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Stock Exchange Listing: TSE
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Name: Kazuaki Takada
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Date of ordinary general meeting of shareholders:	June 29, 2023
Date of commencement of dividend payment:	June 15, 2023
Date of filing of securities report:	June 30, 2023
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 2023	(129) million yen (−%)
		Year ended March 2022	428 million yen [(0.9)%]

(Note)	Equity in income (losses) of affiliates	Year ended March 2023	0 million yen
		Year ended March 2022	1 million yen

(2) Financial position (consolidated)

(Note)	Shareholders' equity	Year ended March 2023	9,165 million yen
		Year ended March 2022	9,341 million yen

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 2023	(1,207)	545	(60)	6,757
Year ended March 2022	(1,501)	(469)	(70)	7,421

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 2022	—	0.00	—	25.00	25.00	71	23.6	0.8
Year ended March 2023	—	0.00	—	25.00	25.00	71	—	0.8
Year ending March 2024 (forecast)	—	0.00	—	25.00	25.00		—	

3. Forecast for the fiscal year ending March 2024 (April 1, 2023 - March 31, 2024)

(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	36,649	43.6	586	798.8	705	200.2	462	161.59

*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 2023	2,880,000 shares	Year ended March 2022	2,880,000 shares
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(b) Treasury shares

Year ended March 2023	20,942 shares	Year ended March 2022	32,810 shares
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(c) Average number of shares during the term

Year ended March 2023	2,854,084 shares	Year ended March 2022	2,844,376 shares
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(Reference) Non-consolidated Financial Results

1. Non-consolidated financial results for the current fiscal year (April 1, 2022 - March 31, 2023)

(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 2023	24,954	(10.7)	91	(79.3)	255	(65.1)	157	(68.9)
Year ended March 2022	27,931	(10.8)	441	(2.7)	732	28.7	507	37.9

	Net income per share	Net income per share fully diluted
	Yen	Yen
Year ended March 2023	55.26	—
Year ended March 2022	178.36	—

(2) Financial position (non-consolidated)

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2023	20,575	8,084	39.3	2,827.72
Year ended March 2022	22,483	7,937	35.3	2,787.67

(Note) Shareholders' equity
Year ended March 2023 8,084 million yen
Year ended March 2022 7,937 million yen



<Reason for difference from the non-consolidated financial results of the previous fiscal year>

The difference between the results for the previous fiscal year and fiscal year ended March 31, 2023 is mainly due to a decrease in sales volume in the railway business.

*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.



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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 Japanese government eased restrictions on movement imposed for COVID-19. Despite movement toward a return to normal in social and economic activities, the future of the economy remains uncertain, mainly due to concerns over the risk of downward pressure on the economy caused by the steep rise in the price of raw materials and other goods, and to the rising cost of energy.

Amid this backdrop, the Group continued to pursue the second year of the medium-term business plan in fiscal year ended March 31, 2023 and is working to accomplish the basic goals set in this plan, which 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.

Sales in the railway business were slow and selling, general and administrative expenses increased as government restrictions on movement were eased and sales activities surged. The Group also recognized that the new transactions begun by Yashima (Shanghai) Trading Co., Ltd. (hereafter, “Yashima Shanghai”), a consolidated subsidiary, were structured in a way that put Yashima Shanghai between the customer and the vendor, which were effectively one entity. An allowance for doubtful accounts was posted, considering the risk involved in the collection of debt. The above factors resulted in the following consolidated operating results for fiscal year ended March 31, 2023. Net sales came to ¥25,523 million (down 9.8% year on year), operating profit came to ¥65 million (down 82.5% year on year), ordinary profit came to ¥234 million (down 57.2% year on year), and loss attributable to owners of parent came to ¥259 million (compared to a profit of ¥301 million in the previous fiscal year).

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 despite growth in both sales and profits of the railway companies, the Group's main customers. The decline was caused by continued delays in delivery of products ordered, mainly due to the semiconductor shortage, and the impact from delayed recognition of sales due to postponement of the expected timing for receiving some project orders. An increase in selling, general and administrative expenses also contributed to the decline in profit.

As a result, net sales came to ¥22,634 million (down 10.6% year on year), and operating profit came to ¥161 million (down 67.4% 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. Net sales slumped, due in part to cutbacks in orders placed by some customers to level out the delivery dates for connectors and other components.

As a result, net sales fell to ¥2,889 million (down 2.7% year on year), and an operating loss of ¥95 million was recorded (compared to the operating loss of ¥121 million in the previous fiscal year).

