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## Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 1, 2024

Company name: NIKKATO CORPORATION  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 5367

URL: <https://www.nikkato.co.jp>

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Scheduled date of annual general shareholders' meeting: June 21, 2024

Scheduled date of commencing dividend payments: June 24, 2024

Scheduled date of filing securities report: June 24, 2024

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded off.)

### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

#### (1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	10,239	(4.6)	918	(16.7)	992	(15.7)	702	(16.0)
March 31, 2023	10,733	7.6	1,102	13.4	1,177	14.5	835	24.3

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	58.81	–	5.5	5.8	9.0
March 31, 2023	69.99	–	6.9	7.0	10.3

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended March 31, 2024: ¥ – million

Fiscal year ended March 31, 2023: ¥ – million

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	17,191	13,073	76.0	1,095.31
As of March 31, 2023	16,895	12,394	73.4	1,038.39

(Reference) Equity: As of March 31, 2024: ¥13,073 million

As of March 31, 2023: ¥12,394 million

#### (3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2024	785	(398)	(509)	3,385
March 31, 2023	939	(267)	(521)	3,508

## 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio	Ratio of dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	–	10.00	–	13.00	23.00	275	32.9	2.2
Fiscal year ended March 31, 2024	–	11.00	–	13.00	24.00	290	41.3	2.2
Fiscal year ending March 31, 2025 (Forecast)	–	10.00	–	11.00	21.00		35.8	

## 3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,800	(4.6)	450	(8.3)	480	(8.0)	340	(6.4)	28.49
Full year	10,300	0.6	950	3.4	990	(0.2)	700	(0.3)	58.65

### \* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(2) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the year (including treasury shares):

March 31, 2024:	12,135,695 shares
March 31, 2023:	12,135,695 shares

2) Total number of treasury shares at the end of the year:

March 31, 2024:	200,456 shares
March 31, 2023:	200,238 shares

3) Average number of shares during the year:

Year ended March 31, 2024:	11,935,379 shares
Year ended March 31, 2023:	11,935,457 shares

Note: Total number of treasury shares at the end of the year includes the shares of the Company (156,000 shares as of March 31, 2024) owned by Custody Bank of Japan, Ltd. (Trust account E). The shares of the Company owned by Custody Bank of Japan, Ltd. (Trust account E) are included in the treasury shares that are excluded from the calculation of the average number of shares during the year (91,000 shares in the year ended March 31, 2024).

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements herein are based on information that is currently available to the Company and certain assumptions that are deemed reasonable by the Company. Actual results may differ significantly due to various factors. For assumptions used for the financial results forecast and precautions for using the financial results forecast, please refer to “(4) Future Outlook” in “1. Overview of Operating Results, etc.” on page 3 of the Attachments.

## Table of Contents - Attachments

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	2
(3) Overview of Cash Flows for the Fiscal Year under Review .....	3
(4) Future Outlook .....	3
(5) Significant Events, etc. on Going Concern Assumption .....	3
2. Basic Policy on Selection of Accounting Standards .....	3
3. Non-consolidated Financial Statements and Principal Notes .....	4
(1) Non-consolidated Balance Sheets .....	4
(2) Non-consolidated Statements of Income .....	7
(3) Non-consolidated Statements of Changes in Equity .....	8
(4) Non-consolidated Statements of Cash Flows .....	10
(5) Notes to the Non-consolidated Financial Statements .....	11
(Notes on going concern assumption) .....	11
(Significant accounting estimates) .....	11
(Segment information, etc.) .....	12
(Equity in earnings (losses) of affiliates if equity method is applied) .....	13
(Per share information) .....	14
(Significant subsequent events) .....	14

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy has been on a gradual recovery path with normalization of economic and social activities due to the reclassification of COVID-19 to Class 5. However, there were hikes in prices of raw materials and energy as well as rising prices primarily due to the continued weakening of the yen along with the prolonged Ukraine situation and escalated geopolitical risks in the Middle East, which in turn have caused the labor cost and other expenses to remain high. Amid such a situation, the Japanese economy was uncertain and unpredictable. In addition, the stagnation of the Chinese economy has affected the electronic components industry, which is our main sales destination. As such, the Company faced a challenging environment overall.

Under these circumstances, net sales of the Company's businesses as a whole decreased by 4.6% year on year to 10,239,400 thousand yen. As for profit and loss, operating profit decreased by 16.7% year on year to 918,319 thousand yen, ordinary profit decreased by 15.7% year on year to 992,217 thousand yen, and profit decreased by 16.0% year on year to 701,907 thousand yen.

