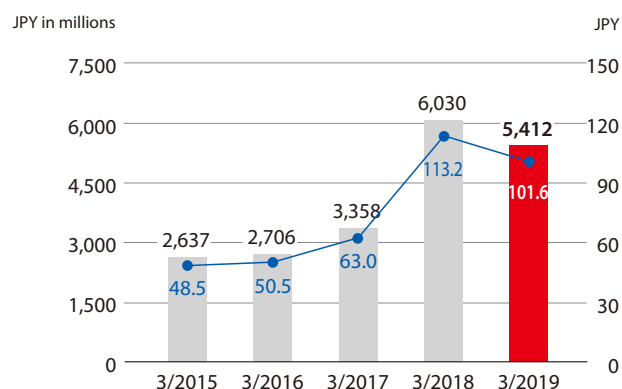
Net sales

¥110,076 million



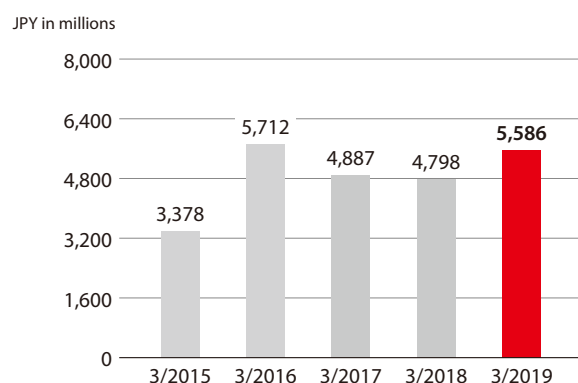
Net income attributable to shareholders of the parent company / Net income attributable to shareholders of the parent company per share

¥5,412 million



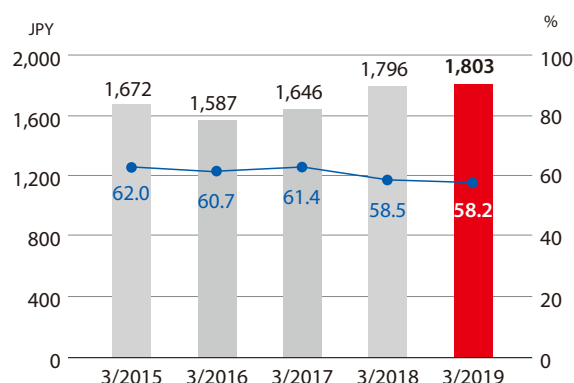
Operating income

¥5,586 million



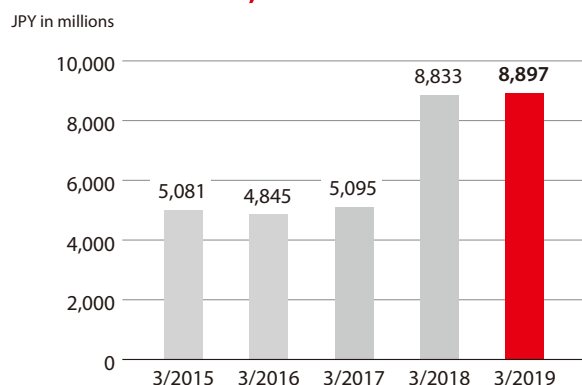
Net assets excluding non-controlling interests per share / Equity ratio

¥1,803



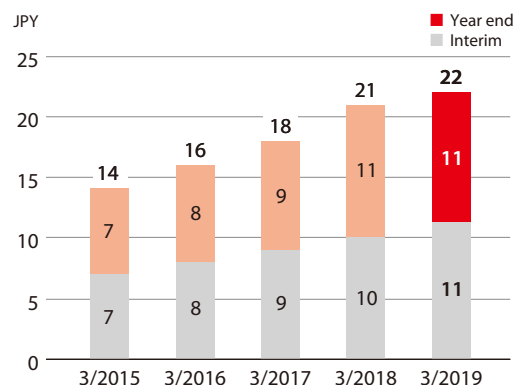
Income before income taxes

¥8,897 million



Dividends per share

¥22.0

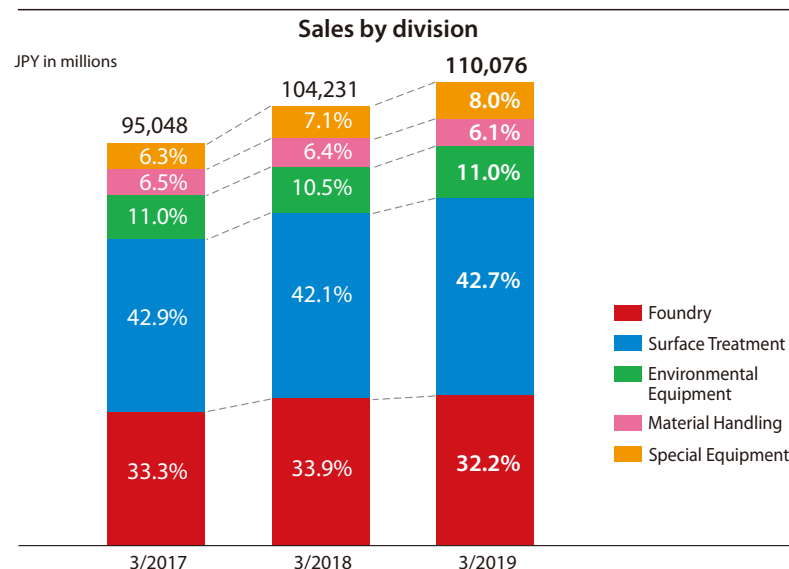


	Japanese Yen in millions			U.S. Dollars in thousands
	3/2017	3/2018	3/2019	3/2019
Net sales	¥ 95,048	¥ 104,231	¥ 110,076	\$ 991,772
Operating income	4,887	4,798	5,586	50,337
Operating income margin	5.1%	4.6%	5.1%	5.1%
Income before income taxes	5,095	8,833	8,897	80,162
Income before income taxes margin	5.4%	8.5%	8.1%	8.1%
Net income attributable to shareholders of the parent company	3,358	6,030	5,412	48,763
Return on sales	3.5%	5.8%	4.9%	4.9%
Total assets	142,759	162,629	164,986	1,486,497
Net assets	91,775	101,156	101,465	914,184
Equity ratio	61.4%	58.8%	58.2%	58.2%

	Japanese Yen			U.S. Dollars
Net income attributable to shareholders of the parent company per share	¥ 63.08	¥ 113.26	¥ 101.66	\$ 0.92
Net assets excluding non-controlling interests per share	¥ 1,646.55	¥ 1,796.88	¥ 1,803.01	\$ 16.24
Return on Equity	3.9%	6.6%	5.6%	5.6%

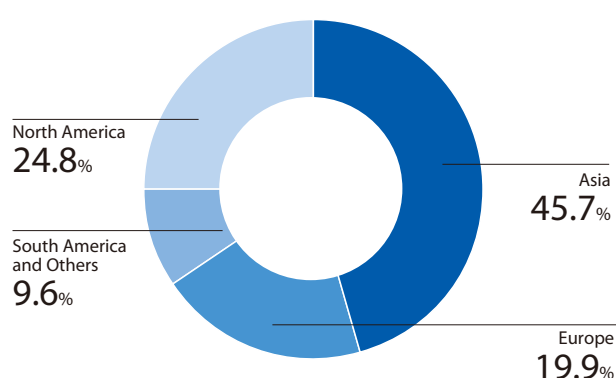
Notes: 1. The exchange rate used in these calculations is ¥110.99 per U.S. dollar as of March 31, 2019.

2. Net income attributable to shareholders of the parent company per share is computed using the weighted average number of outstanding shares during the fiscal year April 1, 2018 through March 31, 2019. Net assets excluding non-controlling interests per share are computed using the actual number of outstanding shares at the end of the fiscal year.



