



Name of Company:	Yashima & Co., Ltd.	Stock Exchange Listing:	TSE
Stock Code:	7677	URL	https://www.yashima-co.co.jp
Representative:	Title: President and Representative Director	Name:	Kazuaki Takada
Contact Person:	Title: Director and General Manager of Administrative Division	Name:	Masahiro Abe
	Phone: +81-3-4218-0096		
Date of ordinary general meeting of shareholders:	June 28, 2022		
Date of commencement of dividend payment:	June 13, 2022		
Date of filing of securities report:	June 29, 2022		
Preparation of supplementary materials:	Yes (in Japanese)		
Convening of a results meeting:	Yes (in Japanese) (For analysts)		

(Note: Amounts are rounded to nearest million yen.)

(1) Operating results (consolidated)

(Percentage figures represent year-on-year change)

(Note)	Comprehensive income	Year ended March 2022	428 million yen [(0.9)%]
		Year ended March 2021	432 million yen [- %]

(Note)	Equity in income (losses) of affiliates	Year ended March 2022	1 million yen
		Year ended March 2021	(0) million yen

(2) Financial position (consolidated)

(Note)	Shareholders' equity	Year ended March 2022	9,341 million yen
		Year ended March 2021	8,990 million yen

(3) Cash flow position (consolidated)

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2. Dividends

	Dividend per share					Total annual dividend	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 2021	—	0.00	—	25.00	25.00	70	25.4	0.8
Year ended March 2022	—	0.00	—	25.00	25.00	71	23.6	0.8
Year ending March 2023 (forecast)	—	0.00	—	25.00	25.00		26.8	

3. Forecast for the fiscal year ending March 2023 (April 1, 2022 - March 31, 2023)

(Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	31,581	11.6	294	(20.8)	413	(24.7)	265	(12.1)	93.07

*Notice:

(1) Changes in main subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): No
New consolidations: — Exclusions: —

(2) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards: Yes

(b) Changes in accounting policies other than those in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(3) Number of shares outstanding (ordinary)

(a) Shares outstanding (including treasury shares)

Year ended March 2022	2,880,000 shares	Year ended March 2021	2,880,000 shares
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(b) Treasury shares

Year ended March 2022	32,810 shares	Year ended March 2021	40,124 shares
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(c) Average number of shares during the term

Year ended March 2022	2,844,376 shares	Year ended March 2021	2,836,385 shares
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(Reference) Non-consolidated Financial Results

1. Non-consolidated financial results for the current fiscal year (April 1, 2021 - March 31, 2022)

(1) Operating results (non-consolidated)

(Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2022	27,931	—	441	(2.7)	732	28.7	507	37.9
Year ended March 2021	31,323	(11.9)	453	(14.5)	569	(6.2)	367	(12.3)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Year ended March 2022	178.36	—
Year ended March 2021	129.73	—

The Group began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020) and related guidance from the beginning of fiscal year ended March 31, 2022. Results for fiscal year ended March 31, 2022 show the figures after application of this accounting standard and the percent year on year change in net sales is not provided.

(2) Financial position (non-consolidated)

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2022	22,483	7,937	35.3	2,787.67
Year ended March 2021	22,079	7,601	34.4	2,676.66

(Note) Shareholders' equity Year ended March 2022 7,937 million yen
 Year ended March 2021 7,601 million yen

*Financial results summaries are not subject to audit.

*Cautionary statement regarding business results forecasts and special notes

(Cautionary statement regarding forward-looking statements)

The financial forecasts and other forward-looking statements in this release are based on currently available information and assumptions considered by the Company to be reasonable and do not represent a commitment from the Company that they will be achieved. Actual results may differ substantially due to various factors. Refer to “(4) Future Outlook” under “1. Analysis of Operating Performance and Financial Position” on page 6 of the supplementary material for the assumptions underlying the forecasts and precautions for using the forecasts.

(Method of obtaining supplementary information to financial results and details of the presentation of financial results)

The Company intends to hold a presentation of its financial results on Monday, May 30, 2022.

The Company intends to upload the meeting (stream video) together with the financial results presentation materials to its website immediately after the meeting concludes.

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1. Analysis of Operating Performance and Financial Position

(1) Overview of Operating Results

During the fiscal year under review, the Japanese economy showed signs of a rebound in the movement of people and consumption as the number of vaccinated people increased and restrictions on movement and other restrictions were eased, despite the lingering impacts of COVID-19. However, the future of the economy remains uncertain, due in part to new COVID-19 variants and the trend in increasing prices of raw materials and other goods.

