May 15, 2024

Summary of Financial Results for the Year Ended March 2024 [Japan GAAP] (Consolidated)

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, Vice President, and Executive Officer
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Date of ordinary general meeting of shareholders: June 27, 2024
Date of commencement of dividend payment: June 13, 2024
Date of filing of securities report: June 28, 2024
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. Financial results for the current fiscal year (April 1, 2023 - March 31, 2024)

(1) Operating results (consolidated) (Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2024	27,729	8.6	364	459.0	490	109.0	392	–
Year ended March 2023	25,523	(9.8)	65	(82.5)	234	(57.2)	(259)	–

(Note) Comprehensive income Year ended March 2024 673million yen (–%)
Year ended March 2023 (129) million yen (–%)

	Net income per share	Net income per share fully diluted	Return on equity	Ratio of ordinary profit to assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 2024	137.16	–	4.1	2.1	1.3
Year ended March 2023	(90.78)	–	(2.8)	1.0	0.3

(Note) Equity in income (losses) of affiliates Year ended March 2024 (9) million yen
Year ended March 2023 0 million yen

(2) Financial position (consolidated)

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2024	25,066	9,779	39.0	3,413.83
Year ended March 2023	21,821	9,165	42.0	3,205.63

(Note) Shareholders' equity Year ended March 2024 9,779 million yen
Year ended March 2023 9,165 million yen

(3) Cash flow position (consolidated)

	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 2024	3,394	(45)	(71)	10,057
Year ended March 2023	(1,207)	545	(60)	6,757

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 2023	–	0.00	–	25.00	25.00	71	–	0.8
Year ended March 2024	–	0.00	–	25.00	25.00	71	18.2	0.8
Year ending March 2025 (forecast)	–	0.00	–	25.00	25.00		37.7	

3. Forecast for the fiscal year ending March 2025 (April 1, 2024 - March 31, 2025)

(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	28,000	1.0	180	(50.7)	300	(38.9)	190	(51.6)	66.33

*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: None
(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 (common shares)
(a) Shares outstanding (including treasury shares)

Year ended March 2024	2,880,000 shares	Year ended March 2023	2,880,000 shares

(b) Treasury shares

Year ended March 2024	15,405 shares	Year ended March 2023	20,942 shares

(c) Average number of shares during the term

Year ended March 2024	2,861,613 shares	Year ended March 2023	2,854,084 shares

(Reference) Non-consolidated Financial Results

1. Non-consolidated financial results for the current fiscal year (April 1, 2023 - March 31, 2024)

(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 2024	27,479	10.1	417	356.8	566	121.4	350	122.4
Year ended March 2023	24,954	(10.7)	91	(79.3)	255	(65.1)	157	(68.9)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Year ended March 2024	122.61	–
Year ended March 2023	55.26	–

(2) Financial position (non-consolidated)

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2024	23,709	8,602	36.3	3,003.13
Year ended March 2023	20,575	8,084	39.3	2,827.72

(Note) Shareholders' equity Year ended March 2024 8,602 million yen
Year ended March 2023 8,084 million yen

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

Progress on passing costs through to prices improved the profit margin in addition to an increase in sales volume accompanying the rebound in the business performance of customers in the railway business. This caused the difference in financial results for the fiscal year under review, compared to the previous fiscal year.

*Financial results summaries are not subject to audit.

*Cautionary statement regarding business results forecasts and special notes

(Disclaimer 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 5 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 Thursday, May 30, 2024.

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 saw social and economic activities return to a normal level and a gradual rebound in the economy as the employment and income environment improved. However, the economic outlook remains uncertain, mainly due to concerns over the risk of downward pressure on the economy caused by the steep rise in the price of goods, continuing depreciation of the Japanese yen, global monetary tightening, and deceleration of the Chinese economy.

Railway operators, the Group's main customers, recorded growth in both sales and profits and demand showed signs of recovering due to the rebound in transit demand from the domestic travel and inbound market segments.

Amid this backdrop, the Group continued to pursue the medium-term business plan in fiscal year ended March 31, 2024, the final year of the plan, and worked to accomplish the basic goals set in this plan, which were 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 value in existing and 3) achieve an ROE of 5% in fiscal year ended March 31, 2024.