(2) Overview of Financial Position

(Assets)

The balance of assets at the end of the fiscal year under review was ¥21,821 million, a decrease of ¥2,434 million compared to the end of the previous fiscal year. This was mainly due to increases in accounts receivable – other (up ¥423 million from ¥9 million to ¥432 million), electronically recorded monetary claims – operating (up ¥356 million from ¥1,650 million to ¥2,007 million), trade accounts receivable (up ¥222 million from ¥1,247 million to ¥1,470 million); and decreases in securities (down ¥1,000 million from ¥2,500 million to ¥1,500 million), notes and accounts receivable – trade (down ¥1,309 million from ¥6,339 million to ¥5,030 million), merchandise (down ¥540 million from ¥2,530 million to ¥1,990 million), and an allowance for doubtful accounts (up ¥430 million, from ¥0 to ¥430 million).

(Liabilities)

The balance of liabilities at the end of the fiscal year under review was ¥12,656 million, a decrease of ¥2,258 million from the previous fiscal year. This was mainly due to decreases in notes and accounts payable – trade (down ¥1,779 million from ¥10,365 million to ¥8,586 million) and contract liabilities (down ¥576 million from ¥656 million to 80 million); which exceeded the increase in operating accounts payable (up ¥207 million from ¥1,480 million to ¥1,688 million).

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥9,165 million, down ¥176 million from the previous year. This was mainly due to an increase in the foreign currency translation adjustment (up ¥92 million from ¥154 million to ¥247 million), which exceeded the decrease in retained earnings (down ¥330 million from ¥8,031 million to ¥7,701 million).

(3) Overview of Cash Flows

Operating cash flows decreased ¥1,207 million year on year, investing cash flows increased ¥545 million, and financing cash flows decreased ¥60 million. As a result, cash and cash equivalents were down ¥663 million (down 8.9% year on year) to ¥6,757 million.

(Cash flows from operating activities)

Net cash spent in operating activities in the fiscal year under review amounted to ¥1,207 million (as compared to outflows of ¥1,501 million in the previous fiscal year).

Main cash inflows included a decrease of ¥970 million in trade receivables, a decrease of ¥568 million in inventories, and an increase of ¥207 million in operating accounts payable. Main cash outflows included a decrease of ¥1,742 million in trade payables, a decrease of ¥576 million in contract liabilities, and an increase of ¥434 million in accounts receivable – other.

(Cash flows from investing activities)

Net cash provided by investing activities in the fiscal year under review amounted to ¥545 million (as compared to outflows of ¥469 million in the previous fiscal year).

Main cash inflows included ¥500 million in proceeds from redemption of securities and ¥59 million in proceeds from rental of investment property. Main cash outflows included ¥11 million spent for purchase of intangible assets, and ¥9 million spent for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash spent in financing activities in the fiscal year under review amounted to ¥60 million (as compared to outflows of ¥70 million the previous fiscal year).

This was mainly the result of dividends paid of ¥71 million resulting in outflows.

(4) Future Outlook

Social and economic activities can be expected to move toward normal levels, mainly from the downgrade of COVID-19 to a Class V infectious disease under the Act on the Prevention of Infectious Diseases. However, we expect the economic outlook to remain uncertain due to factors such as the steep rise in the price of raw materials and other goods, the steep rise in the cost of energy, and stagnation in various as of the manufacturing industry due to the shortage of semiconductors.

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 passenger transport volume will not rebound to the previous level due to changes in people's behavior and values in a post-pandemic society 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, 2024, the final fiscal 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.

Based on this, our outlook for next year (fiscal year ending March 31, 2024) is for net sales of ¥36,649 million (up 43.6% year on year), operating profit of ¥586 million (up 798.8% year on year), ordinary profit of ¥705 million (up 200.2% year on year), and profit attributable to owners of parent of ¥462 million (compared to a loss of ¥259 million in the previous fiscal 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, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Assets		
Current assets		
Cash and deposits	6,743,834	6,479,943
Notes and accounts receivable - trade	6,339,910	5,030,189
Trade accounts receivable	1,247,418	1,470,149
Electronically recorded monetary claims - operating	1,650,644	2,007,359
Securities	2,500,000	1,500,000
Merchandise	2,530,637	1,990,500
Accounts receivable - other	9,103	432,760
Other	153,657	233,629
Allowance for doubtful accounts	—	(430,436)
Total current assets	21,175,205	18,714,096
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	42,518	37,158
Machinery, equipment and vehicles, net	3,750	2,839
Other, net	8,251	8,239
Total property, plant and equipment	54,520	48,237
Intangible assets		
Software	158,738	96,903
Total intangible assets	158,738	96,903
Investments and other assets		
Investment securities	1,638,263	1,706,025
Deferred tax assets	194,417	154,182
Other	1,038,470	1,118,571
Allowance for doubtful accounts	(3,150)	(16,435)
Total investments and other assets	2,868,001	2,962,343
Total non-current assets	3,081,259	3,107,484
Total assets	24,256,465	21,821,581