An overview of the operating results by business segment is as follows. In the Ceramics Business, net sales decreased by 8.0% year on year to 7,529,800 thousand yen due to sluggish demand in the electronic components market, which is our main sales destination. Segment profit decreased by 26.8% year on year to 721,101 thousand yen due to an increase in costs caused by hikes in prices in raw materials and other supplies and to a decrease in the factory utilization rate caused by a decrease in orders received, resulting in an increase in the sales cost ratio by 2.1 percentage points. In the Engineering Business, net sales increased by 6.2% year on year to 2,709,600 thousand yen thanks to favorable business conditions supported by the active market of mainly automobiles and heavy machinery-related products and iron and steel-related products. Segment profit increased by 68.4% year on year to 197,218 thousand yen, recording a significant increase in revenue and in the profit ratio of measuring equipment.

As a result, with regard to the Company's targets for return on equity (ROE) of 8% or higher and basic earnings per share (EPS) of 65 yen or more, the actual results for the fiscal year under review were ROE of 5.5% and EPS of 58.81 yen, falling short of the targets.

### (2) Overview of Financial Position for the Fiscal Year under Review

Regarding the financial position at the end of the fiscal year under review, total assets increased by 1.8% compared to the end of the previous fiscal year to 17,190,716 thousand yen. As for the breakdown, current assets decreased by 1.7% compared to the end of the previous fiscal year to 10,083,474 thousand yen mainly due to an increase in trade receivables by 4.8% compared to the end of the previous fiscal year to 3,758,286 thousand yen, which was offset by a decrease in inventories by 6.8% compared to the end of the previous fiscal year to 2,915,073 thousand yen resulted especially from product inventory adjustment due to sluggish sales in the Ceramics Business. Non-current assets increased by 7.0% compared to the end of the previous fiscal year to 7,107,242 thousand yen mainly due to a rise in the market value of investment securities by 21.6% compared to the end of the previous fiscal year to 2,186,755 thousand yen.

Liabilities decreased by 8.5% compared to the end of the previous fiscal year to 4,117,908 thousand yen. As for the breakdown, current liabilities decreased by 8.4% compared to the end of the previous fiscal year to 3,300,519 thousand yen and non-current liabilities decreased by 8.8% to 817,388 thousand yen. The decrease in current liabilities is mainly due to less purchase of raw materials and other supplies caused by a decrease in orders received, resulting in a decrease in trade payables by 18.6% compared to the end of the previous fiscal year to 1,637,934. The decrease in non-current liabilities is mainly due to repayment of long-term borrowings.

Net assets increased by 5.5% compared to the end of the previous fiscal year to 13,072,807 thousand yen. As for the breakdown, shareholders' equity increased by 3.5% compared to the end of the previous fiscal year to 12,245,201 thousand yen. This increase is mainly due to an increase in retained earnings by 4.4% compared to the end of the previous fiscal year to 9,786,809 thousand yen resulting from an increase in retained earnings brought forward. Valuation and translation adjustments increased by 47.3% compared to the end of the previous fiscal year to 827,606 thousand yen. This increase is due to an increase in valuation difference on available-for-sale securities resulting from an upturn in the market value of investment securities.

### (3) Overview of Cash Flows for the Fiscal Year under Review

	Previous Fiscal Year (Thousand yen)	Fiscal Year under Review (Thousand yen)	YoY Change (Thousand yen)
Net cash provided by (used in) operating activities	938,735	785,118	(153,617)
Net cash provided by (used in) investing activities	(267,216)	(398,902)	(131,685)
Net cash provided by (used in) financing activities	(521,086)	(509,929)	11,157
Cash and cash equivalents at end of period	3,508,317	3,384,604	(123,712)
Borrowings at end of period	1,156,128	935,236	(220,892)

Cash and cash equivalents at the end of the fiscal year under review amounted to 3,384,604 thousand yen.  
(Cash flows from operating activities)

In terms of cash flows from operating activities, profit before income taxes amounted to 984,129 thousand yen, reflecting a decrease in revenue due to a slowdown in the electronic components industry, which is our main sales destination. Trade receivables increased by 173,267 thousand yen. Inventories decreased by 213,514 thousand yen. Trade payables decreased by 373,852 thousand yen. As a result, net cash provided by operating activities decreased by 153,617 thousand yen year on year to 785,118 thousand yen.