A rebound in the railway business and lessening of supply shortages for some products ordered led to improvement in consolidated operating results for fiscal year ended March 31, 2024. Net sales came to ¥27,729 million (up 8.6% year on year), operating profit came to ¥364 million (up 459.0% year on year), and ordinary profit came to ¥490 million (up 109.0% year on year). Profit attributable to owners of parent came to ¥392 million (compared to a loss of ¥259 million in the previous year). The improvement at this level included a reversal of the allowance for doubtful accounts due to the collection of part of the provision to the allowance for doubtful accounts made in the fiscal year under review. The provision in the previous fiscal year resulted from the recognition of risk in the collection of debt because 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.

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 were firm, mainly due to two factors: 1) the increase in sales and profit of railway operators, the Group's main customers and 2) the recognition of previously delayed sales on projects ordered by railway car manufacturers in the previous fiscal year, due to extension of delivery deadlines for products ordered and postponement of the expected timing for receiving products ordered.

As a result, net sales came to ¥25,094 million (up 10.9% year on year), and operating profit came to ¥582 million (up 261.8% 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. While automotive manufacturers and some other industries are seeing improvement from the production cuts and adjustments necessitated by the semiconductor shortages, many customers of the Group are still in the inventory adjustment phase and this curtailed demand for connectors and electronic components, leading to a slump in net sales.

As a result, net sales came in at ¥2,635 million (down 8.8% year on year), and an operating loss of ¥218 million (compared to the operating loss of ¥95 million for the previous fiscal year) was recorded.

(2) Overview of Financial Position

(Assets)

The balance of assets at the end of the fiscal year under review was ¥25,066 million, an increase of ¥3,244 million compared to the end of the previous fiscal year. This was mainly due to increases in cash and deposits (up ¥3,299 million from ¥6,479 million to ¥9,779 million), investment securities (up ¥346 million from ¥1,706 million to ¥2,052 million), and notes and accounts receivable - trade, and contract assets (up ¥224 million from ¥5,030 million to ¥5,254 million); and decreases in trade accounts receivable (down ¥750 million from ¥1,470 million to ¥719 million), deferred tax assets (down ¥73 million from ¥154 million to ¥80 million), and accounts receivable – other (down ¥66 million from ¥432 million to ¥365 million)

(Liabilities)

The balance of liabilities at the end of the fiscal year under review was ¥15,286 million, an increase of ¥2,630 million from the previous fiscal year. This was mainly due to increases in notes and accounts payable – trade (up ¥2,228 million from ¥8,586 million to ¥10,814 million), electronically recorded obligations - operating (up ¥493 million from ¥801 million to ¥1,294 million), and income taxes payable (up ¥193 million from ¥5 million to ¥198 million); and a decrease in operating accounts payable (down ¥538 million from ¥1,688 million to ¥1,150 million).

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥9,779 million, up ¥614 million from the previous year. This was mainly due to increases in retained earnings (up ¥321 million from ¥7,701 million to ¥8,022 million) and a valuation difference on available-for-sale securities (up ¥226 million from ¥384 million to ¥611 million).

(3) Overview of Cash Flows

Operating cash flows increased ¥3,394 million year on year, investing cash flows decreased ¥45 million, and financing cash flows decreased ¥71 million. As a result, cash and cash equivalents were up ¥3,299 million (up 48.8% year on year) to ¥10,057 million.

(Cash flows from operating activities)

Net cash provided by operating activities in the fiscal year under review amounted to ¥3,394 million (compared to a net outflow of ¥1,207 million in the previous fiscal year).

Main cash inflows included an increase of ¥2,720 million in trade payables, a decrease of ¥750 million in trade accounts receivable, and profit before income taxes of ¥605 million. Main cash outflows included a decrease in operating accounts payable of ¥538 million and an increase in trade receivables of ¥243 million.

(Cash flows from investing activities)

Net cash used in investing activities in the fiscal year under review amounted to ¥45 million (compared to a cash inflow of ¥545 million in the previous fiscal year).

The main cash outflow was ¥44 million for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities in the fiscal year under review amounted to ¥71 million (compared to an outflow of ¥60 million the previous fiscal year).

The main cash outflow was ¥71 million in dividends paid.