(Thousands of yen)

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,365,377	8,586,026
Operating accounts payable	1,480,797	1,688,379
Electronically recorded obligations - operating	750,134	801,085
Income taxes payable	90,006	5,240
Contract liabilities	656,745	80,611
Provision for bonuses	247,507	230,826
Other	225,730	217,892
Total current liabilities	13,816,298	11,610,062
Non-current liabilities		
Deferred tax liabilities	172,027	123,135
Retirement benefit liability	721,415	716,852
Provision for retirement benefits for directors (and other officers)	147,226	147,726
Asset retirement obligations	39,986	40,277
Other	18,049	18,432
Total non-current liabilities	1,098,704	1,046,423
Total liabilities	14,915,003	12,656,485
Net assets		
Shareholders' equity		
Share capital	99,900	99,900
Capital surplus	714,366	735,783
Retained earnings	8,031,599	7,701,323
Treasury shares	(6,901)	(4,405)
Total shareholders' equity	8,838,964	8,532,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	347,635	384,771
Foreign currency translation adjustment	154,863	247,721
Total accumulated other comprehensive income	502,498	632,493
Total net assets	9,341,462	9,165,095
Total liabilities and net assets	24,256,465	21,821,581

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

Consolidated statement of income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2021 - March 31, 2022)	Current consolidated fiscal year (April 1, 2022 - March 31, 2023)
Net sales	28,293,890	25,523,835
Cost of sales	24,543,568	22,010,985
Gross profit	3,750,322	3,512,849
Selling, general and administrative expenses	3,378,321	3,447,575
Operating profit	372,000	65,274
Non-operating income		
Interest income	12,159	9,839
Dividend income	30,498	34,073
Share of profit of entities accounted for using equity method	1,060	586
Lease income	59,576	59,806
Secondment income	73,885	61,135
Other	41,582	30,132
Total non-operating income	218,763	195,574
Non-operating expenses		
Interest expenses	39	24
Cost of lease revenue	23,309	13,879
Foreign exchange losses	13,704	6,121
Commission expenses	4,086	4,889
Other	440	981
Total non-operating expenses	41,580	25,896
Ordinary profit	549,184	234,952
Extraordinary losses		
Provision of allowance for doubtful accounts	—	436,274
Total extraordinary losses	—	436,274
Profit (loss) before income taxes	549,184	(201,322)
Income taxes - current	198,903	86,069
Income taxes - deferred	48,850	(28,295)
Total income taxes	247,754	57,773
Profit (Loss)	301,429	(259,096)
Profit (Loss) attributable to owners of parent	301,429	(259,096)



Consolidated statement of comprehensive income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2021 - March 31, 2022)	Current consolidated fiscal year (April 1, 2022 - March 31, 2023)
Profit (Loss)	301,429	(259,096)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(93,755)	37,136
Foreign currency translation adjustment	221,111	92,858
Total other comprehensive income	127,355	129,995
Comprehensive income (loss)	428,785	(129,100)
(Breakdown)		
Comprehensive income (loss) attributable to owners of parent	428,785	(129,100)

(3) Consolidated Statement of Changes in Equity

Previous 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
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

Current consolidated fiscal year
(April 1, 2022 - March 31, 2023)

(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	714,366	8,031,599	(6,901)	8,838,964	347,635	154,863	502,498	9,341,462
Changes in items during period									
Dividends of surplus			(71,179)		(71,179)				(71,179)
Loss attributable to owners of parent			(259,096)		(259,096)				(259,096)
Disposal of treasury shares		21,417		2,496	23,914				23,914
Net changes in items other than shareholders' equity						37,136	92,858	129,995	129,995
Total changes in items during period	—	21,417	(330,275)	2,496	(306,361)	37,136	92,858	129,995	(176,366)
Balance at end of period	99,900	735,783	7,701,323	(4,405)	8,532,602	384,771	247,721	632,493	9,165,095