In terms of the environment surrounding the Group, railway companies, the Group's main customers, are still facing tough conditions because railway passenger traffic is still in the process of rebounding, despite year on year growth in revenues and profit.

Amid this backdrop, the Group formulated a medium-term business plan beginning in fiscal year ended March 31, 2022. The basic goals set in this plan are to 1) put the Group back on the path to stable growth for the post-COVID-19 environment, 2) focus on changes in the business environment and generate new corporate value and existing value and 3) achieve an ROE of 5% in fiscal year ending March 31, 2024.

The curtailment of capital expenditure and maintenance plans by railways companies contributed to slow orders, resulting in the following consolidated operating results for fiscal year ended March 31, 2022. Net sales came to ¥28,293.890 million (—% year on year), operating profit came to ¥372 million (down 29.3% year on year), ordinary profit came to ¥549.184 million (down 15.9% year on year), and profit attributable to owners of parent came to ¥301.429 million (up 7.9% year on year).

The Group also began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020; hereafter “Revenue Recognition Accounting Standard”) and related guidance from the beginning of consolidated fiscal year ended March 31, 2022. Net sales for fiscal year ended March 31, 2022 are therefore the net sales after application of this accounting standard and we have therefore not provided the year on year change in net sales.

Net sales in fiscal year ended March 31, 2022 decreased by ¥2,445.585 million and cost of sales decreased by ¥2,431.102 million.

See “(5) Notes to the Consolidated Financial Statements, (Changes in Accounting Policies)” for more information.

Business results by segment are presented below:

(Railway Business)

The segment's main products include electrical components for railway cars and body equipment, which the Company sells to railway operators and railway car manufacturers. Net sales in this segment declined due to slower than anticipated orders and to the application of the Revenue Recognition Accounting Standard. Orders from railway companies, the Group's main customers, were lower than anticipated because railway passenger traffic is still in the process of rebounding and railway companies curtailed and postponed capital expenditure and maintenance plans despite growth in revenues and profit. An increase in selling, general and administrative expenses also contributed to the decline in profit.

As a result, net sales came to ¥25,323.126 million (—% year on year), and operating profit came to ¥493.763 million (down 33.6% year on year).

(General Business)

This segment includes all of the Group's non-railway businesses. For that reason, transactions span a wide range of industries, and customers include industrial equipment manufacturers, power equipment manufacturers, and automotive manufacturers, among others. The segment's main products are connectors and electronic components. Some target industries that saw a rebound in production and performance and this contributed to firm sales. Selling, general and administrative expenses declined as the Group worked to reduce business expenses.

As a result, net sales came in at ¥2,970.764 million (—% year on year), and an operating loss of ¥121.762 million (compared to an operating loss of ¥217.666 million in the previous year) was recorded.

(2) Overview of Financial Position

(Assets)

The balance of assets at the end of the fiscal year under review was up ¥576.729 million year on year to ¥24,256.465 million. This was mainly due to increases in securities (up ¥1,000 million from ¥1,500 million to ¥2,500 million), notes and accounts receivable - trade (up ¥970.646 million from ¥5,369.263 million to ¥6,339.910 million), and electronically recorded monetary claims - operating (up ¥525.248 million from ¥1,125.395 million to ¥1,650.644 million). These increases exceeded the decreases in cash and deposits (down ¥2,405.128 million from ¥9,148.962 million to ¥6,743.834 million) and investment securities (down ¥107.619 million from ¥1,745.882 million to ¥1,638.263 million).

(Liabilities)

The balance of liabilities at the end of the fiscal year under review was ¥14,915.003 million, up ¥225.868 million from the previous year. This was mainly a result of an increase in notes and accounts payable - trade (up ¥213.347 million from ¥10,152.029 million to ¥10,365.377 million), which exceeded the decrease in operating accounts payable (down ¥41.471 million from ¥1,522.268 million to ¥1,480.797 million).

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥9,341.462 million, up ¥350.860 million from the previous year. This was mainly due to increases in retained earnings (up ¥209.432 million from ¥7,822.166 million to ¥8,031.599 million) and the foreign currency translation adjustment (up ¥221.111 million from negative ¥66.248 million to ¥154.863 million).

(3) Overview of Cash Flows

Operating cash flows decreased ¥1,501.669 million year on year, investing cash flows decreased ¥469.837 million, and financing cash flows decreased ¥70.996 million. As a result, cash and cash equivalents were down ¥1,905.128 million (down 20.4% year on year) to ¥7,421.834 million.