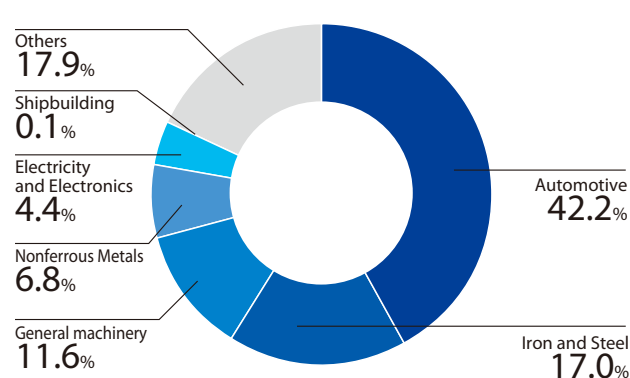
Sales by region

3/2019



Sales by industry

3/2019



Business Segments

Better products. Safer equipment. More environmentally friendly technology.
With these thoughts in mind, our technological innovation has continued.

Sinto's Businesses

After taking our first steps in 1934 as a foundry equipment manufacturer, we expanded to surface treatment, environmental equipment, material handling, special equipment, and other related fields, growing our business to where we are today.



Foundry

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



sinto FOUNDRY INTEGRATION

The foundry business has driven Sinto's growth for over 80 years, responding to customers' demands and the needs of the times, and contributing to the development of the industry worldwide. Castings are used in various fields such as the auto and aircraft industries, and Sinto delivers this production equipment to more than 60 countries as a world-leading manufacturer of foundry plants.

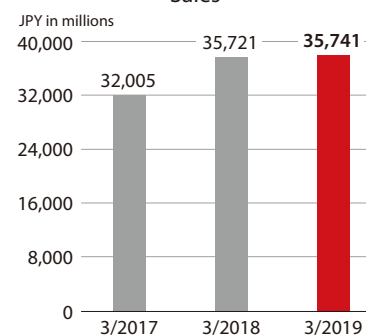
Proposals for Better Casting Production

The foundry industry is seeing shifts worldwide: a material shift from iron to aluminum, a regional shift from advanced nations to developing nations, and a shift in needs from equipment to software. In response, Sinto is pursuing the production of lighter-weight, net-shape castings. Starting with Sinto Smart Foundry™, which uses IoT technology to decrease defects and optimize energy consumption, we continue to propose processes that contribute to high-quality casting production.

Sales by Division



Sales



Results for Fiscal 2018

Overall sales were ¥35,741 million (0.1% increase from the previous fiscal year). Domestic sales were weak, but sales of core machines and molding machines for auto-related manufacturers particularly in China made up for this. With a decreased cost rate, operating income rose to ¥1,211 million (2.2% increase). Orders received totaled to ¥34,267 million (4.7% decrease), and order backlog was ¥17,506 million (5.0% decrease).

Surface Treatment

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



sinto SURFACE TECMART

Most products around us, from vehicles to appliances, cooking utensils, and building materials, are surface treated. Surface treatment removes unnecessary matter created during the production process such as burrs, contaminants, rust, and more. It also applies luster to surfaces and allows for precise processing, among other required functions. Surface treatment can be applied to a wide range of materials, such as metal, resin, rubber, wood, and stone.

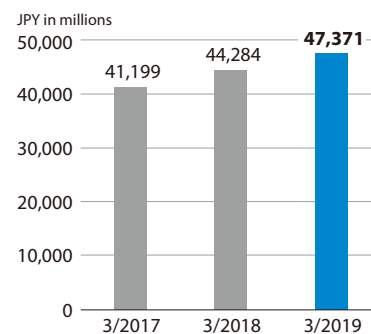
A Diverse Range of Surface Treatment Technology for More Attractive Surfaces

Sinto offers new function and value, contributing to more attractive surfaces. Technology like shot peening increases the lifetime and decreases the weight of aircraft and auto parts; the micro-processing technology Solfine offers the best balance between precision, quality, and cost, and is used widely for semiconductors, solar power, and other electronic devices.

Sales by Division



Sales



Results for Fiscal 2018

Overall sales were ¥47,371 million (7.0% increase). Strong sales for shot blast machines continued, especially for auto-related parts such as gears and springs, and sales of parts and consumables also steadily increased due to a high machine operation rate. With this increase in sales, operating income rose to ¥4,141 million (16.7% increase). Orders received totaled to ¥47,413 million (5.7% increase), and order backlog was ¥7,109 million (0.9% increase).

Environmental Equipment

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



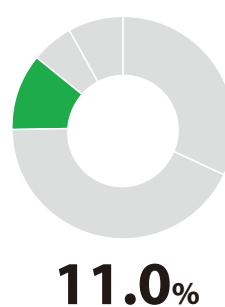
sinto WELLNESS CREATION

Sinto's ideal for environmental technology is harmony between people, industry, and the environment. We have expanded our business to meet the needs of the times globally, and we have worked to protect workers' health and safety as well as the community environment. With technology such as treatment and prevention of air, gas, water, noise, and vibration pollution, we are currently the only manufacturer in Japan that can provide productivity and environmental measures as a total package.

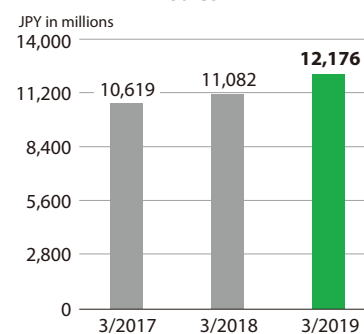
For a Comfortable Work Environment

Sinto offers solutions for a comfortable work environment. Recently, we began sales of a high-end model for our general-use dust collectors. It prevents clogging from dust particles and makes efficient filter cleaning possible, reducing the load on the fan and allowing for reduced-energy operation for a lower running cost. We will continue to expand our product lineup, offering solutions that protect the safety and health of workers.

Sales by Division



Sales



Results for Fiscal 2018

Overall sales were ¥12,176 million (9.9% increase). There were strong sales for large and general purpose dust collectors and gas purification units to a wide variety of industries, and sales of parts were also steady due to a high operation rate. With this increased revenue, operating income rose to ¥1,276 million (4.6% increase). Orders received totaled to ¥13,055 million (23.6% increase), and order backlog was ¥4,029 million (40.6% increase).

Material Handling

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment

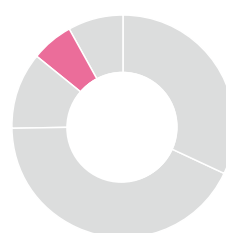


Sinto strives to meet every customer's handling efficiency needs. With technology and experience accumulated over 60 years, we contribute to the streamlining, automation, and productivity of material handling in industrial fields all over the world. Through MEIKIKOU Corporation in Japan and Roberts Sinto Corporation in the United States, we offer material handling using mechatronics, new interconnections linking points in all directions, and more to our customers globally.

Contributions to the Logistics Industry

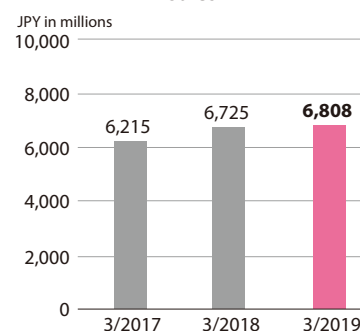
In the handling field, the logistic industry has recently faced problems such as a labor shortage and an aging population. In response, we have begun sales of an automatic truck loading/unloading system. By connecting the truck cargo to transport conveyors, the burden of cargo handling can be greatly reduced. While continuing to contribute to logistics, we will also develop in the expanding fields of medical/nursing care as well as the food industry.