(Cash flows from investing activities)

In terms of cash flows from investing activities, an outflow from purchase of property, plant and equipment amounted to 392,773 thousand yen. As a result, net cash used in investing activities increased by 131,685 thousand yen year on year to 398,902 thousand yen.

(Cash flows from financing activities)

In terms of cash flows from financing activities, repayments of long-term borrowings amounted to 220,892 thousand yen, and dividends paid amounted to 287,981 thousand yen. As a result, net cash used in financing activities decreased by 11,157 thousand yen year on year to 509,929 thousand yen.

### (4) Future Outlook

Business environment is likely to remain difficult for some time due to hikes of the prices of energy and raw materials caused mainly by geopolitical risks. Under such a situation along with presidential elections taking place this year in some countries, outlook of the Company is very unpredictable. Considering this background, the Company forecasts that our businesses will continue to be challenging in the first half of the next fiscal year due to production adjustment and other factors in the electronic components industry, which is our main sales destination, caused primarily by the stagnation of the Chinese economy. The Company proceeds with our business plan while having a prospect that the situations will become favorable in the second half and beyond. The next fiscal year (FY2024) is the last fiscal year of our Medium-Term Management Plan “CONNECT 25.” Toward accomplishment of the plan, we will continue to accelerate actions to address environmental and social issues, which we are increasingly responsible for as a company, and continue to strive to improve production efficiency of materials and other supplies that will be highly competitive. We will also promote development of environmentally-friendly, less costly products, and proactively make investments relevant to these activities to enhance the corporate value.

### (5) Significant Events, etc. on Going Concern Assumption

Not applicable.

## 2. Basic Policy on Selection of Accounting Standards

Since the Company’s business is currently almost limited to Japan, with no overseas operations and subsidiaries, the Company has decided to adopt Japanese generally accepted accounting principles (GAAP) for the time being. However, the Company will consider adopting International Financial Reporting Standards (IFRS) going forward depending on the future trends in the ratio of foreign shareholders and the adoption of IFRS by other companies in the same industry.

### 3. Non-consolidated Financial Statements and Principal Notes

#### (1) Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	3,508,317	3,384,604
Notes receivable - trade	423,986	257,992
Electronically recorded monetary claims - operating	775,680	991,150
Accounts receivable - trade	2,385,352	2,509,142
Merchandise	66,318	71,425
Finished goods	1,157,698	772,721
Raw materials	322,022	298,787
Work in process	1,377,766	1,567,034
Supplies	204,781	205,104
Suspense payments	1,281	1,518
Accounts receivable - other	5,053	3,769
Prepaid expenses	20,856	20,222
Advance payments	4,400	—
Total current assets	10,253,516	10,083,474
Non-current assets		
Property, plant and equipment		
Buildings	5,424,918	5,531,178
Accumulated depreciation	(3,107,642)	(3,165,817)
Buildings, net	2,317,275	2,365,361
Structures	310,060	314,880
Accumulated depreciation	(184,375)	(197,172)
Structures, net	125,684	117,708
Machinery and equipment	8,488,654	8,722,723
Accumulated depreciation	(7,410,572)	(7,566,853)
Machinery and equipment, net	1,078,082	1,155,870
Vehicles	59,176	61,048
Accumulated depreciation	(56,435)	(54,767)
Vehicles, net	2,740	6,281
Tools, furniture and fixtures	1,454,585	1,462,893
Accumulated depreciation	(1,332,957)	(1,362,591)
Tools, furniture and fixtures, net	121,628	100,301
Land	904,808	904,808
Construction in progress	33,321	11,964
Leased assets	7,506	7,506
Accumulated depreciation	(5,887)	(6,821)
Leased assets, net	1,618	684
Total property, plant and equipment	4,585,160	4,662,980
Intangible assets		
Software	143,778	97,524
Telephone subscription right	4,132	4,132
Total intangible assets	147,911	101,657

