

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [Japanese GAAP]



May 1, 2026

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

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

Representative: Hiroshi Ohnishi, Representative Director and President

Contact: Etsuo Hamada, Managing Director, General Manager, Business Management Department

Phone: +81-72-238-3641

Scheduled date of annual general shareholders' meeting: June 19, 2026

Scheduled date of commencing dividend payments: June 22, 2026

Scheduled date of filing securities report: June 15, 2026

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, 2026 (April 1, 2025 - March 31, 2026)

(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, 2026	11,341	12.5	1,071	67.9	1,146	59.2	776	54.0
March 31, 2025	10,077	(1.6)	638	(30.5)	720	(27.5)	504	(28.3)

	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, 2026	64.90	–	5.7	6.4	9.4
March 31, 2025	42.16	–	3.8	4.2	6.3

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended March 31, 2026: ¥ – million

Fiscal year ended March 31, 2025: ¥ – 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, 2026	18,853	14,137	75.0	1,182.49
As of March 31, 2025	17,125	13,113	76.6	1,097.65

(Reference) Equity: As of March 31, 2026: ¥14,137 million

As of March 31, 2025: ¥13,113 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, 2026	1,675	(710)	(470)	4,138
March 31, 2025	1,677	(926)	(493)	3,643

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, 2025	–	10.00	–	11.00	21.00	254	50.4	1.9
Fiscal year ended March 31, 2026	–	10.00	–	11.00	21.00	254	32.4	1.8
Fiscal year ending March 31, 2027 (Forecast)	–	11.00	–	12.00	23.00		34.4	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(% 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	5,500	3.4	600	20.8	630	20.1	440	28.1	36.80
Full year	11,000	(3.0)	1,100	2.7	1,150	0.4	800	3.1	66.92

* 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, 2026:	12,135,695 shares
March 31, 2025:	12,135,695 shares

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

March 31, 2026:	180,441 shares
March 31, 2025:	188,972 shares

3) Average number of shares during the year:

Year ended March 31, 2026:	11,953,148 shares
Year ended March 31, 2025:	11,943,869 shares

Note: Total number of treasury shares at the end of the year includes the shares of the Company (135,843 shares as of March 31, 2026; 144,438 shares as of March 31, 2025) 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 (137,992 shares in the year ended March 31, 2026; 147,329 shares in the year ended March 31, 2025).

* These non-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 remained on a general recovery trend.

However, the current global situation, including the prolonged Russian invasion of Ukraine, heightened geopolitical risks, such as tensions in the Middle East, and U.S. trade policy, has been accompanied by rising and volatile resource and energy prices with wide-ranging impacts on economic activity, including inflation, interest rates, and foreign exchange rates, leaving the outlook deeply uncertain and serious.

Under these circumstances, net sales of the Company's businesses as a whole increased by 12.5% year on year to 11,340,906 thousand yen. As for profit and loss, operating profit increased by 67.9% year on year to 1,071,164 thousand yen, ordinary profit increased by 59.2% year on year to 1,145,829 thousand yen, and profit increased by 54.0% year on year to 775,702 thousand yen.

An overview of the operating results by the segment is as follows. In the Ceramics Business, net sales increased by 10.9% year on year to 8,215,444 thousand yen, as the electronic components market, which is our main sales destination, saw a recovery in market conditions. Segment profit increased by 86.0% year on year to 834,469 thousand yen as the sales cost ratio improved by 3.6 percentage points year on year due to an improvement in factory utilization rates in line with increased revenue. In the Engineering Business, net sales increased by 17.0% year on year to 3,125,461 thousand yen, with capital investment mainly in automobiles and heavy machinery-related products remaining favorable. Segment profit increased by 25.0% year on year to 236,694 thousand yen due primarily to the effect of increased revenue and an improvement in profit margins on measuring equipment.

(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 10.1% compared to the end of the previous fiscal year to 18,853,231 thousand yen. As for the breakdown, current assets increased by 9.0% compared to the end of the previous fiscal year to 10,998,740 thousand yen and non-current assets increased by 11.7% compared to the end of the previous fiscal year to 7,854,491 thousand yen. The increase in current assets was due to an increase in cash and deposits by 13.6% compared to the end of the previous fiscal year, and an increase in trade receivables by 14.4% compared to the end of the previous fiscal year, owing mainly to an increase in net sales. The increase in non-current assets was due to an increase in investments and other assets by 42.1% compared to the end of the previous fiscal year as a result of a rise in the market value of investment securities, although depreciation of property, plant and equipment resulted in a decrease of 1.1% compared to the end of the previous fiscal year.