(4) Future Outlook

We can expect gradual signs of recovery in the economy, mainly owing to the return of social and economic activities to a normal level following the downgrade of COVID-19 to a Class V infectious disease under the Act on the Prevention of Infectious Diseases, a recovery in corporate business performance, rising wages due to the changing employment conditions, and an increase in inbound demand. 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, rising logistics costs, and rapid fluctuation in exchange rates. Other factors that pose the risk of a downswing include geopolitical risk in the overseas economies and deceleration of the Chinese economy.

Railway operators, the Group's main customers, are seeing signs of recovery in transportation revenue, which was depressed by the COVID-19 pandemic, and the rebound in business performance will bring renewed enthusiasm for capital investment. Despite this, 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 to the trend of decline in commuter passes due to an aging society and declining birthrate, and expect the business environment to remain tough.

The Group has launched a three-year medium-term business plan beginning in fiscal year ending March 31, 2025 amid such conditions. We will concentrate even harder on sales activities and enhancing organizational resilience to achieve sustainable growth of the Group and improve performance, by putting our businesses back on the path of stable growth and creating new corporate value.

Based on this, our outlook for next year (fiscal year ending March 31, 2025) is for net sales of ¥28,000 million (up 1.0% year on year), operating profit of ¥180 million (down 50.7% year on year), ordinary profit of ¥300 million (down 38.9% year on year), and profit attributable to owners of parent of ¥190 million (down 51.6% year on year).

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated fiscal year (ended March 31, 2023)	Current consolidated fiscal year (ended March 31, 2024)
Assets		
Current assets		
Cash and deposits	6,479,943	9,779,362
Notes and accounts receivable - trade, and contract assets	5,030,189	5,254,912
Trade accounts receivable	1,470,149	719,498
Electronically recorded monetary claims - operating	2,007,359	2,051,503
Securities	1,500,000	1,500,000
Inventories	1,990,500	2,007,374
Accounts receivable - other	432,760	365,861
Other	233,629	359,386
Allowance for doubtful accounts	(430,436)	(355,059)
Total current assets	18,714,096	21,682,839
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,158	31,648
Machinery, equipment and vehicles, net	2,839	2,271
Other, net	8,239	8,945
Total property, plant and equipment	48,237	42,865
Intangible assets		
Software	96,903	73,197
Total intangible assets	96,903	73,197
Investments and other assets		
Investment securities	1,706,025	2,052,649
Deferred tax assets	154,182	80,189
Other	1,118,571	1,152,254
Allowance for doubtful accounts	(16,435)	(17,992)
Total investments and other assets	2,962,343	3,267,100
Total non-current assets	3,107,484	3,383,163
Total assets	21,821,581	25,066,003

(Thousands of yen)

	Previous consolidated fiscal year (ended March 31, 2023)	Current consolidated fiscal year (ended March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,586,026	10,814,750
Operating accounts payable	1,688,379	1,150,371
Electronically recorded obligations - operating	801,085	1,294,380
Income taxes payable	5,240	198,536
Contract liabilities	80,611	162,283
Provision for bonuses	230,826	228,859
Other	217,892	340,237
Total current liabilities	11,610,062	14,189,419
Non-current liabilities		
Deferred tax liabilities	123,135	137,056
Retirement benefit liability	716,852	754,174
Provision for retirement benefits for directors (and other officers)	147,726	145,726
Asset retirement obligations	40,277	40,571
Other	18,432	19,802
Total non-current liabilities	1,046,423	1,097,331
Total liabilities	12,656,485	15,286,750
Net assets		
Shareholders' equity		
Share capital	99,900	99,900
Capital surplus	735,783	746,401
Retained earnings	7,701,323	8,022,332
Treasury shares	(4,405)	(3,240)
Total shareholders' equity	8,532,602	8,865,393
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	384,771	611,736
Foreign currency translation adjustment	247,721	302,122
Total accumulated other comprehensive income	632,493	913,859
Total net assets	9,165,095	9,779,252
Total liabilities and net assets	21,821,581	25,066,003