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
<b>Investments and other assets</b>		
Investment securities	1,799,028	2,186,755
Long-term loans receivable from employees	–	947
Long-term prepaid expenses	1,291	321
Prepaid pension costs	75,865	122,989
Leasehold and guarantee deposits	32,148	31,556
Business insurance funds	26	34
Total investments and other assets	1,908,359	2,342,604
Total non-current assets	6,641,431	7,107,242
Total assets	16,894,948	17,190,716
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations - operating	426,421	481,083
Accounts payable - trade	1,585,364	1,156,850
Short-term borrowings	400,000	400,000
Current portion of long-term borrowings	220,892	214,392
Electronically recorded obligations - non-operating	63,066	172,332
Accounts payable - other	320,722	432,820
Accrued consumption taxes	20,308	40,461
Income taxes payable	225,961	79,415
Accrued expenses	722	739
Deposits received	17,880	12,891
Contract liabilities	2,317	24,180
Provision for bonuses	286,870	249,300
Provision for bonuses for directors (and other officers)	33,414	29,651
Provision for share awards for directors (and other officers)	–	5,101
Lease liabilities	934	684
Other	–	616
Total current liabilities	3,604,874	3,300,519
<b>Non-current liabilities</b>		
Long-term borrowings	535,236	320,844
Provision for retirement benefits for directors (and other officers)	111,044	–
Long-term accounts payable – other	–	82,797
Provision for share awards for directors (and other officers)	–	2,186
Long-term guarantee deposits	86,643	85,270
Asset retirement obligations	61,056	61,122
Deferred tax liabilities	101,794	265,168
Lease liabilities	684	–
Total non-current liabilities	896,459	817,388
Total liabilities	4,501,334	4,117,908

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	1,320,740	1,320,740
Capital surplus		
Legal capital surplus	1,088,420	1,088,420
Other capital surplus	137,017	162,943
Total capital surplus	1,225,438	1,251,363
Retained earnings		
Legal retained earnings	205,810	205,810
Other retained earnings		
General reserve	5,100,000	5,100,000
Retained earnings brought forward	4,067,259	4,480,999
Total other retained earnings	9,167,259	9,580,999
Total retained earnings	9,373,069	9,786,809
Treasury shares	(87,665)	(113,712)
Total shareholders' equity	11,831,583	12,245,201
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	562,030	827,606
Total valuation and translation adjustments	562,030	827,606
Total net assets	12,393,613	13,072,807
Total liabilities and net assets	16,894,948	17,190,716

## (2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales		
Net sales of finished goods	8,181,672	7,529,800
Net sales of goods	2,551,465	2,709,600
Total net sales	10,733,137	10,239,400
Cost of sales		
Beginning finished goods inventory	1,035,252	1,157,698
Beginning merchandise inventory	59,574	66,318
Cost of products manufactured	6,039,738	5,273,053
Purchase of finished goods	154,966	97,074
Cost of purchased goods	2,135,704	2,229,234
Total	9,425,236	8,823,380
Ending finished goods inventory	1,157,698	772,721
Ending merchandise inventory	66,318	71,425
Transfer to other account	55,560	60,544
Total cost of sales	8,145,658	7,918,688
Gross profit	2,587,479	2,320,711
Selling, general and administrative expenses	1,485,115	1,402,391
Operating profit	1,102,363	918,319
Non-operating income		
Interest income	1,029	896
Dividend income	61,047	66,731
Rental income	7,622	7,492
Insurance claim income	10,106	–
Other	9,892	10,617
Total non-operating income	89,698	85,738
Non-operating expenses		
Interest expenses	7,754	6,253
Commitment fees	5,499	5,504
Other	1,505	81
Total non-operating expenses	14,759	11,840
Ordinary profit	1,177,302	992,217
Extraordinary losses		
Loss on abandonment of non-current assets	2,505	8,087
Total extraordinary losses	2,505	8,087
Profit before income taxes	1,174,797	984,129
Income taxes - current	351,000	241,000
Income taxes - deferred	(11,563)	41,222
Total income taxes	339,436	282,222
Profit	835,360	701,907

## (3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	1,320,740	1,088,420	137,017	1,225,438
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity				
Total changes during period	–	–	–	–
Balance at end of period	1,320,740	1,088,420	137,017	1,225,438

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at beginning of period	205,810	5,100,000	3,494,478	8,800,288	(87,665)	11,258,802
Changes during period						
Dividends of surplus			(262,580)	(262,580)		(262,580)
Profit			835,360	835,360		835,360
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	572,780	572,780	–	572,780
Balance at end of period	205,810	5,100,000	4,067,259	9,373,069	(87,665)	11,831,583

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	527,657	527,657	11,786,460
Changes during period			
Dividends of surplus			(262,580)
Profit			835,360
Purchase of treasury shares			
Disposal of treasury shares			
Net changes in items other than shareholders' equity	34,372	34,372	34,372
Total changes during period	34,372	34,372	607,153
Balance at end of period	562,030	562,030	12,393,613

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	1,320,740	1,088,420	137,017	1,225,438
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			25,925	25,925
Net changes in items other than shareholders' equity				
Total changes during period	–	–	25,925	25,925
Balance at end of period	1,320,740	1,088,420	162,943	1,251,363

