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Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]



May 1, 2025

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

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Scheduled date of annual general shareholders' meeting: June 20, 2025

Scheduled date of commencing dividend payments: June 23, 2025

Scheduled date of filing securities report: June 18, 2025

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, 2025 (April 1, 2024 - March 31, 2025)

(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, 2025 | 10,077 | (1.6) | 637 | (30.5) | 720 | (27.5) | 504 | (28.3) |
| March 31, 2024 | 10,239 | (4.6) | 918 | (16.7) | 992 | (15.7) | 702 | (16.0) |

| | 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, 2025 | 42.16 | — | 3.8 | 4.2 | 6.3 |
| March 31, 2024 | 58.81 | — | 5.5 | 5.8 | 9.0 |

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended March 31, 2025: ¥ – million

Fiscal year ended March 31, 2024: ¥ – 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, 2025 | 17,125 | 13,113 | 76.6 | 1,097.65 |
| As of March 31, 2024 | 17,191 | 13,073 | 76.0 | 1,095.31 |

(Reference) Equity: As of March 31, 2025: ¥13,113 million

As of March 31, 2024: ¥13,073 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, 2025 | 1,677 | (926) | (493) | 3,643 |
| March 31, 2024 | 785 | (398) | (509) | 3,385 |

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, 2024 | — | 11.00 | — | 13.00 | 24.00 | 290 | 41.3 | 2.2 |
| Fiscal year ended March 31, 2025 | — | 10.00 | — | 11.00 | 21.00 | 254 | 50.4 | 1.9 |
| Fiscal year ending March 31, 2026 (Forecast) | — | 10.00 | — | 11.00 | 21.00 | | 35.5 | |

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% 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 | 4,920 | (0.2) | 455 | 23.5 | 475 | 16.6 | 333 | 17.0 | 27.87 |
| Full year | 10,140 | 0.6 | 966 | 51.5 | 1,009 | 40.2 | 706 | 40.2 | 59.10 |

* 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, 2025: | 12,135,695 shares |
| March 31, 2024: | 12,135,695 shares |

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

| | |
|-----------------|----------------|
| March 31, 2025: | 188,972 shares |
| March 31, 2024: | 200,456 shares |

3) Average number of shares during the year:

| | |
|----------------------------|-------------------|
| Year ended March 31, 2025: | 11,943,869 shares |
| Year ended March 31, 2024: | 11,935,379 shares |

Note: Total number of treasury shares at the end of the year includes the shares of the Company (144,438 shares as of March 31, 2025; 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 (147,329 shares in the year ended March 31, 2025; 91,000 shares in the year ended March 31, 2024).

* 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.

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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 highly uncertain due especially to country-specific additional levies by reciprocal tariffs based on the America First approach along with the start of the Trump administration in January; for example, exports may become sluggish in the future, and there is a possibility of economic impact, especially in Asian countries, which could deal a serious blow to the corporate profitability of Japanese manufacturers, possibly resulting in a slowdown in the growth of wages and capital investments, and the risk of an economic downturn. Meanwhile, inventory adjustment in the electronic components industry, which is our main sales destination, has settled down. In the second half, sales remained strong as the order situation improved. Considering the market trends of some inventories, the Company recognized 113,474 thousand yen in loss on valuation of inventories.

Under these circumstances, net sales of the Company's businesses as a whole decreased by 1.6% year on year to 10,076,578 thousand yen. As for profit and loss, operating profit decreased by 30.5% year on year to 637,832 thousand yen, ordinary profit decreased by 27.5% year on year to 719,756 thousand yen, and profit decreased by 28.3% year on year to 503,567 thousand yen.

An overview of the operating results by business segment is as follows. In the Ceramics Business, net sales decreased by 1.7% year on year to 7,405,514 thousand yen. Although demand in the electronic components market, which is our main sales destination, improved in the second half, the recovery was not enough to cover the low demand during the first half. Segment profit decreased by 37.8% year on year to 448,532 thousand yen as the sales cost ratio increased by 3.4 percentage points year on year due to recognition of a loss on valuation of some products in process in consideration of market trends, as described above, and higher costs resulting from rising fuel and material prices, etc. In the Engineering Business, despite decreasing by 1.4% year on year, net sales amounted to 2,671,063 thousand yen thanks to capital investment mainly in automobiles and heavy machinery-related products remaining strong since the previous year. Segment profit decreased by 4.0% year on year to 189,300 thousand yen due primarily to a decrease in revenue although the sales cost ratio and expenses remained almost flat year on year.