Sales by Division



6.1%

Sales

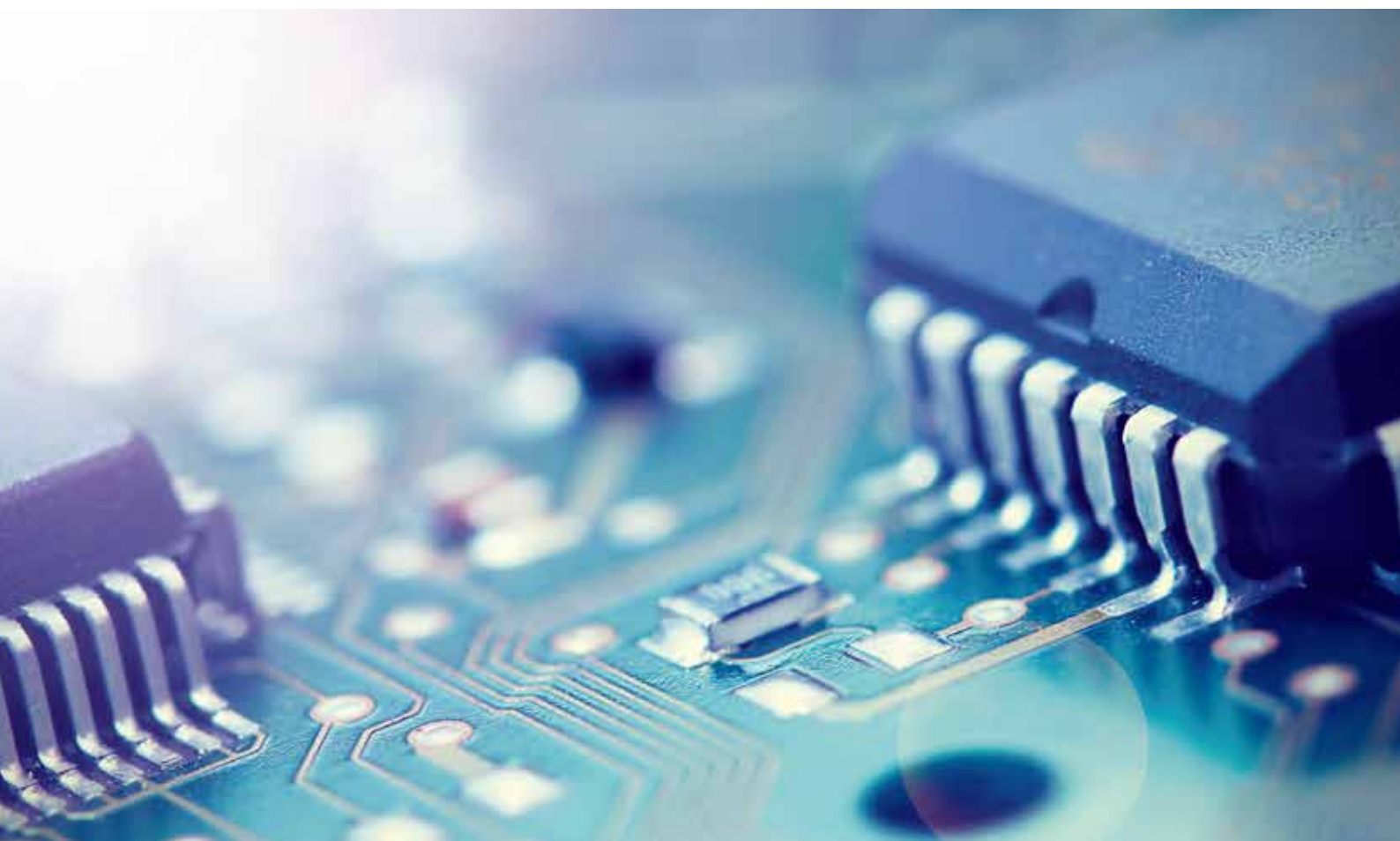


Results for Fiscal 2018

Overall sales were ¥6,808 million (1.2% increase). In Japan, there were steady trends for scissor lifts and transfer conveyors for machine tool and robot manufacturers. Effects of the improved cost rate were large, resulting in an operating income of ¥496 million (99.7% increase). Orders received totaled to ¥6,151 million (9.5% decrease), and order backlog was ¥1,553 million (28.8% decrease).

Special Equipment

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment

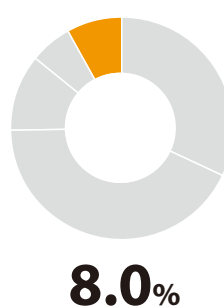


Sinto provides the latest technology for many peripheral industries such as mechatronics, molds and forming, powder processing, and ceramics. By combining innovative technologies, we contribute to the evolution of our customers' manufacturing.

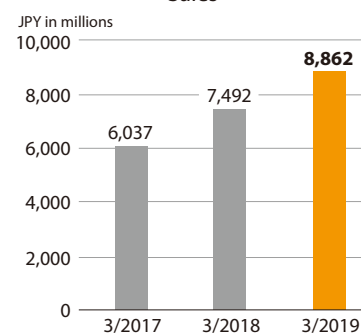
Development of Business Using New Technology

As part of the new mid-term management plan, "Connecting to the Future", we are making advances in the growing fields of electric vehicles, powder, sterilization, organic EL, and ceramics. We plan to develop business by incorporating new ideas and technology into our existing technologies. We will strengthen our cooperation with domestic and international group companies with state-of-the-art technology in their fields, such as TOP, Airex, Sinto S-Precision, Sinto V-Cerax, and 3DCeram-Sinto. Taking into account changes to the environment, we will take the next steps into the future.

Sales by Division



Sales



Results for Fiscal 2018

Overall sales were ¥8,862 million (18.3% increase). There were steady trends in sales of equipment for automotive secondary cell production and semiconductor inspection. With the preliminary cost of investments in new fields, the operating income resulted in losses of ¥288 million (profits of ¥275 million in the previous fiscal year). Orders received totaled to ¥11,047 million (11.9% increase from the previous fiscal year), and order backlog was ¥10,458 million (29.5% increase).

Working Toward Sustainable Development Goals

Sustainable Development Goals (SDGs) are a set of global goals set by the United Nations. They were introduced during the UN summit in September 2015 as part of the 2030 Agenda for Sustainable Development. Vowing to ensure that “no one is left behind”, the 2030 Agenda is made

up of 17 goals and 169 related targets to be accomplished by 2030 in order to create a sustainable world. The Sinto Group strives to help accomplish these SDGs through all of our business activities.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



ESG for the Sinto Group

In hopes to improve sustainable growth and corporate value, the Sinto Group is strengthening its initiatives in ESG (Environment, Society, and Governance), which have been attracting attention in recent years. Through environmental management, we strive to ensure that our manufacturing and products contribute to a low-carbon society, that we

support and enrich the lives of all of society's stakeholders, and that we improve our governance structure across all of our global locations. Over the next few pages, we will introduce our 2018 initiatives from each of the perspectives of ESG.

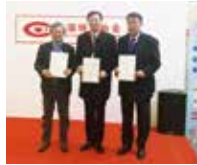
Corresponding SDGs



Realization of Safety and Quality Globally



Opening ceremony for the Qingdao Safety Training Center



MOU signed for activities with China Foundry Association



Improved safety consciousness of local employees through dust explosion experience

A new Skill and Safety Training Center was opened at Qingdao Sinto in March 2019. This facility embodies Sinto's strong belief that safety comes first. Using past accidents as examples to learn from, we offer safety training with risk prediction and accident prevention in mind, ensuring that the same accident doesn't happen twice. In this way, safety practices and skills are passed down to the next generation.

In this age of globalized manufacturing, we hope to further share our thoughts on safety and quality in China, using this facility to build a culture of safety around the world.

Creating Freedom of Movement for Everyone



Lifting winners' platform that raises athletes to proper height



Sinto Group company MEIKIKOU produces conveyors and scissor lifts used for conveyance in factories. This technology has been applied to produce wheelchair lifts. We offer a new lifting winners' platform for wheelchair sports that raises athletes to different heights based on ranking, as well as shuttle buses equipped with lifts so passengers can remain in their wheelchairs when boarding.

Using our lifting technology developed over many years in industrial fields, we strive to create a society in which anyone can move freely.