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
General reserve		Retained earnings brought forward				
Balance at beginning of period	205,810	5,100,000	4,067,259	9,373,069	(87,665)	11,831,583
Changes during period						
Dividends of surplus			(288,166)	(288,166)		(288,166)
Profit			701,907	701,907		701,907
Purchase of treasury shares					(94,345)	(94,345)
Disposal of treasury shares					68,298	94,224
Net changes in items other than shareholders' equity						
Total changes during period	–	–	413,740	413,740	(26,047)	413,618
Balance at end of period	205,810	5,100,000	4,480,999	9,786,809	(113,712)	12,245,201

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	562,030	562,030	12,393,613
Changes during period			
Dividends of surplus			(288,166)
Profit			701,907
Purchase of treasury shares			(94,345)
Disposal of treasury shares			94,224
Net changes in items other than shareholders' equity	265,575	265,575	265,575
Total changes during period	265,575	265,575	679,193
Balance at end of period	827,606	827,606	13,072,807

## (4) Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,174,797	984,129
Depreciation	628,768	608,930
Interest and dividend income	(62,077)	(67,627)
Interest expenses	7,754	6,253
Loss (gain) on sale of investment securities	(575)	–
Decrease (increase) in prepaid pension costs	11,607	(47,123)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	16,021	(28,247)
Increase (decrease) in provision for share awards for directors (and other officers)	–	7,288
Loss on abandonment of non-current assets	2,505	8,087
Insurance claim income	(10,106)	–
Decrease (increase) in trade receivables	(126,724)	(173,267)
Decrease (increase) in inventories	(374,335)	213,514
Decrease (increase) in other assets	5,910	7,016
Increase (decrease) in trade payables	52,300	(373,852)
Increase (decrease) in accrued consumption taxes	(150,759)	20,153
Increase (decrease) in other liabilities	40,502	(36,631)
Subtotal	1,215,588	1,128,624
Interest and dividends received	62,077	67,627
Interest paid	(7,652)	(6,501)
Income taxes paid	(341,384)	(404,632)
Proceeds from insurance income	10,106	–
Net cash provided by (used in) operating activities	938,735	785,118
Cash flows from investing activities		
Purchase of property, plant and equipment	(262,381)	(392,773)
Proceeds from sale of investment securities	6,241	–
Loan advances	–	(1,000)
Proceeds from collection of loans receivable	–	52
Purchase of intangible assets	(13,292)	(5,765)
Decrease (increase) in investments and other assets	2,215	583
Net cash provided by (used in) investing activities	(267,216)	(398,902)
Cash flows from financing activities		
Repayments of long-term borrowings	(256,892)	(220,892)
Purchase of treasury shares	–	(94,345)
Proceeds from sale of treasury shares	–	94,224
Repayments of lease liabilities	(1,501)	(934)
Dividends paid	(262,693)	(287,981)
Net cash provided by (used in) financing activities	(521,086)	(509,929)
Net increase (decrease) in cash and cash equivalents	150,432	(123,712)
Cash and cash equivalents at beginning of period	3,357,885	3,508,317
Cash and cash equivalents at end of period	3,508,317	3,384,604

(5) Notes to the Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting estimates)

1. Valuation of inventories

(1) Amount recorded in the Non-consolidated Financial Statements for the fiscal year under review

(Thousand yen)

	Previous Fiscal Year	Fiscal Year under Review
Finished goods	1,157,698	772,721
Work in process	1,377,766	1,567,034

(2) Calculation method for amounts recorded in the Non-consolidated Financial Statements for the fiscal year under review

Inventories are valued using the book value write-down method based on the decreased profitability and using the lower of either the acquisition cost or the net realizable value at the end of the fiscal year under review. Loss on valuation in the fiscal year under review was 15,070 thousand yen.

(3) Major assumptions used in the calculation of the amounts recorded in the Non-consolidated Financial Statements for the fiscal year under review

The Company may conduct a certain amount of forecast production depending on the status of customer needs, and dispose of long-held inventories as appropriate taking into consideration potential future use and other factors. The net realizable value of inventories is calculated based on the most recent sales results, etc., as it is affected by the diverse status of customer needs and changes in the economic environment.

(4) Impact on the Non-consolidated Financial Statements for the following fiscal year

Additional loss on valuation of inventories may be recorded in the event of future changes in customer needs or the economic environment.