(Cash flows from operating activities)

Net cash spent in operating activities in the fiscal year under review amounted to ¥1,501.669 million (as compared to inflows of ¥709.150 million in the previous fiscal year).

Major inflows included ¥549.184 million in profit before income taxes, and ¥91.425 million in depreciation, while major outflows included a ¥1,439.651 million increase in trade receivables, a ¥430.281 million increase in inventories, and ¥196.604 million in income taxes paid.

(Cash flows from investing activities)

Net cash spent in investing activities in the fiscal year under review amounted to ¥469.837 million (as compared to outflows of ¥120.470 million in the previous fiscal year).

Major inflows included ¥59.576 million in lease income, while major outflows included ¥500 million spent for purchase of securities, ¥34.531 million spent for purchase of investment securities, and ¥24.722 million spent for purchase of intangible assets.

(Cash flows from financing activities)

Net cash spent in financing activities in the fiscal year under review amounted to ¥70.996 million (as compared to outflows of ¥70.839 million the previous fiscal year).

This was mainly the result of dividends paid of ¥70.996 million resulting in outflows.

(4) Future Outlook

While progress is being made on vaccinating people, the process of easing restrictions on economic activities imposed due to the COVID-19 pandemic is still underway and the end of the pandemic is not yet in sight. The prices of raw materials and other goods are also rising and we expect the economic outlook to remain uncertain.

Railway companies, the Group's main customers, are seeing signs of recovery in demand, which was depressed by the COVID-19 pandemic, but we think demand has will not rebound to the previous level and expect the business environment to remain tough.

The Group launched a three-year medium-term business plan that began in fiscal year ended March 31, 2022 amid such conditions. We will concentrate even harder on sales activities and work to grow the Group and improve performance during fiscal year ending March 31, 2023, the second year of the plan, by putting our businesses back on the path of stable growth in the post-COVID-19 environment and creating corporate value that focuses on changes in the business environment.

The plan projects an increase in net sales. We also anticipate an increase in selling, general and administrative expenses and forecast a decrease in profit.

Based on this, our outlook for next year (fiscal year ending March 31, 2023) is for net sales of ¥31,581 million (up 11.6% year on year), operating profit of ¥294 million (down 20.8% year on year), ordinary profit of ¥413 million (down 24.7% year on year), and profit attributable to owners of parent of ¥265 million (down 12.1% year on year).

2. Basic Thinking on Selection of Accounting Standards

Out of consideration for comparing consolidated financial statements between periods and between companies, it is the policy of the Yashima Group to continue preparing consolidated financial statements according to Japanese standards for the time being.

We will address application of IFRS as appropriate based on circumstances at home and abroad.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Assets		
Current assets		
Cash and deposits	9,148,962	6,743,834
Notes and accounts receivable - trade	5,369,263	6,339,910
Trade accounts receivable	1,084,893	1,247,418
Electronically recorded monetary claims - operating	1,125,395	1,650,644
Securities	1,500,000	2,500,000
Merchandise	2,059,119	2,530,637
Other	135,887	162,761
Total current assets	20,423,522	21,175,205
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,931	42,518
Machinery, equipment and vehicles, net	4,839	3,750
Other, net	7,202	8,251
Total property, plant and equipment	59,974	54,520
Intangible assets		
Software	211,127	158,738
Total intangible assets	211,127	158,738
Investments and other assets		
Investment securities	1,745,882	1,638,263
Deferred tax assets	179,915	194,417
Other	1,062,463	1,038,470
Allowance for doubtful accounts	(3,150)	(3,150)
Total investments and other assets	2,985,111	2,868,001
Total non-current assets	3,256,213	3,081,259
Total assets	23,679,736	24,256,465

(Thousands of yen)

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,152,029	10,365,377
Operating accounts payable	1,522,268	1,480,797
Electronically recorded obligations - operating	735,164	750,134
Income taxes payable	87,706	90,006
Provision for bonuses	229,231	247,507
Asset retirement obligations	1,897	—
Other	855,653	882,475
Total current liabilities	13,583,950	13,816,298
Non-current liabilities		
Deferred tax liabilities	158,254	172,027
Retirement benefit liability	710,600	721,415
Provision for retirement benefits for directors (and other officers)	172,506	147,226
Asset retirement obligations	39,698	39,986
Other	24,123	18,049
Total non-current liabilities	1,105,183	1,098,704
Total liabilities	14,689,134	14,915,003
Net assets		
Shareholders' equity		
Share capital	99,900	99,900
Capital surplus	701,832	714,366
Retained earnings	7,822,166	8,031,599
Treasury shares	(8,440)	(6,901)
Total shareholders' equity	8,615,458	8,838,964
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441,390	347,635
Foreign currency translation adjustment	(66,248)	154,863
Total accumulated other comprehensive income	375,142	502,498
Total net assets	8,990,601	9,341,462
Total liabilities and net assets	23,679,736	24,256,465