Liabilities increased by 17.6% compared to the end of the previous fiscal year to 4,716,280 thousand yen. As for the breakdown, current liabilities increased by 17.7% compared to the end of the previous fiscal year to 4,115,384 thousand yen and non-current liabilities increased by 16.6% compared to the end of the previous fiscal year to 600,896 thousand yen. The increase in current liabilities is mainly due to increases in trade payables by 16.2% compared to the end of the previous fiscal year, and accounts payable – other by 28.0% compared to the end of the previous fiscal year. The increase in non-current liabilities is mainly due to an increase in deferred tax liabilities by 112.3% compared to the end of the previous fiscal year.

Finally, net assets increased by 7.8% compared to the end of the previous fiscal year to 14,136,950 thousand yen. As for the breakdown, shareholders' equity increased by 4.2% compared to the end of the previous fiscal year to 13,004,555 thousand yen and valuation and translation adjustments increased by 78.1% compared to the end of the previous fiscal year to 1,132,395 thousand yen. The increase in shareholders' equity was due to an increase in retained earnings brought forward by 11.1% compared to the end of the previous fiscal year as a result of accumulating internal reserves for the fiscal year under review. The increase in valuation and translation adjustments was due to an increase in valuation difference on available-for-sale securities resulting from a rise in stock prices.

(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	1,676,675	1,675,324	(1,351)
Net cash provided by (used in) investing activities	(925,637)	(710,293)	215,344
Net cash provided by (used in) financing activities	(493,090)	(469,612)	23,478
Cash and cash equivalents at end of period	3,642,551	4,137,970	495,418
Borrowings at end of period	720,844	506,452	(214,392)

Cash and cash equivalents at the end of the fiscal year under review amounted to 4,137,970 thousand yen.
(Cash flows from operating activities)

In terms of cash flows from operating activities, profit before income taxes increased by 393,318 thousand yen year on year to 1,110,852 thousand yen, and decrease (increase) in trade receivables amounted to (497,768) thousand yen, an increase of 800,957 thousand yen year on year, while decrease (increase) in inventories amounted to 93,019 thousand yen, a decrease of 148,188 thousand yen year on year. As a result, net cash provided by operating activities decreased by 1,351 thousand yen year on year to 1,675,324 thousand yen.

(Cash flows from investing activities)

In terms of cash flows from investing activities, purchase of property, plant and equipment decreased by 367,920 thousand yen year on year to (527,840) thousand yen despite improvement and streamlining of production systems, and capital investment, such as the upgrade of existing facilities. As a result, net cash used in investing activities decreased by 215,344 thousand yen year on year to 710,293 thousand yen.

(Cash flows from financing activities)

In terms of cash flows from financing activities, dividends paid decreased by 23,181 thousand yen year on year to (254,403) thousand yen. As a result, net cash used in financing activities decreased by 23,478 thousand yen year on year to 469,612 thousand yen.

(4) Future Outlook

The current situation remains one where geopolitical risks of prolonged conflicts in Ukraine and the Middle East have continued to be serious, along with rising crude oil and energy prices and other factors affecting economic activity, leaving the business environment complex and very difficult to predict. Amid this environment, the Company launched the medium-term plan “CONNECT 30” from the current fiscal year. As in the past, focusing on the Company’s philosophy and vision, with all executives and employees working together under the slogan “Try first for the future,” the Company achieved record-high net sales of 11,340,906 thousand yen and operating profit of 1,071,164 thousand yen. The Company will continue to aggressively make strategic investments and build solid foundations for the future, with a view to reviewing business operations and exploring collaboration opportunities. We believe that such efforts will improve corporate value and lead to continued growth, resulting in improvement of stock prices where the price-book value ratio remains less than one. We ask for shareholders’ continued support and encouragement.