2. Deferred tax assets

(1) Amount recorded in the Non-consolidated Financial Statements for the fiscal year under review

(Thousand yen)

	Previous Fiscal Year	Fiscal Year under Review
Deferred tax liabilities	101,794	265,168

(Note) Deferred tax assets and deferred tax liabilities are presented as offsetting each other.

(2) Calculation method for amounts recorded in the Non-consolidated Financial Statements for the fiscal year under review

The amount of deferred tax assets is reduced by recording valuation allowances if the assets are not considered to be recoverable according to estimates of available future taxable income.

(3) Major assumptions used in the calculation of the amounts recorded in the Non-consolidated Financial Statements for the fiscal year under review

The Company makes estimates concerning the recoverability, etc. of deferred tax assets based on the Medium-Term Management Plan and records deferred tax assets based on the estimates for future taxable income.

(4) Impact on the Non-consolidated Financial Statements for the following fiscal year

Since the recoverability of deferred tax assets depends on estimates of future taxable income, changes in the conditions and assumptions on which such estimates are based may result in a reduction of deferred tax assets and the recognition of tax expense.

(Segment information, etc.)

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of allocating management resources and evaluating performance.

The Company's business is broadly classified into the Ceramics Business and the Engineering Business.

The Ceramics Business manufactures and sells industrial ceramic products at the Company, Sakai Plant, and Higashiyama Plant. Most of the Company's products are consumables, such as ceramic tools, fixtures, and machine parts used in the production processes of end-user manufacturers of electronic components, foods, chemicals, paints, and other products.

The Engineering Business does not have a manufacturing plant, but purchases and sells heating equipment, measuring equipment, etc. as products.

2. Method of calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Significant accounting policies."

Profit by reportable segment is based on operating profit.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the previous fiscal year (April 1, 2022 to March 31, 2023)

(Thousand yen)

	Reportable segment			Adjustment	Amount recorded in Non-consolidated Financial Statements
	Ceramics Business	Engineering Business	Total		
Net sales					
Net sales to outside customers	8,181,672	2,551,465	10,733,137	–	10,733,137
Inter-segment net sales or transfers	–	–	–	–	–
Total	8,181,672	2,551,465	10,733,137	–	10,733,137
Segment profit	985,269	117,094	1,102,363	–	1,102,363
Segment assets	11,451,492	1,751,753	13,203,245	3,691,702	16,894,948
Other items					
Depreciation	621,149	7,618	628,768	–	628,768
Increase in property, plant and equipment, and intangible assets	303,514	12,905	316,420	–	361,420

(Notes) 1. The adjustment in segment assets of 3,691,702 thousand yen represents corporate assets that are not allocated to each reportable segment.

2. Amounts of segment liabilities are not stated as they are not regularly provided to the Company's highest decision-making body.

For the fiscal year under review (from April 1, 2023 to March 31, 2024)

(Thousand yen)

	Reportable segment			Adjustment	Amount recorded in Non-consolidated Financial Statements
	Ceramics Business	Engineering Business	Total		
Net sales					
Net sales to outside customers	7,529,800	2,709,600	10,239,400	–	10,239,400
Inter-segment net sales or transfers	–	–	–	–	–
Total	7,529,800	2,709,600	10,239,400	–	10,239,400
Segment profit	721,101	197,218	918,319	–	918,319
Segment assets	10,918,746	2,637,136	13,555,882	3,634,834	17,190,716
Other items					
Depreciation	601,969	6,961	608,930	–	608,930
Increase in property, plant and equipment, and intangible assets	645,452	3,131	648,583	–	648,583

(Notes) 1. The adjustment in segment assets of 3,634,834 thousand yen represents corporate assets that are not allocated to each reportable segment.

2. Amounts of segment liabilities are not stated as they are not regularly provided to the Company's highest decision-making body.

(Equity in earnings (losses) of affiliates if equity method is applied)

Not applicable.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share (yen)	1,038.39	1,095.31
Basic earnings per share (yen)	69.99	58.81

(Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

2. Diluted earnings per share are not stated because there are no dilutive shares.

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit (Thousand yen)	835,360	701,907
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit relating to common shares (Thousand yen)	835,360	701,907
Average number of common shares outstanding during the period (Shares)	11,935,457	11,935,379

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

Item	As of March 31, 2023	As of March 31, 2024
Total net assets (Thousand yen)	12,393,613	13,072,807
Net assets relating to common shares at the end of the year (Thousand yen)	12,393,613	13,072,807
Number of common shares at the end of the year used to calculate net assets per share (Shares)	11,935,457	11,935,239

(Significant subsequent events)

Not applicable.