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2021 - March 31, 2022)	Current consolidated fiscal year (April 1, 2022 - March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	549,184	(201,322)
Depreciation	91,425	95,335
Increase (decrease) in allowance for doubtful accounts	—	455,049
Increase (decrease) in provision for bonuses	18,276	(16,681)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(25,280)	500
Increase (decrease) in retirement benefit liability	10,814	(4,562)
Interest and dividend income	(42,658)	(43,912)
Interest expenses	39	24
Loss (gain) on sales of investment securities	—	(6,968)
Decrease (increase) in trade receivables	(1,439,651)	970,434
Decrease (increase) in operating accounts receivable	(162,524)	(222,731)
Decrease (increase) in inventories	(430,281)	568,863
Increase (decrease) in trade payables	213,638	(1,742,221)
Increase (decrease) in operating accounts payable	(41,471)	207,582
Increase (decrease) in accounts payable - other	(59,213)	(8,804)
Increase (decrease) in contract liabilities	28,772	(576,152)
Decrease (increase) in accounts receivable - other	595	(434,843)
Increase (decrease) in accrued consumption taxes	51,017	42,261
Other	(110,367)	(140,992)
Subtotal	(1,347,685)	(1,059,143)
Interest and dividends received	42,658	43,912
Interest paid	(39)	(24)
Income taxes paid	(196,604)	(191,870)
Cash flows from operating activities	(1,501,669)	(1,207,125)
Cash flows from investing activities		
Payments into time deposits	—	(100,000)
Proceeds from withdrawal of time deposits	—	100,000
Proceeds from rental of investment property	59,576	59,806
Payments for rental of investment property	(4,623)	(21,364)
Purchase of securities	(500,000)	—
Proceeds from redemption of securities	—	500,000
Purchase of property, plant and equipment	(2,951)	(9,216)
Purchase of intangible assets	(24,722)	(11,171)
Purchase of investment securities	(34,531)	(8,318)
Proceeds from sales of investment securities	—	11,874
Collection of loans receivable	600	—
Purchase of shares of subsidiaries and associates	—	(7,560)
Other	36,815	31,317
Cash flows from investing activities	(469,837)	545,368
Cash flows from financing activities		
Dividends paid	(70,996)	(71,179)
Other	—	10,719
Cash flows from financing activities	(70,996)	(60,459)
Effect of exchange rate change on cash and cash equivalents	137,375	58,326
Net increase (decrease) in cash and cash equivalents	(1,905,128)	(663,891)
Cash and cash equivalents at beginning of period	9,326,962	7,421,834
Cash and cash equivalents at end of period	7,421,834	6,757,943





(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 Fair Value Measurement and Related Guidance)

The Group began applying the Revised Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, revised June 17, 2021; hereafter, “ASBJ Guidance No. 31”) from the beginning of consolidated fiscal year ended March 31, 2023. We decided to apply the new accounting policies specified in the ASBJ Guidance No. 31 in the future, in accordance with the transitional treatment specified in Paragraph 27-2 of ASBJ Guidance No. 31. There is no impact from application of this implementation guidance.

(Changes in Classification)

(Matters Related to the Balance Sheet)

“Accounts receivable – other” was included in “Other” under “Current assets” in the previous fiscal year. Due to an increase in the significance of “Accounts receivable – other,” it is presented as a separate accounting category from fiscal year ended March 31, 2023. The consolidated financial statements for fiscal year ended March 31, 2022 were restated to reflect the change in accounting categories.

As a result, the ¥162,761,000 for “Other” under “Current assets” on the balance sheet for fiscal year ended March 31, 2022 was restated as ¥9,103,000 for “Accounts receivable – other” and ¥153,657,000 in “Other.”

(Additional Information)

(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.

(Improper Accounting Practices by the Group)

During the third quarter of fiscal year under review, an internal audit of the sales division conducted in fiscal year ended March 31, 2023 revealed improper accounting practices in transferring the cost of sales, recognizing sales in advance, and omissions in posting inventories.

In light of this, the Group established an investigative committee with an advisory attorney on February 13, 2023 to clarify the details of the improper accounting practices and determine whether any similar incidents had occurred.

The results of the investigation by the investigative committee revealed that cost of sales transfers and recognition of sales in advance had occurred in some transactions performed by our employees in the past.

Close examination of the financial impact based on the results of the investigation resulted in the following adjustments in the fiscal year under review: An increase of ¥51,000 in net sales, a decrease of ¥3,005,000 in cost of sales, and increases of ¥3,056,000 in gross profit, ¥182,000 in selling, general and administrative expenses, and ¥2,874,000 in profit before income taxes.