(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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	3,642,551	4,137,970
Notes receivable - trade	217,888	37,410
Electronically recorded monetary claims - operating	872,887	1,098,367
Accounts receivable - trade	2,364,099	2,817,086
Contract assets	220	—
Merchandise	66,291	116,635
Finished goods	853,553	825,442
Raw materials	243,254	208,649
Work in process	1,566,015	1,486,606
Supplies	241,128	239,888
Accounts receivable - other	3,737	525
Advance payments	—	10,890
Suspense payments	1,871	1,408
Prepaid expenses	18,070	17,858
Total current assets	10,091,569	10,998,740
Non-current assets		
Property, plant and equipment		
Buildings	5,767,045	5,789,628
Accumulated depreciation	(3,313,772)	(3,501,563)
Buildings, net	2,453,273	2,288,064
Structures	350,998	344,076
Accumulated depreciation	(210,115)	(217,150)
Structures, net	140,882	126,925
Machinery and equipment	8,964,026	9,198,932
Accumulated depreciation	(7,726,163)	(7,937,962)
Machinery and equipment, net	1,237,862	1,260,970
Vehicles	56,759	56,687
Accumulated depreciation	(52,294)	(52,160)
Vehicles, net	4,465	4,527
Tools, furniture and fixtures	1,459,126	1,488,832
Accumulated depreciation	(1,373,308)	(1,366,310)
Tools, furniture and fixtures, net	85,817	122,522
Land	904,808	913,203
Construction in progress	24,275	81,011
Leased assets	11,400	11,400
Accumulated depreciation	(7,895)	(8,674)
Leased assets, net	3,505	2,726
Total property, plant and equipment	4,854,889	4,799,951
Intangible assets		
Software	78,922	73,635
Telephone subscription right	4,132	4,132
Total intangible assets	83,055	77,768

(Thousand yen)

	As of March 31, 2025	As of March 31, 2026
Investments and other assets		
Investment securities	1,942,568	2,778,937
Long-term loans receivable from employees	447	–
Long-term prepaid expenses	612	1,074
Prepaid pension costs	120,601	166,522
Leasehold and guarantee deposits	31,066	30,183
Business insurance funds	44	54
Total investments and other assets	2,095,340	2,976,771
Total non-current assets	7,033,285	7,854,491
Total assets	17,124,855	18,853,231
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	388,001	498,126
Accounts payable - trade	1,561,690	1,768,257
Short-term borrowings	400,000	400,000
Current portion of long-term borrowings	214,392	106,452
Electronically recorded obligations - non-operating	108,231	71,084
Accounts payable - other	403,465	516,423
Accrued consumption taxes	1,144	129,649
Income taxes payable	137,242	244,281
Accrued expenses	1,096	1,194
Deposits received	16,430	15,706
Contract liabilities	150	4,756
Provision for bonuses	235,570	313,830
Provision for bonuses for directors (and other officers)	22,272	36,770
Provision for share awards for directors (and other officers)	3,791	5,428
Lease liabilities	778	778
Other	1,879	2,645
Total current liabilities	3,496,139	4,115,384
Non-current liabilities		
Long-term borrowings	106,452	–
Long-term accounts payable – other	70,265	70,265
Provision for share awards for directors (and other officers)	4,424	7,347
Long-term guarantee deposits	85,291	67,257
Asset retirement obligations	61,188	61,257
Deferred tax liabilities	185,007	392,821
Lease liabilities	2,726	1,947
Total non-current liabilities	515,355	600,896
Total liabilities	4,011,494	4,716,280

(Thousand yen)

	As of March 31, 2025	As of March 31, 2026
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	162,943	162,943
Total capital surplus	1,251,363	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	4,706,469	5,228,257
Total other retained earnings	9,806,469	10,328,257
Total retained earnings	10,012,279	10,534,067
Treasury shares	(106,770)	(101,617)
Total shareholders' equity	12,477,613	13,004,555
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	635,746	1,132,395
Total valuation and translation adjustments	635,746	1,132,395
Total net assets	13,113,360	14,136,950
Total liabilities and net assets	17,124,855	18,853,231