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statement of income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Current consolidated fiscal year (April 1, 2021 - March 31, 2022)
Net sales	31,828,416	28,293,890
Cost of sales	28,073,173	24,543,568
Gross profit	3,755,242	3,750,322
Selling, general and administrative expenses	3,229,202	3,378,321
Operating profit	526,039	372,000
Non-operating income		
Interest income	10,453	12,159
Dividend income	32,217	30,498
Share of profit of entities accounted for using equity method	—	1,060
Lease income	55,218	59,576
Secondment income	41,106	73,885
Other	19,156	41,582
Total non-operating income	158,152	218,763
Non-operating expenses		
Interest expenses	39	39
Share of loss of investments accounted for using equity method	28	—
Cost of lease revenue	21,628	23,309
Foreign exchange losses	8,647	13,704
Commission expenses	—	4,086
Other	501	440
Total non-operating expenses	30,844	41,580
Ordinary profit	653,347	549,184
Extraordinary income		
Profit before income taxes	653,347	549,184
Income taxes - current	211,112	198,903
Income taxes - deferred	162,870	48,850
Total income taxes	373,982	247,754
Profit	279,364	301,429
Profit attributable to owners of parent	279,364	301,429



Consolidated statement of comprehensive income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Current consolidated fiscal year (April 1, 2021 - March 31, 2022)
Profit	279,364	301,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	137,899	(93,755)
Foreign currency translation adjustment	15,279	221,111
Total other comprehensive income	153,178	127,355
Comprehensive income	432,543	428,785
(Breakdown)		
Comprehensive income attributable to owners of parent	432,543	428,785

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year

(April 1, 2020 - March 31, 2021)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	99,900	689,738	7,613,571	(10,274)	8,392,935	303,491	(81,527)	221,964	8,614,899
Cumulative effect from change in accounting policies					—				—
Balance at beginning of period reflecting change in accounting policies	99,900	689,738	7,613,571	(10,274)	8,392,935	303,491	(81,527)	221,964	8,614,899
Changes in items during period									
Dividends of surplus			(70,770)		(70,770)				(70,770)
Profit attributable to owners of parent			279,364		279,364				279,364
Acquisition of treasury shares				(69)	(69)				(69)
Disposal of treasury shares		12,094		1,903	13,997				13,997
Net changes in items other than shareholders' equity						137,899	15,279	153,178	153,178
Total changes in items during period	—	12,094	208,594	1,833	222,523	137,899	15,279	153,178	375,701
Balance at end of period	99,900	701,832	7,822,166	(8,440)	8,615,458	441,390	(66,248)	375,142	8,990,601

Current consolidated fiscal year

(April 1, 2021 - March 31, 2022)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	99,900	701,832	7,822,166	(8,440)	8,615,458	441,390	(66,248)	375,142	8,990,601
Cumulative effect from change in accounting policies			(21,000)		(21,000)				(21,000)
Balance at beginning of period reflecting change in accounting policies	99,900	701,832	7,801,166	(8,440)	8,594,458	441,390	(66,248)	375,142	8,969,601
Changes in items during period									
Dividends of surplus			(70,996)		(70,996)				(70,996)
Profit attributable to owners of parent			301,429		301,429				301,429
Acquisition of treasury shares					—				—
Disposal of treasury shares		12,533		1,538	14,072				14,072
Net changes in items other than shareholders' equity						(93,755)	221,111	127,355	127,355
Total changes in items during period	—	12,533	230,432	1,538	244,505	(93,755)	221,111	127,355	371,860
Balance at end of period	99,900	714,366	8,031,599	(6,901)	8,838,964	347,635	154,863	502,498	9,341,462