Contributing to the Elimination of the Future Labor Shortage



Monitoring robot Kurumi for nursing care facilities

The nursing care industry suffers from a labor shortage and overwork. Sinto is developing a monitoring robot to support nursing care staff. Kurumi, a robot for nursing care facilities, automatically patrols the facility and alerts nursing care staff if any lost or fallen patients are discovered.

Sinto is continuing development of this monitoring robot to prepare it for practical application, increasing the quality of nursing care service and giving renewed life to the elderly.

Environment

Contributing to a low-carbon society with our manufacturing and products



All members of the Sinto Group are engaging in activities with eco-consciousness.

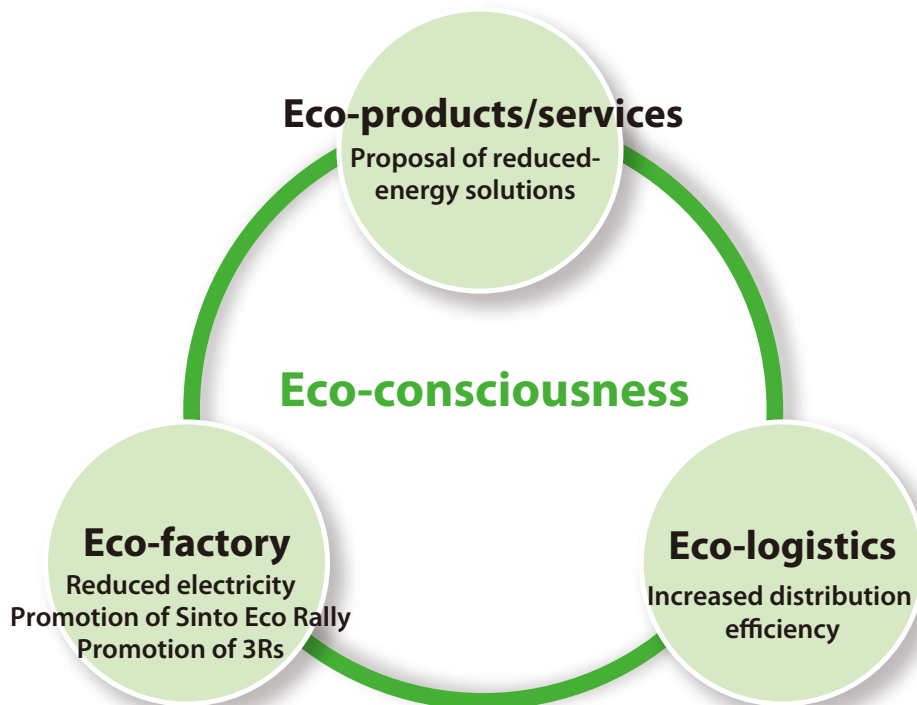
In anticipation of our 100th anniversary, we have adopted an environmental management policy. In order to contribute to a low-carbon society by decreasing CO₂ emissions, we are enacting the three activities of “eco-factory”, “eco-products/services”, and “eco-logistics”. The most important factor in promoting these activities is the eco-consciousness of each and every Sinto member.

All employees around the world are coming together to proactively engage in these activities in every aspect of their work, from manufacturing to product development and sales, as part of the Sinto Group’s initiatives for environmental management. In doing so, we will contribute to bringing about a sustainable society, to create a bright future for our children.

Corresponding SDGs



Proceeding with Environmental Management

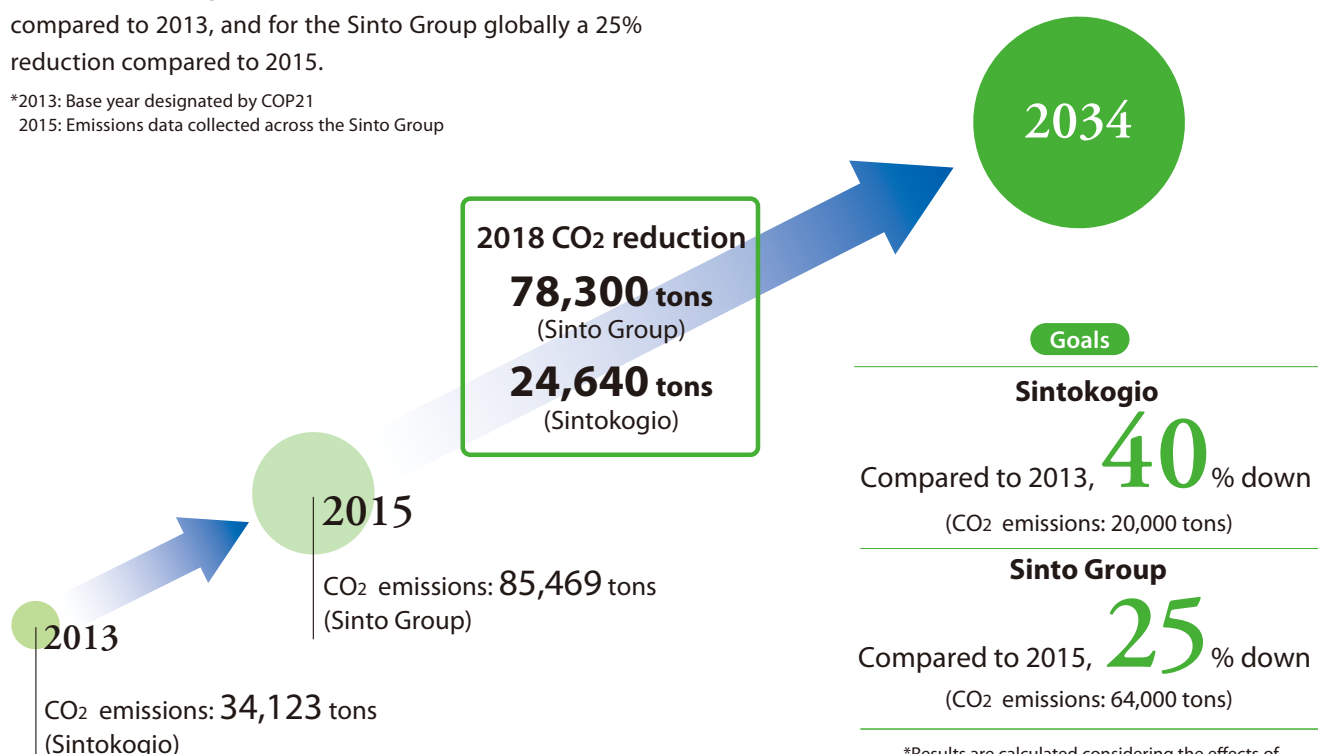


Plan for CO₂ Reduction in Anticipation of 100th Anniversary

We have set targets for the reduction of CO₂ emissions, which we hope to accomplish by our 100th anniversary in 2034. For Sintokogio, we hope to have a 40% reduction compared to 2013, and for the Sinto Group globally a 25% reduction compared to 2015.

*2013: Base year designated by COP21

2015: Emissions data collected across the Sinto Group



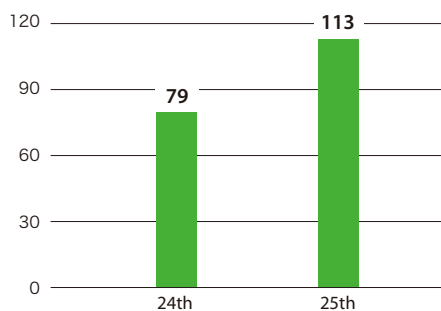
*Results are calculated considering the effects of eco-products/services



Eco-factory

At Sinto, we engage in activities to improve the eco-consciousness of each employee. In particular, we provide support for employees to take the Certification Test for Environmental Specialists (Eco Test). While studying, employees are able to learn about the complex and multifaceted environmental problems that we face, leading to improved eco-consciousness. Employees who pass the test become instructors, leading internal study sessions. As of 2018, there are 192 certified "Eco People" in the company. In the future, we will hold workshops led by Eco People, further broadening our environmental activities.

Eco Test Certified Employees



Eco-products/services

By proposing environmentally friendly products and services, we contribute to the reduction of customers' CO₂ emissions during production.