(2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales		
Net sales of finished goods	7,405,514	8,215,444
Net sales of goods	2,671,063	3,125,461
Total net sales	10,076,578	11,340,906
Cost of sales		
Beginning finished goods inventory	772,721	853,553
Beginning merchandise inventory	71,425	66,291
Cost of products manufactured	5,906,158	6,062,575
Purchase of finished goods	116,321	150,187
Cost of purchased goods	2,184,797	2,610,239
Total	9,051,425	9,742,847
Ending finished goods inventory	853,553	825,442
Ending merchandise inventory	66,291	116,635
Transfer to other account	77,404	33,775
Total cost of sales	8,054,175	8,766,993
Gross profit	2,022,402	2,573,913
Selling, general and administrative expenses	1,384,570	1,502,748
Operating profit	637,832	1,071,164
Non-operating income		
Interest income	1,116	1,757
Dividend income	74,971	82,289
Rental income	5,641	5,325
Other	12,746	10,332
Total non-operating income	94,476	99,705
Non-operating expenses		
Interest expenses	7,001	8,206
Commitment fees	5,499	16,800
Other	50	32
Total non-operating expenses	12,552	25,039
Ordinary profit	719,756	1,145,829
Extraordinary income		
Gain on sale of investment securities	–	2,507
Total extraordinary income	–	2,507
Extraordinary losses		
Loss on abandonment of non-current assets	2,222	3,284
Loss on valuation of investment securities	–	34,200
Total extraordinary losses	2,222	37,484
Profit before income taxes	717,534	1,110,852
Income taxes - current	241,800	343,000
Income taxes - deferred	(27,833)	(7,849)
Total income taxes	213,966	335,150
Profit	503,567	775,702

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	162,943	1,251,363
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	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	4,480,999	9,786,809	(113,712)	12,245,201
Changes during period						
Dividends of surplus			(278,098)	(278,098)		(278,098)
Profit			503,567	503,567		503,567
Purchase of treasury shares					(41)	(41)
Disposal of treasury shares					6,983	6,983
Net changes in items other than shareholders' equity						
Total changes during period	–	–	225,469	225,469	6,942	232,412
Balance at end of period	205,810	5,100,000	4,706,469	10,012,279	(106,770)	12,477,613

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	827,606	827,606	13,072,807
Changes during period			
Dividends of surplus			(278,098)
Profit			503,567
Purchase of treasury shares			(41)
Disposal of treasury shares			6,983
Net changes in items other than shareholders' equity	(191,859)	(191,859)	(191,859)
Total changes during period	(191,859)	(191,859)	40,552
Balance at end of period	635,746	635,746	13,113,360

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	162,943	1,251,363
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	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	4,706,469	10,012,279	(106,770)	12,477,613
Changes during period						
Dividends of surplus			(253,914)	(253,914)		(253,914)
Profit			775,702	775,702		775,702
Purchase of treasury shares					(37)	(37)
Disposal of treasury shares					5,191	5,191
Net changes in items other than shareholders' equity						
Total changes during period	–	–	521,788	521,788	5,153	526,941
Balance at end of period	205,810	5,100,000	5,228,257	10,534,067	(101,617)	13,004,555

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	635,746	635,746	13,113,360
Changes during period			
Dividends of surplus			(253,914)
Profit			775,702
Purchase of treasury shares			(37)
Disposal of treasury shares			5,191
Net changes in items other than shareholders' equity	496,649	496,649	496,649
Total changes during period	496,649	496,649	1,023,590
Balance at end of period	1,132,395	1,132,395	14,136,950