The Group also closely examined the financial impact on previous fiscal years. The impact on profit during period reviewed was insignificant so the annual securities reports for previous fiscal years were not corrected.

(Occurrence of an Incident Raising Suspicion of Fraud at an Overseas Subsidiary)

On May 8, 2023, the Company established an investigative team to investigate suspicions of improper accounting practices at Yashima (Shanghai) Trading Co., Ltd., a consolidated subsidiary. The investigative team involved external experts in the investigation.

The investigation revealed delays in posting trade payables, errors in the scope of inventories posted, advance recognition of sales at the direction of the CEO, and transactions where the vendor and customer were effectively operating as one entity. The Group did not obtain sufficient cooperation of the customer on transactions where the vendor and customer were effectively operating as one entity, and was unable to confirm that the transactions were substantive.

Close examination of the financial impact based on the results of the investigation resulted in the following adjustments in the fiscal year under review: Decreases of ¥413,496,000 in net sales, ¥379,737,000 in cost of sales, and ¥33,759,000 in gross



profit. This also resulted in increases of ¥26,625,000 in selling, general and administrative expenses and ¥436,274,000 in extraordinary losses, and a decrease of ¥496,659,000 in profit before income tax.

The Group also closely examined the financial impact on previous fiscal years. The impact on profit during period reviewed was insignificant so the annual securities reports for previous fiscal years were not corrected.

(Pertaining to the Consolidated Statement of Income)

(Provision to Allowance for Doubtful Accounts)

During the investigation of improprieties at Yashima (Shanghai) Trading Co., Ltd., a consolidated subsidiary in China, it became clear that the vendor and customer were effectively operating as one entity and the Group identified transactions suspected of lacking substantiveness. However, we were not able to obtain sufficient cooperation of the customer and could not sufficiently verify that the transactions were substantive. The Group therefore recognized the transactions reviewed as improper transactions. We cancelled the sales transactions and made a provision of ¥436,274,000 to the allowance for doubtful accounts for all net expenditures (the net amount after deducting payments received from payments made in the transactions under review) that could not be confirmed as recoverable.

(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, 2021 - March 31, 2022)

(Thousands of yen)

	Reporting Segment			Adjustment* ¹	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* ²	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.

Current consolidated fiscal year
(April 1, 2022 - March 31, 2023)

(Thousands of yen)

	Reporting Segment			Adjustment* ¹	Total
	Railway Business	General Business	Total		
Net sales					
Net sales to unaffiliated customers	22,634,561	2,889,273	25,523,835	—	25,523,835
Transactions with other segments	—	—	—	—	—
Total	22,634,561	2,889,273	25,523,835	—	25,523,835
Segment profit (loss)	161,132	(95,858)	65,274	—	65,274
Segment assets	13,574,247	1,725,724	15,299,971	6,521,609	21,821,581
Other items					
Depreciation	78,955	11,465	90,421	4,914* ²	95,335
Increase in property, plant and equipment and intangible assets	17,802	2,585	20,387	2,256	22,643

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

*2. The ¥4,914 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, 2021 - March 31, 2022)	Current consolidated fiscal year (April 1, 2022 - March 31, 2023)
Net assets per share	3,280.94 yen	3,205.63 yen
Net income (loss) per share	105.97 yen	(90.78) 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, 2021 - March 31, 2022)	Current consolidated fiscal year (April 1, 2022 - March 31, 2023)
Net income per share		
Profit (loss) attributable to owners of parent (thousands of yen)	301,429	(259,096)
Income not attributable to common shareholders (thousands of yen)	—	—
Profit (loss) attributable to owners of parent associated with common shares (thousands of yen)	301,429	(259,096)
Average number of shares during the term (shares)	2,844,376	2,854,084

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

Item	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Total net assets (thousands of yen)	9,341,462	9,165,095
Net assets associated with common shares (thousands of yen)	9,341,462	9,165,095
Number of common shares used for calculation of net assets per share (shares)	2,847,190	2,859,058

(Significant Subsequent Events)

(Pertaining to the Consolidated Statement of Income) Group net expenditures (the net amount after deducting payments received from payments made in the transactions under review) related to improper transactions at a consolidated subsidiary, Yashima (Shanghai) Trading Co., Ltd., from the subsidiary's fiscal year end until June 2023 when transactions were suspended, amounted to CNY 7,522,000 (¥147,357,000). The Group anticipates a provision of the allowance for doubtful accounts for all such net expenditures that cannot be confirmed as recoverable. The internal exchange rate on May 31, 2023 (JPY19.59/CNY) has been applied to this amount.