Contributing to greatly reduced use of electricity

With new dry polishing and sand mixing machines, fume collectors, and electric characteristic testers, we are working toward resource conservation, energy savings, and reduced CO₂ emissions for our customers. Our newly developed core making process, LYTECORE, contributes to more complex castings and reduced after-treatment processing. Due to its large contributions to resource conservation and energy savings, it received the Minister of Economy, Trade and Industry Award during the 34th Sokeizai Technology Awards.



Foaming core making process LYTECORE

Eco-factory

In 2017, all domestic business places participated in the visualization and subdivision of electricity use.

Based on that data, each employee engages in energy savings.

We make special efforts to gather and share ideas from employees on actions that anyone can take in the work environment around them. With a focus on reduced CO₂ emissions, we have gathered examples such as installing LED lighting and using energy saving mode for office appliances. In 2018, we received 53 examples, which contributed to a yearly CO₂ emissions reduction of 80 tons.

We share these examples throughout the company for further education, encouraging additional emissions reduction. These eco-factory activities are also shared abroad. At Roberts Sinto in the US, employees took the initiative to improve their plant lighting, leading to energy savings and overall cost savings.



Installing LED lighting



Improved plant lighting (Roberts Sinto)



Creating green walls at each business place

Society

Supporting and enriching the lives of all of society's stakeholders

Corresponding SDGs



Donation of Wheelchair Lifts to Jiaozhou City

Sinto donated five wheelchair lifts manufactured by the Sinto Group to the government of Jiaozhou City, China, where our group company Qingdao Sinto is located. A commemorative ceremony was held in March 2019. This was a result of a visit to Sinto by Deputy Mayor Yan Gao, who oversees medical and nursing care. The wheelchair lifts are being used at hospitals and rehabilitation clinics in Jiaozhou.



Jiaozhou City Deputy Mayor Yan Gao (third from left) watches wheelchair lift demonstration

Donation of Jungle Gym to Local Kindergarten

Heinrich Wagner Sinto (HWS) in Germany has a long-standing tradition of supporting local children in various projects as a means of giving back to the community. In 2018, HWS donated a new jungle gym for a local kindergarten playground. This new outdoor playground equipment will contribute to the children's healthy growth and development.



Kindergarten children with the donated jungle gym

Cleanup Activity at Local Park

Employees at Sintokogio (Kunshan) in China participated in a volunteer cleanup activity at Kunshan Shidai Park in November 2018. This activity began in response to the employees' desire to clean up the local area as a contribution to the city where they work. This is the second time this cleanup activity has taken place.



Sintokogio (Kunshan) employees who participated in the cleanup activity

Corporate Governance

Improving our governance structure across all of our global locations

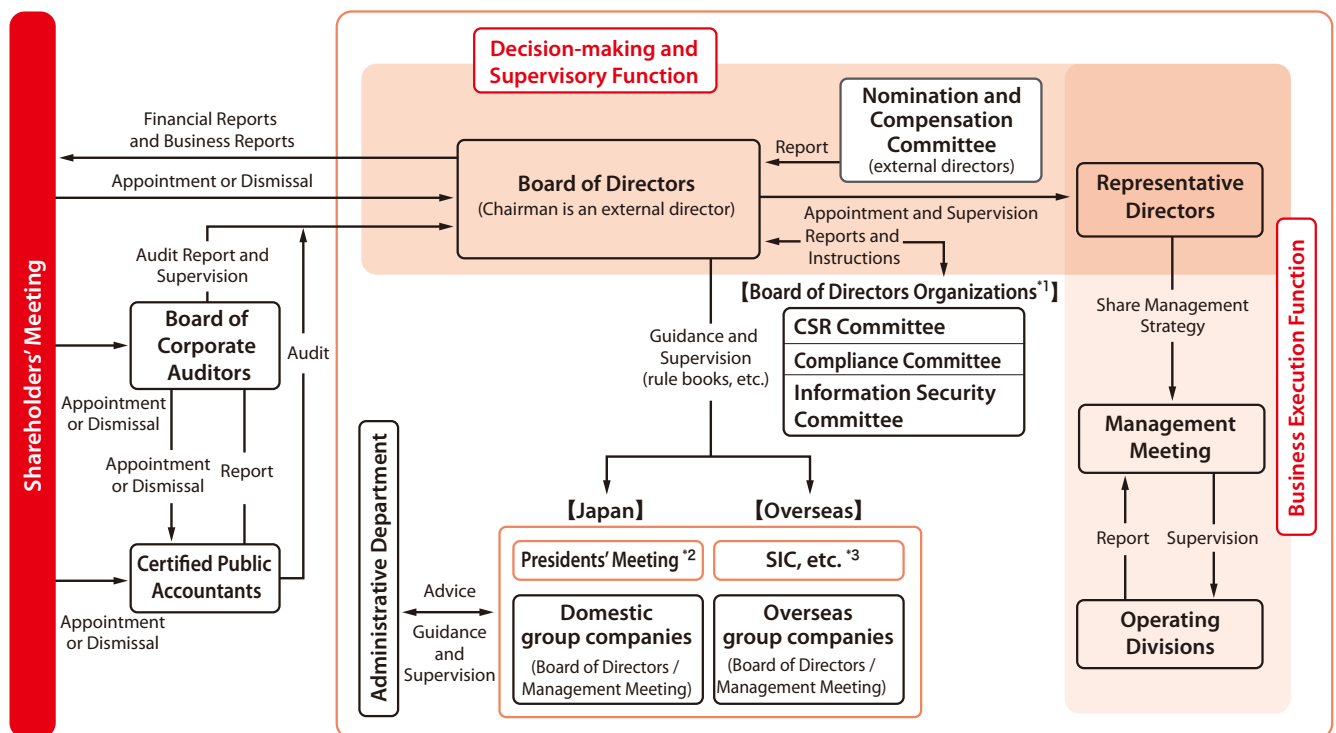
Trust-based management on a global scale

Along with increasing transparency and ensuring an organizational system that can respond flexibly and quickly to changes in the management environment, we believe that it is crucial to build a compliance system throughout the entire Sinto Group.

Sinto Beliefs was established for all Sinto Group employees to share the corporate ethical action policy, safety policy, environmental policy, and quality policy for the Sinto Group.

For the overseas group companies in particular, the Sinto International Conference is held for the top leadership of each of the group companies. Along with sharing information about the group management policies, group-wide risk management is also confirmed. In addition, to improve business results, we proactively disclose information to the capital market and other stakeholders. In this way, we strive to fulfill our corporate social responsibility in order to be a trustworthy company that can meet our stakeholders' expectations.

Corporate Governance Structure



*1 As main members, directors determine CSR issues, draw up resolution strategies, and follow-up on implementation.

*2 Presidents from main domestic group companies meet to review compliance, revise various rules, update rule books for domestic group companies, and confirm and implement important CSR items. Meets 4 times per year.

*3 Stands for "Sinto International Conference". Presidents from main overseas group companies meet to discuss and consider business management issues, update rule books for overseas group companies, and confirm the current status of risk management items and CSR activities. Meets 1-2 times per year.

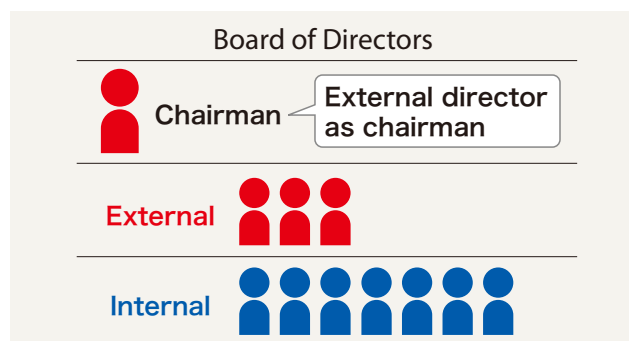


Board of Directors

Our Board of Directors is made up of 11 members. The process for selection begins with a resolution from the Board of Directors, followed by official nomination by the Nomination and Compensation Committee. Four out of 11 members are external directors, comprising more than 1/3 of the Board (as of June 21, 2019). Each individual comes with a wealth of experience and deep insight into corporate management. They offer valuable counseling regarding decision-making and management supervision, contributing greatly to the improved effectiveness of the Board. In 2018, the Board met a total of 16 times, and to increase the efficacy of the meetings, materials and explanations were given to the external directors beforehand.