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Current consolidated fiscal year (April 1, 2021 - March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	653,347	549,184
Depreciation	86,371	91,425
Increase (decrease) in allowance for doubtful accounts	(337)	—
Increase (decrease) in provision for bonuses	239	18,276
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3,133)	(25,280)
Increase (decrease) in retirement benefit liability	13,320	10,814
Interest and dividend income	(42,670)	(42,658)
Interest expenses	39	39
Loss (gain) on sales of investment securities	(135)	—
Decrease (increase) in trade receivables	2,688,017	(1,439,651)
Decrease (increase) in operating accounts receivable	311,737	(162,524)
Decrease (increase) in inventories	(444,012)	(430,281)
Increase (decrease) in trade payables	(2,632,872)	213,638
Increase (decrease) in operating accounts payable	(327,809)	(41,471)
Increase (decrease) in accounts payable - other	(40,622)	(59,213)
Increase (decrease) in advances received	596,316	28,772
Decrease (increase) in accounts receivable - other	26,505	595
Increase (decrease) in accrued consumption taxes	(214,585)	51,017
Other	207,113	(110,367)
Subtotal	876,827	(1,347,685)
Interest and dividends received	42,670	42,658
Interest paid	(39)	(39)
Income taxes paid	(210,308)	(196,604)
Cash flows from operating activities	709,150	(1,501,669)
Cash flows from investing activities		
Proceeds from rental of investment property	55,218	59,576
Payments for rental of investment property	(7,102)	(4,623)
Purchase of securities	—	(500,000)
Purchase of property, plant and equipment	(6,857)	(2,951)
Purchase of intangible assets	(29,605)	(24,722)
Purchase of investment securities	(8,035)	(34,531)
Proceeds from sales of investment securities	347	—
Collection of loans receivable	1,100	600
Other	(125,535)	36,815
Cash flows from investing activities	(120,470)	(469,837)
Cash flows from financing activities		
Dividends paid	(70,770)	(70,996)
Other	(69)	—
Cash flows from financing activities	(70,839)	(70,996)
Effect of exchange rate change on cash and cash equivalents	12,241	137,375
Net increase (decrease) in cash and cash equivalents	530,082	(1,905,128)
Cash and cash equivalents at beginning of period	8,796,879	9,326,962
Cash and cash equivalents at end of period	9,326,962	7,421,834

(5) Notes to the Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition and Related Guidance)

The Group began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020; hereafter “Revenue Recognition Accounting Standard”) and related guidance from the beginning of consolidated fiscal year ended March 31, 2022. The Group recognizes revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer.

The main changes resulting from application of the Revenue Recognition Accounting Standard are listed below.

(Revenue Recognition in Agent Transactions)

The Group previously recognized revenue on the total amount received from the customer for transactions in which the Group provides fulfillment services arranging for the supply of goods or services to customers by a third party. With the application of this accounting standard, we now recognize revenue on the net amount after deducting the amount paid to the supplier from the amount received from the customer.

In accordance with the transitional treatment specified in the exception clause in Paragraph 84 of the Revenue Recognition Accounting Standard, we have adjusted retained earnings at the beginning of fiscal year ended March 31, 2022 by the cumulative amount that would have resulted if the new accounting policy had been applied prior to the current fiscal year and applied the new accounting policy from the balance at the beginning of fiscal year ended March 31, 2022. However, in accordance with the method specified in Paragraph 86 of the Revenue Recognition Accounting Standard, we are not applying the new accounting policies retroactively to contracts which recognized revenues according to the previous accounting method prior to the beginning of fiscal year ended March 31, 2022. Such contracts comprised nearly all of the contracts.

The application of the changes noted above in fiscal year ended March 31, 2022 resulted in decreases of ¥2,445.585 million in net sales, ¥2,431.102 million in cost of sales, and ¥14.482 million each in operating profit, ordinary profit, and profit before income taxes. These changes had no effect on selling, general and administrative expenses. The changes also decreased the balance of retained earnings at the beginning of the period by ¥21 million.

(Application of the Accounting Standard for Fair Value Measurement and Related Guidance)

The Group began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019); hereafter, “Fair Value Accounting Standard”) and related guidance from the beginning of consolidated fiscal year ended March 31, 2022. We decided to apply the new accounting policies specified in the Fair Value Accounting Standard and related guidance in the future, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, revised July 4, 2019). There is no impact from application of this accounting standard.

(Additional Information)

(View on accounting estimates relating to the impact from COVID-19)

The COVID-19 pandemic is an event that is having wide-reaching impacts on both economic and corporate activities. In addition, it remains difficult to reasonably forecast how the pandemic will spread going forward or when it will end. Based on external information, the Company assumes at present that these impacts will continue in the next fiscal year and then moderately recover thereafter. After performing accounting estimates on the impairment of non-current assets and recoverability of deferred tax assets, the Company has determined that the pandemic will not have major impacts on accounting estimates.