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

Consolidated statement of income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Net sales	25,523,835	27,729,860
Cost of sales	22,010,985	23,759,002
Gross profit	3,512,849	3,970,857
Selling, general and administrative expenses	3,447,575	3,605,998
Operating profit	65,274	364,859
Non-operating income		
Interest income	9,839	5,244
Dividend income	34,073	36,990
Lease income	59,806	57,944
Secondment income	61,135	58,570
Other	30,718	9,185
Total non-operating income	195,574	167,935
Non-operating expenses		
Interest expenses	24	18
Share of loss of entities accounted for using equity method	–	9,382
Cost of lease revenue	13,879	13,127
Foreign exchange losses	6,121	16,315
Commission expenses	4,889	–
Other	981	2,978
Total non-operating expenses	25,896	41,822
Ordinary profit	234,952	490,972
Extraordinary income		
Reversal of allowance for doubtful accounts	–	114,136
Total extraordinary income	–	114,136
Extraordinary losses		
Provision of allowance for doubtful accounts	436,274	–
Total extraordinary losses	436,274	–
Profit (Loss) before income taxes	(201,322)	605,108
Income taxes - current	86,069	244,732
Income taxes - deferred	(28,295)	(32,109)
Total income taxes	57,773	212,623
Profit (Loss)	(259,096)	392,484
Profit (Loss) attributable to owners of parent	(259,096)	392,484

Consolidated statement of comprehensive income

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Profit (Loss)	(259,096)	392,484
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,136	226,965
Foreign currency translation adjustment	92,858	54,400
Total other comprehensive income	129,995	281,365
Comprehensive income	(129,100)	673,850
(Breakdown)		
Comprehensive income attributable to owners of parent	(129,100)	673,850

(3) Consolidated Statement of Changes in Equity

Previous 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)
Profit (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

Current consolidated fiscal year
(April 1, 2023 - March 31, 2024)

(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	735,783	7,701,323	(4,405)	8,532,602	384,771	247,721	632,493	9,165,095
Changes in items during period									
Dividends of surplus			(71,476)		(71,476)				(71,476)
Profit (Loss) attributable to owners of parent			392,484		392,484				392,484
Disposal of treasury shares		10,618		1,164	11,782				11,782
Net changes in items other than shareholders' equity						226,965	54,400	281,365	281,365
Total changes in items during period	–	10,618	321,008	1,164	332,791	226,965	54,400	281,365	614,156
Balance at end of period	99,900	746,401	8,022,332	(3,240)	8,865,393	611,736	302,122	913,859	9,779,252

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Cash flows from operating activities		
Profit (Loss) before income taxes	(201,322)	605,108
Depreciation	95,335	79,981
Increase (decrease) in allowance for doubtful accounts	455,049	(93,152)
Increase (decrease) in provision for bonuses	(16,681)	(1,966)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	500	(2,000)
Increase (decrease) in retirement benefit liability	(4,562)	37,322
Interest and dividend income	(43,912)	(42,234)
Interest expenses	24	18
Loss (gain) on sales of investment securities	(6,968)	–
Decrease (increase) in trade receivables	970,434	(243,606)
Decrease (increase) in operating accounts receivable	(222,731)	750,651
Decrease (increase) in inventories	568,863	(6,319)
Increase (decrease) in trade payables	(1,742,221)	2,720,281
Increase (decrease) in operating accounts payable	207,582	(538,008)
Increase (decrease) in accounts payable - other	(8,804)	116,931
Increase (decrease) in contract liabilities	(576,152)	81,712
Decrease (increase) in accounts receivable - other	(434,843)	86,006
Increase (decrease) in accrued consumption taxes	42,261	(19,286)
Other	(140,992)	(145,357)
Subtotal	(1,059,143)	3,386,079
Interest and dividends received	43,912	42,234
Interest paid	(24)	(18)
Income taxes paid	(191,870)	(33,559)
Cash flows from operating activities	(1,207,125)	3,394,736
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	59,806	57,870
Payments for rental of investment property	(21,364)	(5,580)
Proceeds from redemption of securities	500,000	–
Purchase of property, plant and equipment	(9,216)	(5,251)
Purchase of intangible assets	(11,171)	(44,938)
Purchase of investment securities	(8,318)	(8,823)
Proceeds from sales of investment securities	11,874	15
Purchase of shares of subsidiaries and associates	(7,560)	–
Other	31,317	(38,888)
Cash flows from investing activities	545,368	(45,597)
Cash flows from financing activities		
Dividends paid	(71,179)	(71,476)
Other	10,719	—
Cash flows from financing activities	(60,459)	(71,476)
Effect of exchange rate change on cash and cash equivalents	58,326	21,755
Net increase (decrease) in cash and cash equivalents	(663,891)	3,299,419
Cash and cash equivalents at beginning of period	7,421,834	6,757,943
Cash and cash equivalents at end of period	6,757,943	10,057,362