Starting in June 2017, one of these external directors was appointed the Chairman of the Board, further increasing the effectiveness of our Board of Directors' management supervision.

Ratio of external directors

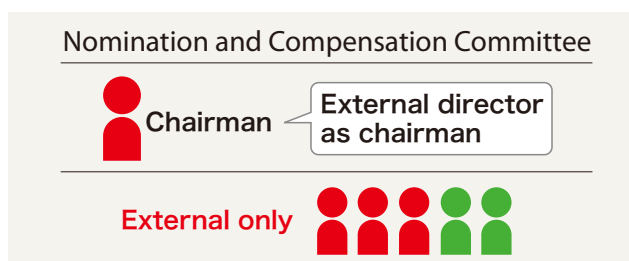


Nomination and Compensation Committee

Sinto established a Nomination and Compensation Committee as a private body to select director and auditor candidates and discuss the compensation system. This committee consists solely of external directors (four external directors and two external auditors for a total of six members as of June 21, 2019).

The committee met twice in 2018 for highly independent and objective deliberations. It evaluated the supervision of executives and management by the directors, and it set policies for mid-term incentives (share-based system) for appropriate risk taking by the directors. These results were reported to the Board of Directors.

Ratio of external directors in Nomination and Compensation Committee



Internal Control

We have set a basic policy for our internal control system to ensure appropriate business execution throughout the Sinto Group. The Compliance Committee (Representative Director as committee chair, all directors as committee members) was independently formed to focus solely on compliance and governance, and it is currently moving forward with its initiatives.

In addition, based on the Financial Instruments and Exchange Act's internal control reporting system, our internal audit section performs audits at regular intervals to confirm that internal control is being developed and administered properly. Subsequently, we receive an assessment report from our auditing firm. We submit an internal control report to the Financial Services Agency for each business year.

Financial Data

Consolidated Balance Sheets

As of March 31, 2019 and 2018

	Japanese Yen in millions		U.S. Dollars in thousands (Note 6)
	March 31 2019	March 31 2018	March 31 2019
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 36,277	¥ 33,282	\$ 326,853
Short-term investments	5,221	6,598	47,044
Notes and accounts receivable:			
Trade notes	12,457	11,960	112,243
Trade accounts	26,142	25,595	235,540
Allowance for doubtful accounts	(283)	(366)	(2,550)
Subtotal	38,317	37,188	345,233
Inventories	18,292	16,099	164,813
Other current assets	2,592	2,341	23,358
Total current assets	100,701	95,510	907,304
Property, Plant and Equipment:			
Land	7,329	7,351	66,041
Buildings and structures	24,952	25,681	224,814
Machinery, equipment and vehicles	26,970	26,720	242,997
Construction in progress	389	207	3,509
Others	6,026	5,840	54,295
Subtotal	65,668	65,801	591,658
Accumulated depreciation	(40,526)	(39,858)	(365,140)
Net property, plant and equipment	25,141	25,942	226,518
Investments and Other Assets:			
Investment securities	30,658	31,952	276,224
Deferred tax assets	330	404	2,981
Other assets	8,154	8,820	73,469
Total investments and other assets	39,143	41,176	352,674
TOTAL	¥ 164,986	¥ 162,629	\$ 1,486,497

See "Notes to Consolidated Financial Statements".
(Continued)

Consolidated Balance Sheets

As of March 31, 2019 and 2018

	Japanese Yen in millions		U.S. Dollars in thousands (Note 6)
	March 31 2019	March 31 2018	March 31 2019
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term borrowings (Note 3)	¥ 5,586	¥ 1,642	\$ 50,337
Notes and accounts payable:			
Trade notes	9,641	9,070	86,868
Trade accounts	8,214	8,597	74,010
Subtotal	17,855	17,668	160,879
Income taxes payable	1,944	751	17,521
Advances received	9,576	8,727	86,283
Other current liabilities	8,546	8,346	77,006
Total current liabilities	43,511	37,135	392,028
Long-Term Liabilities:			
Long-term borrowings (Note 3)	13,500	17,223	121,640
Net defined benefit liability	825	849	7,434
Directors' and corporate auditors' retirement benefits	409	286	3,689
Deferred tax liabilities	4,194	5,077	37,788
Other long-term liabilities	1,080	900	9,732
Total long-term liabilities	20,009	24,337	180,285
Contingent Liabilities (Note 4)			
Net Assets (Note 5):			
Common stock	5,752	5,752	51,826
Additional paid-in capital	6,271	6,271	56,507
Retained earnings	77,008	72,771	693,830
Less: Treasury stocks	(1,481)	(1,477)	(13,349)
Total shareholders' equity	87,550	83,317	788,815
Net unrealized gain on available-for-sale securities	8,496	10,618	76,555
Foreign currency translation adjustments	(405)	1,297	(3,657)
Remeasurements of defined benefit plans	346	435	3,120
Total accumulated other comprehensive income	8,437	12,351	76,019
Non-controlling interests	5,477	5,488	49,348
Total net assets	101,465	101,156	914,184
TOTAL	¥ 164,986	¥ 162,629	\$ 1,486,497

See "Notes to Consolidated Financial Statements".
(Concluded)

Consolidated Statements of Income

Years Ended March 31, 2019 and 2018

	Japanese Yen in millions		U.S. Dollars in thousands (Note 6)
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Net Sales	¥ 110,076	¥ 104,231	\$ 991,772
Cost of Sales	78,405	75,475	706,417
Gross Profit	31,671	28,755	285,354
Selling, General and Administrative Expenses	26,084	23,956	235,017
Operating Income	5,586	4,798	50,337
Other Income (Expenses):			
Interest and dividend income	735	632	6,623
Interest expense	(130)	(122)	(1,171)
Exchange Gain (Loss) - net	(227)	104	(2,045)
Gain (Loss) on sales of securities - net	15	97	136
Loss on revaluation of securities	(4)	-	(45)
Gain (Loss) on sales and disposal of property, plant and equipment - net	2,643	3,326	23,814
Equity in earnings of non-consolidated subsidiaries and affiliates	212	309	1,919
Other - net	65	(313)	594
Total	3,310	4,034	29,824
Income before Income Taxes	8,897	8,833	80,162
Income Taxes:			
Current	3,042	1,581	27,407
Deferred	96	(514)	872
Total	3,138	1,067	28,280
Net Income	5,758	7,765	51,882
Net Income Attributable to Non-controlling Interests	346	1,735	3,119
Net Income Attributable to Shareholders of the Parent Company	¥ 5,412	¥ 6,030	\$ 48,763

See "Notes to Consolidated Financial Statements".

Consolidated Statements of Comprehensive Income

Years Ended March 31, 2019 and 2018

	Japanese Yen in millions		U.S. Dollars in thousands (Note 6)
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Net Income	¥ 5,758	¥ 7,765	\$ 51,882
Other Comprehensive Income			
Net unrealized gain on available-for-sale securities	(2,131)	1,758	(19,205)
Foreign currency translation adjustments	(1,762)	990	(15,883)
Remeasurements of defined benefit plans	(89)	198	(805)
Share of other comprehensive income of non-consolidated subsidiaries and affiliates	(143)	170	(1,296)
Total other comprehensive income	(4,127)	3,118	(37,189)
Comprehensive Income	¥ 1,630	¥ 10,884	\$ 14,692

Attributable to:

Shareholders of the parent company

Non-controlling interests

1,498

132

8,983

1,900

13,501

1,190

See "Notes to Consolidated Financial Statements".

Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2019

Japanese Yen in millions

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Subtotal
Balance at April 1, 2018	5,752	6,271	72,771	(1,477)	83,317
Net increase/decrease during the fiscal year					
Cash dividends			(1,174)		(1,174)
Net income attributable to shareholders of the parent company			5,412		5,412
Purchase of treasury stocks				(3)	(3)
Total increase/decrease during the fiscal year			4,237	(3)	4,233
Balance at March 31, 2019	5,752	6,271	77,008	(1,481)	87,550

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subtotal		
Balance at April 1, 2018	10,618	1,297	435	12,351	5,488	101,156
Net increase/decrease during the fiscal year						
Cash dividends						(1,174)
Net income attributable to shareholders of the parent company						5,412
Purchase of treasury stocks						(3)
Net changes of items other than shareholders' equity	(2,121)	(1,702)	(89)	(3,913)	(11)	(3,924)
Total increase/decrease during the fiscal year	(2,121)	(1,702)	(89)	(3,913)	(11)	308
Balance at March 31, 2019	8,496	(405)	346	8,437	5,477	101,465

U.S. Dollars in thousands (Note 6)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Subtotal
Balance at April 1, 2018	51,826	56,507	655,653	(13,316)	750,672
Net increase/decrease during the fiscal year					
Cash dividends			(10,585)		(10,585)
Net income attributable to shareholders of the parent company			48,763		48,763
Purchase of treasury stocks				(33)	(33)
Total increase/decrease during the fiscal year	-	-	38,177	(33)	38,143
Balance at March 31, 2019	51,826	56,507	693,830	(13,349)	788,815

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subtotal		
Balance at April 1, 2018	95,668	11,686	3,926	111,280	49,449	911,401
Net increase/decrease during the fiscal year						
Cash dividends						(10,585)
Net income attributable to shareholders of the parent company						48,763
Purchase of treasury stocks						(33)
Net changes of items other than shareholders' equity	(19,112)	(15,343)	(805)	(35,261)	(100)	(35,361)
Total increase/decrease during the fiscal year	(19,112)	(15,343)	(805)	(35,261)	(100)	2,782
Balance at March 31, 2019	76,555	(3,657)	3,120	76,019	49,348	914,184

See "Notes to Consolidated Financial Statements".

Consolidated Statements of Cash Flows

Years Ended March 31, 2019 and 2018

	Japanese Yen in millions		U.S. Dollars in thousands (Note 6)
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019
Operating Activities:			
Income before income taxes	¥ 8,897	¥ 8,833	\$ 80,162
Adjustments for:			
Depreciation and amortization	3,034	2,782	27,343
Increase (decrease) in net defined benefit liability	8	(565)	78
Increase (decrease) in directors' and corporate auditors' retirement benefits	127	(105)	1,146
Loss (gain) on disposal of property, plant and equipment	(2,643)	(3,326)	(23,817)
Loss (gain) on sale and valuation of marketable securities	(6)	(101)	(55)
Decrease (increase) in trade receivables	(1,690)	(2,411)	(15,232)
Decrease (increase) in inventories	(2,620)	(3,303)	(23,610)
Increase (decrease) in trade payables	459	3,079	4,138
Income taxes - paid	(1,848)	(1,942)	(16,650)
Increase (decrease) in Advances received	1,261	3,369	11,361
Other - net	2,061	(112)	18,572
Total adjustment	(1,856)	(2,637)	(16,725)
Net cash provided by operating activities	7,040	6,195	63,436
Investing Activities:			
Proceeds from sales of property, plant and equipment	2,126	3,512	19,160
Purchases of property, plant and equipment	(2,556)	(2,279)	(23,036)
Purchases of securities	(2,521)	(800)	(22,721)
Purchases of investment securities	(1,998)	(654)	(18,005)
Proceeds from sales of securities	1,303	2,324	11,742
Other - net	1,892	(3,273)	17,048
Net cash provided in investing activities	(1,755)	(1,170)	(15,812)
Financing Activities:			
Increase (decrease) in short-term borrowings - net	114	(696)	1,029
Proceeds from long-term borrowings	326	10,000	2,938
Repayment of long-term borrowings	(139)	(6,914)	(1,256)
Payment of bond retirement	-	-	-
Dividend paid	(1,173)	(1,014)	(10,577)
Other - net	(800)	(305)	(7,209)
Net cash provided by financing activities	(1,673)	1,069	(15,075)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(617)	547	(5,562)
Net Increase (Decrease) in Cash and Cash Equivalents	2,995	6,641	26,986
Cash and Cash Equivalents, Beginning of Year	33,282	26,640	299,867
Cash and Cash Equivalents of Newly Consolidated Subsidiaries, Beginning of Year	-	-	-
Cash and Cash Equivalents, End of Year	¥ 36,277	¥ 33,282	\$ 326,853

See "Notes to Consolidated Financial Statements".

Notes to Consolidated Financial Statements, Year Ended March 31, 2019

1. Basis of Consolidated Financial Statements

Consolidated financial statements include the accounts of Sintokogio, Ltd. (the "Company") and its subsidiaries. The consolidated financial statements are prepared in conformity with Japanese generally accepted accounting principles. Certain items presented in the original consolidated financial statements have been reclassified for easier comprehension by readers unfamiliar with Japanese accounting practices.

2. Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements as of March 31, 2019 include the accounts of the Company and its significant 47 (45 in 2018) subsidiaries (together, the "Group"). Investments in 10 (10 in 2018) non-consolidated subsidiaries and 7 (6 in 2018) affiliated companies are accounted for by the equity method. Investment in the remaining affiliated companies is stated at cost as the effect on consolidated financial statements is not material.

b. Inventories

Finished goods and works-in-process are mainly valued at cost, determined by the individual identification method. Raw materials and supplies are stated at cost mainly determined by the semiannual average cost method.

c. Property, Plant and Equipment

Property, plant and equipment are valued at acquisition cost. Depreciation is mainly calculated using the declining-balance method based on the estimated useful life of the item.

d. Marketable Securities and Investment Securities

Securities are classified as held-to-maturity debt securities or available-for-sale securities. The held-to-maturity debt securities are stated at the amortized cost. Securities with market values in available-for-sale securities are stated at market value. The difference between cost and market value is shown as "Net unrealized gain (loss) on available-for-sale securities" in a separate component of net assets. Available-for-sale securities whose fair value is not readily determinable are stated at cost determined by the moving-average method.

e. Income Taxes

Deferred tax assets and liabilities are to reflect the impact of the temporary difference between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

3. Interest-bearing Debts

On March 31, 2019 and 2018, interest-bearing debts were as follows:

		Japanese Yen in millions		U.S. Dollars in thousands
		3/2019	3/2018	3/2019
Current Liabilities:				
Short-term borrowings	Sintokogio, Ltd.	¥ 4,000	¥ -	\$ 36,039
	Consolidated Subsidiaries	1,586	1,642	14,298
	Total	5,586	1,642	50,337
Long-term Liabilities:				
Long-term borrowings	Sintokogio, Ltd.	¥ 13,000	¥ 17,000	\$ 117,127
	Consolidated Subsidiaries	500	223	4,512
	Total	13,500	17,223	121,640

4. Contingent Liabilities

On March 31, 2019 and 2018, contingent liabilities consisted of the follows:

		Japanese Yen in millions		U.S. Dollars in thousands
		3/2019	3/2018	3/2019
Notes sold with recourse (Note 1)		¥ -	¥ 55	\$ -
Notes endorsed (Note 2)		25	26	231

Notes 1. Notes liquidated at discount 2. Notes endorsed for payments

5. Shareholders' Equity

Common stock: Authorized March 31, 2019: 230,476 thousand shares March 31, 2018: 230,476 thousand shares
Issued March 31, 2019: 54,580 thousand shares March 31, 2018: 54,580 thousand shares

6. U.S. Dollar Amounts

The Company maintains its consolidated accounting records in Japanese yen. Japanese yen are translated to U.S. dollars for easier comprehension by the reader. The exchange rate used is ¥110.99=\$1.00 on March 31, 2019. The inclusion of such amounts is not intended to imply that the Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

7. Subsequent Events (Sintokogio, Non-consolidated)

Appropriation of retained earnings: During the Board of Directors meeting held on May 22, 2019, the Board of Directors decided the following appropriation of retained earnings as of March 31, 2019.