(4) Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	717,534	1,110,852
Depreciation	655,778	680,907
Interest and dividend income	(76,088)	(84,047)
Interest expenses	7,001	8,206
Loss (gain) on sales of long-term investment securities	–	(2,507)
Decrease (increase) in prepaid pension costs	2,387	(45,920)
Increase (decrease) in provision for share awards for directors (and other officers)	927	4,560
Loss on abandonment of non-current assets	2,222	3,284
Loss (gain) on valuation of investment securities	–	34,200
Decrease (increase) in trade receivables	303,189	(497,768)
Decrease (increase) in inventories	(55,169)	93,019
Decrease (increase) in other assets	1,539	(7,638)
Increase (decrease) in trade payables	311,757	316,692
Increase (decrease) in accrued consumption taxes	(39,316)	128,504
Increase (decrease) in other liabilities	(38,875)	98,007
Subtotal	1,792,887	1,840,353
Interest and dividends received	76,088	84,047
Interest paid	(6,638)	(7,690)
Income taxes paid	(185,662)	(241,386)
Net cash provided by (used in) operating activities	1,676,675	1,675,324
Cash flows from investing activities		
Purchase of property, plant and equipment	(895,760)	(527,840)
Purchase of investment securities	–	(191,656)
Proceeds from sale of investment securities	–	35,907
Proceeds from collection of loans receivable	500	447
Purchase of intangible assets	(30,857)	(28,025)
Decrease (increase) in investments and other assets	480	873
Net cash provided by (used in) investing activities	(925,637)	(710,293)
Cash flows from financing activities		
Repayments of long-term borrowings	(214,392)	(214,392)
Purchase of treasury shares	(41)	(37)
Repayments of lease liabilities	(1,073)	(778)
Dividends paid	(277,584)	(254,403)
Net cash provided by (used in) financing activities	(493,090)	(469,612)
Net increase (decrease) in cash and cash equivalents	257,947	495,418
Cash and cash equivalents at beginning of period	3,384,604	3,642,551
Cash and cash equivalents at end of period	3,642,551	4,137,970

(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	853,553	825,442
Work in process	1,566,015	1,486,606

(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 125,900 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	185,007	392,821

(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 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, 2024 to March 31, 2025)

(Thousand yen)

	Reportable segment			Adjustment	Amount recorded in Non-consolidated Financial Statements
	Ceramics Business	Engineering Business	Total		
Net sales					
Net sales to outside customers	7,405,514	2,671,063	10,076,578	–	10,076,578
Inter-segment net sales or transfers	–	–	–	–	–
Total	7,405,514	2,671,063	10,076,578	–	10,076,578
Segment profit	448,532	189,300	637,832	–	637,832
Segment assets	11,386,999	1,827,259	13,214,259	3,910,596	17,124,855
Other items					
Depreciation	648,589	7,188	655,778	–	655,778
Increase in property, plant and equipment, and intangible assets	827,691	3,616	831,307	–	831,307

(Notes) 1. The adjustment in segment assets of 3,910,596 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, 2025 to March 31, 2026)

(Thousand yen)

	Reportable segment			Adjustment	Amount recorded in Non-consolidated Financial Statements
	Ceramics Business	Engineering Business	Total		
Net sales					
Net sales to outside customers	8,215,444	3,125,461	11,340,906	–	11,340,906
Inter-segment net sales or transfers	–	–	–	–	–
Total	8,215,444	3,125,461	11,340,906	–	11,340,906
Segment profit	834,469	236,694	1,071,164	–	1,071,164
Segment assets	11,838,460	2,510,657	14,349,117	4,504,113	18,853,231
Other items					
Depreciation	669,429	11,477	680,907	–	680,907
Increase in property, plant and equipment, and intangible assets	622,126	3,885	626,011	–	626,011

(Notes) 1. The adjustment in segment assets of 4,504,113 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, 2025	For the fiscal year ended March 31, 2026
Net assets per share (yen)	1,097.65	1,182.49
Basic earnings per share (yen)	42.16	64.90

(Notes) 1. Diluted earnings per share are not stated because there are no dilutive shares.

2. When calculating the net assets per share, the Company's shares held by the Board Benefit Trust-Restricted Stock (BBT-RS) are included in treasury shares that are excluded from the year-end number of shares issued (144,438 shares for the previous fiscal year; 135,843 shares for the fiscal year under review). When calculating the basic earnings per share, treasury shares that are excluded from the calculation of the average number of shares during the year are also included (147,329 shares for the previous fiscal year; 137,992 shares for the fiscal year under review).

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

Item	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit (Thousand yen)	503,567	775,702
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit relating to common shares (Thousand yen)	503,567	775,702
Average number of common shares outstanding during the period (Shares)	11,943,869	11,953,148

Item	As of March 31, 2025	As of March 31, 2026
Total net assets (Thousand yen)	13,113,360	14,136,950
Net assets relating to common shares at the end of the year (Thousand yen)	13,113,360	14,136,950
Number of common shares at the end of the year used to calculate net assets per share (Shares)	11,946,723	11,955,254

(Significant subsequent events)

Not applicable.