(5) Notes to the Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Notes related to Consolidated Statement of Income)

(Provision of allowance for doubtful accounts)

During the investigation of improprieties at Yashima (Shanghai) Trading Co., Ltd. ("Yashima (Shanghai)"), 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 from 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 Yashima (Shanghai) ceased transactions with the vendor and customer in June 2023.

A provision of allowance for doubtful accounts was made for all net expenditures that could not be confirmed as recoverable. This amount was calculated by deducting payments received from payments made during January through June 2023, the entire period during which Yashima (Shanghai) engaged in such transactions.

Although the amount collected from the customer was collected before February 14, 2024, the date on which the financial statements for the third quarter were submitted, the Board of Directors of Yashima (Shanghai) approved two options to ensure a smooth recovery in the business performance of Yashima (Shanghai) and credit for the customer, and ensure full recovery of net expenditures. The two options were to establish a stand-by letter of credit for the maximum recovery amount or post cash deposits of Yashima (Shanghai) as collateral for providing credit to the customer, and the reversal of allowance for doubtful accounts was therefore postponed.

However, issuance of a stand-by letter of credit is considered to be a cross-border guarantee in China and it became clear that there was a maximum cap on lending, which could not provide sufficient support. Yashima (Shanghai) also discussed posting its cash deposits as collateral and providing credit with the customer, but decided to forego this because they could not reach an agreement on terms concerning monitoring of new orders, restrictions on purposes for which funds would be used, guarantors, and other terms until the customer's financial position was stable. Yashima (Shanghai) consequently did not provide credit to the customer. It continued to support business by extending a grace period for the collection deadline to reduce the financial burden on the customer and aimed to recover the full amount of the accounts receivable – other.

Due to this policy, the recovered amount was not put at risk again and we therefore reversed the allowance for doubtful accounts by ¥114,136 thousand, the net amount recovered by the date of the financial results announcement (May 15, 2024).

(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, 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	13,572,983	1,726,988	15,299,971	6,521,609	21,821,581
Other items					
Depreciation	79,109	11,312	90,421	4,914*2	95,335
Increase in property, plant and equipment and intangible assets	17,837	2,550	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.

Current consolidated fiscal year
(April 1, 2023 - March 31, 2024)

(Thousands of yen)

	Reporting Segment			Adjustment*1	Total
	Railway Business	General Business	Total		
Net sales					
Net sales to unaffiliated customers	25,094,492	2,635,367	27,729,860	–	27,729,860
Transactions with other segments	–	–	–	–	–
Total	25,094,492	2,635,367	27,729,860	–	27,729,860
Segment profit (loss)	582,999	(218,140)	364,859	–	364,859
Segment assets	15,500,087	1,657,584	17,157,672	7,908,330	25,066,003
Other items					
Depreciation	65,878	9,351	75,229	4,751*2	79,981
Increase in property, plant and equipment and intangible assets	43,951	6,238	50,190	200	50,390

*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 ¥4,751 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, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Net assets per share	3,205.63 yen	3,413.83 yen
Net income (loss) per share	(90.78) yen	137.16 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, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Net income per share		
Profit (Loss) attributable to owners of parent (thousands of yen)	(259,096)	392,484
Income not attributable to common shareholders (thousands of yen)	–	–
Profit (Loss) attributable to owners of parent associated with common shares (thousands of yen)	(259,096)	392,484
Average number of shares during the term (shares)	2,854,084	2,861,613

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

Item	Previous consolidated fiscal year (ended March 31, 2023)	Current consolidated fiscal year (ended March 31, 2024)
Total net assets (thousands of yen)	9,165,095	9,779,252
Net assets associated with common shares (thousands of yen)	9,165,095	9,779,252
Number of common shares used for calculation of net assets per share (shares)	2,859,058	2,864,595

(Significant Subsequent Events)
Not applicable.