	Japanese Yen in millions	U.S. Dollars in thousands
Appropriations for cash dividend	587	5,292

Corporate Information

Corporate Data

As of March 31, 2019

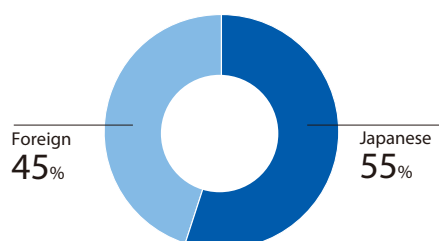
Headquarters	3-28-12, Mei-eki, Nakamura-ku, Nagoya 450-6424, Japan		
	Tel: +81-52-582-9211 Fax: +81-52-586-2279		
	Website: https://www.sinto.co.jp Global site: https://www.sinto.com		
Manufacturing Facilities	Toyokawa, Koda, Nishiharu, Oharu, Osaki, Ichinomiya, Shinshiro, Kyushu		
Establishment	October 2, 1934		
Paid-in Capital	¥5,752 million		
Common Stock	Authorized	230,476,000	
	Issued and Outstanding	54,580,928	
Stock Listings	Tokyo, Nagoya		
Number of Employees	4,089 Consolidated		
	1,685 Sintokogio, Ltd.		
Number of Shareholders	9,814		



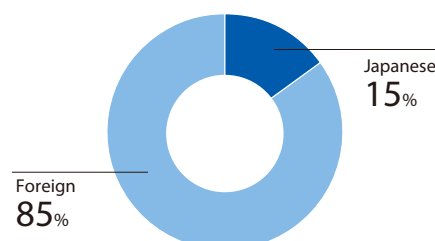
Sintokogio Toyokawa Works

Diversity

Composition of employees
among group companies



Composition of leadership
among group companies



Major Shareholders

Name of Major Shareholder	Number of Shares Held (in thousands)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	3,262
MUFG BANK, LTD.	2,289
MEIJI YASUDA LIFE INSURANCE COMPANY	2,276
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	2,020
RESONA BANK, LIMITED	1,668
THE NAGAI FOUNDATION FOR SCIENCE AND TECHNOLOGY	1,405
SSBTC CLIENT OMNIBUS ACCOUNT	1,188
MIZUHO BANK, LTD.	1,001
SINTO SUPPLIER STOCK OWNERSHIP	943
SINTO EMPLOYEE STOCK OWNERSHIP	915

*The treasury stock of 1,197 thousand shares is not included in the major shareholders.

Directors

As of June 21, 2019



① **Yoshiki Ueda**
Chairman (Board of Directors)

② **Atsushi Nagai**
President

③ **Tsuneyasu Kuno**
Managing Director

④ **Masaaki Hibi**
Managing Director

⑤ **Yatsuka Taniguchi**
Director

⑥ **Toshikazu Morishita**
Director

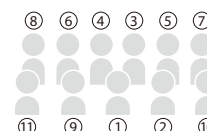
⑦ **Masaharu Hashizume**
Director

⑧ **Shigeru Ishida**
Director

⑨ **Masatoshi Ozawa**
External Director

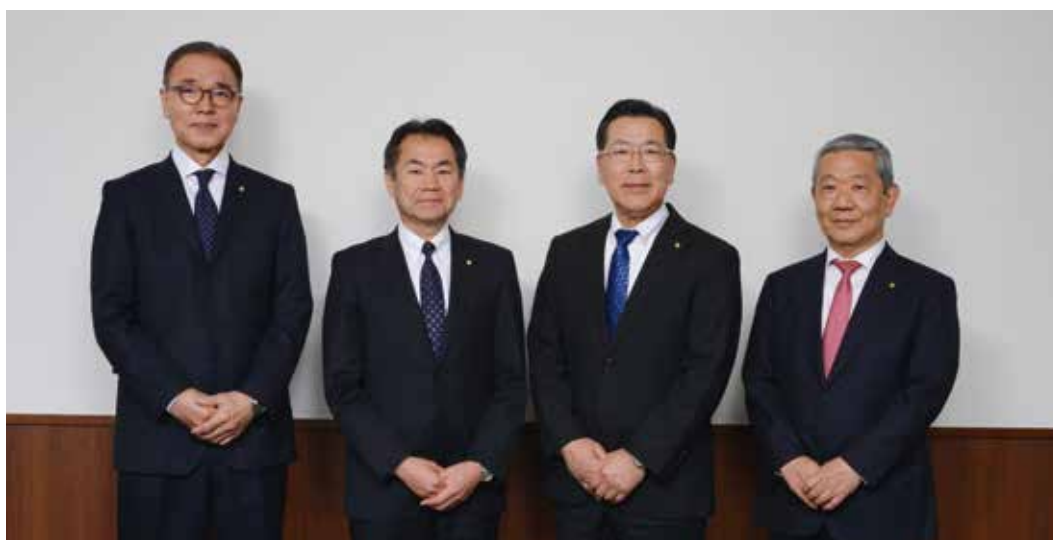
⑩ **Yasuhito Yamauchi**
External Director

⑪ **Yasumasa Karaki**
External Director



Corporate Auditors

As of June 21, 2019



Toshiro Kojima
External Auditor

Tsuyoshi Goto
Full Time Auditor

Yuji Okubo
Full Time Auditor

Kazuhiko Hasegawa
External Auditor

Global Network

Main overseas manufacturing and sales bases — 32 bases in 16 countries and regions (excluding Sintokogio, Ltd. and affiliated companies)

- Sinto Group companies (24)
 - Group company subsidiaries (8)
 - Affiliated companies (2)
- Laempe Mössner Sinto GmbH (Germany)
Omega Sane Sinto Foundry Machinery Pvt Ltd (India)

NORTH AMERICA



Sinto America, Inc. /
Roberts Sinto Corp.



FROHN
North America, Inc.



SandMold Systems,
Inc.



Roberts Sinto de
Mexico,
S. De R.L. De C.V.



National Peening, Inc.



Tinker Omega
Sinto LLC *



Technical Metal
Finishing Inc.



3DCeram-Sinto, Inc. *

EUROPE



Heinrich Wagner
Sinto Machinery
GmbH



S.A.S 3DCeram-Sinto



FROHN GmbH



Omega Sinto (Italy)
S.R.L. *



Omega Sinto Foundry
Machinery Limited

SOUTH AMERICA



Sinto Brasil
Produtos Limitada



Pressenge Máquinas
Ltda. *

AFRICA



Endeco Omega Sinto
(Pty) Ltd *



* Group company subsidiaries

CHINA & TAIWAN



Qingdao Sinto
Machinery Co., Ltd.



Sintokogio (Kunshan)
Co., Ltd.



Zhejiang Sinto
Abrasive Co., Ltd.



Guangzhou Sinto
Zhongtong
Machinery Co., Ltd.



Jiangsu Taisintong
Machinery
Technology Co., Ltd.



Taiwan Sintong
Machinery Co., Ltd.



Taiwanabrator
Co., Ltd.



Sinto Frohn Metal
Abrasive (Qingdao)
Co., Ltd. *

ASIA & AUSTRALIA



Thai Sintokogio
Co., Ltd.



Siambrator Co., Ltd.



PT. Sinto Indonesia



Korea Sinto Co., Ltd.



Sinto Bharat
Manufacturing
Private Limited



Omega Sinto
Foundry Machinery
(Malaysia) Sdn Bhd *



WES Omega Sinto
Foundry Machinery
Pty Ltd *

SINTOKOGIO, LTD.

3-28-12, Mei-eki, Nakamura-ku, Nagoya 450-6424, Japan

Website: <https://www.sinto.co.jp> Global site: <https://www.sinto.com>