(Segment Information)

[Segment Information]

1. Overview of Reporting Segments

(1) Method of Determining Reporting Segments

The reporting segments of the Company are constituent units for which separate financial information is available and that are subject to periodic review by the Board of Directors to determine the allocation of management resources and assess their respective operating results.

The Company has two reporting segments, namely the Railway Business and the General Business, based on target industries.

(2) Types of Products and Services in Each Reporting Segment

In the Railway Business, the main products are electrical components for railway cars, body equipment, built-in equipment, connectors, and electronic components, which we sell to the markets of railway operators, railway car manufacturers, and manufacturers of electrical components for railway cars.

The main product in the General Business is connectors, which we sell to customers outside the railway industry. Our customers in the General Business include industrial equipment manufacturers, automotive manufacturers, and commercial equipment mail order business operators. Because it is a catch-all for everything outside the Railway Business, the industries and markets are not limited to a single field, and the customers are diverse.

2. Method Used for Calculating Net Sales, Profit, Loss, Assets, Liabilities, and Other Items for Each Reporting Segment

Accounting treatment of the reported business segments is, for the most part, as set forth in “Notes - Significant accounting policies for preparation of consolidated financial statements.”

Figures for reporting segment profit are based on operating profit.

3. Information Regarding Amounts of Net Sales, Profit, Loss, Assets, Liabilities, and Other Items in Each Reporting Segment

Previous consolidated fiscal year

(April 1, 2020 - March 31, 2021)

(Thousands of yen)

	Reporting Segment			Adjustment*	Total
	Railway Business	General Business	Total		
Net sales					
Net sales to unaffiliated customers	29,096,897	2,731,518	31,828,416	—	31,828,416
Transactions with other segments	—	—	—	—	—
Total	29,096,897	2,731,518	31,828,416	—	31,828,416
Segment profit (loss)	743,706	(217,666)	526,039	—	526,039
Segment assets	15,290,377	1,476,243	16,766,621	6,913,114	23,679,736
Other items					
Depreciation	70,470	11,104	81,575	4,795	86,371
Increase in property, plant and equipment and intangible assets	31,499	4,963	36,463	7,846	44,310

*1. The adjustment for segment assets includes the Company’s surplus funds (securities), long-term investments (investment securities), and assets related to real estate for investment and administrative operations.

*2. The ¥4,795 thousand in depreciation is related to real estate for investment.

Current consolidated fiscal year
(April 1, 2021 - March 31, 2022)

(Thousands of yen)

	Reporting Segment			Adjustment*	Total
	Railway Business	General Business	Total		
Net sales					
Net sales to unaffiliated customers	25,323,126	2,970,764	28,293,890	—	28,293,890
Transactions with other segments	—	—	—	—	—
Total	25,323,126	2,970,764	28,293,890	—	28,293,890
Segment profit (loss)	493,763	(121,762)	372,000	—	372,000
Segment assets	15,388,419	1,799,077	17,187,497	7,068,968	24,256,465
Other items					
Depreciation	76,682	9,716	86,399	5,026	91,425
Increase in property, plant and equipment and intangible assets	24,561	3,112	27,674	—	27,674

*1. The adjustment for segment assets includes the Company's surplus funds (securities), long-term investments (investment securities), and assets related to real estate for investment and administrative operations.

*2. The ¥5,026 thousand in depreciation is related to real estate for investment.

4. Differences between total amount of reporting segment and the amount in the consolidated financial statements as well as the details these differences (items in relation to adjustment of differences)

Not applicable

(Per Share Information)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Current consolidated fiscal year (April 1, 2021 - March 31, 2022)
Net assets per share	3,165.84 yen	3,280.94 yen
Net income per share	98.49 yen	105.97 yen

*1. Diluted net income per share is not provided because there are no dilutive shares.

*2. The basis for calculating net income per share is as follows:

Item	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Current consolidated fiscal year (April 1, 2021 - March 31, 2022)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	279,364	301,429
Income not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent associated with common shares (thousands of yen)	279,364	301,429
Average number of shares during the term (shares)	2,836,385	2,844,376

*3. The basis for calculating net assets per share is as follows:

Item	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Total net assets (thousands of yen)	8,990,601	9,341,462
Net assets associated with common shares (thousands of yen)	8,990,601	9,341,462
Number of common shares used for calculation of net assets per share (shares)	2,839,876	2,847,190

(Significant Subsequent Events)

Not applicable.