(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 decreased by 0.4% compared to the end of the previous fiscal year to 17,124,855 thousand yen. As for the breakdown, current assets slightly increased compared to the end of the previous fiscal year to 10,091,569 thousand yen and non-current assets decreased by 1.0% compared to the end of the previous fiscal year to 7,033,285 thousand yen. The increase in current assets was due to an increase in cash and deposits by 7.6% compared to the end of the previous fiscal year, because the accounts receivable decreased by 8.1% compared to the end of the previous fiscal year and were converted to cash. The decrease in non-current assets was due to a decrease in investments and other assets by 10.6% compared to the end of the previous fiscal year as a result of a drop in the market value of investment securities, although it was offset by an increase in property, plant and equipment by 4.1% compared to the end of the previous fiscal year owing to acquisition of buildings, machinery and equipment.

Liabilities decreased by 2.6% compared to the end of the previous fiscal year to 4,011,494 thousand yen. As for the breakdown, current liabilities increased by 5.9% compared to the end of the previous fiscal year to 3,496,139 thousand yen and non-current liabilities decreased by 37.0% to 515,355 thousand yen. The increase in current liabilities is mainly due to an increase in trade payables by 19.0% compared to the end of the previous fiscal year. The decrease in non-current liabilities is mainly due to repayments of long-term borrowings, which decreased by 66.8% compared to the end of the previous fiscal year.

Finally, net assets increased by 0.3% compared to the end of the previous fiscal year to 13,113,360 thousand yen. As for the breakdown, retained earnings increased by 2.3% compared to the end of the previous fiscal year to 10,012,279 thousand yen and valuation and translation adjustments decreased by 23.2% compared to the end of the previous fiscal year to 635,746 thousand yen. The increase in retained earnings was due to an increase in retained earnings brought forward by 5.0% compared to the end of the previous fiscal year as a result of accumulating internal reserves for the fiscal year under review. The decrease in valuation and translation adjustments was due to a decrease in valuation difference on available-for-sale securities resulting from decline 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 | 785,118 | 1,676,675 | 891,557 |
| Net cash provided by (used in) investing activities | (398,902) | (925,637) | (526,735) |
| Net cash provided by (used in) financing activities | (509,929) | (493,090) | 16,838 |
| Cash and cash equivalents at end of period | 3,384,604 | 3,642,551 | 257,947 |
| Borrowings at end of period | 935,236 | 720,844 | (214,392) |

Cash and cash equivalents at the end of the fiscal year under review amounted to 3,642,551 thousand yen.
(Cash flows from operating activities)

In terms of cash flows from operating activities, profit before income taxes decreased by 266,595 thousand yen year on year to 717,534 thousand yen, trade receivables decreased by 476,456 thousand yen year on year to 303,189 thousand yen, trade payables decreased by 685,609 thousand yen year on year to 311,757 thousand yen, and income taxes paid decreased by 218,969 thousand yen year on year to 185,662 thousand yen. As a result, net cash provided by operating activities increased by 891,557 thousand yen year on year to 1,676,675 thousand yen.

(Cash flows from investing activities)

In terms of cash flows from investing activities, purchase of property, plant and equipment increased by 502,987 thousand yen year on year to 895,760 thousand yen as a result of improvement and streamlining of production systems, and capital investment, such as the upgrade of existing facilities and seismic retrofitting. As a result, net cash used in investing activities increased by 526,735 thousand yen year on year to 925,637 thousand yen.

(Cash flows from financing activities)

In terms of cash flows from financing activities, repayments of long-term borrowings and dividends paid remained essentially flat year on year. As a result, net cash used in financing activities decreased by 16,838 thousand yen year on year to 493,090 thousand yen.

(4) Future Outlook

During the fiscal year under review, geopolitical risks of prolonged conflicts in Ukraine and the Middle East since last year have continued to be serious. In addition, the issue of additional tariffs based on the America First approach from the start of the Trump administration in January, and U.S.-China problems due to this issue, may intensify further and present a risk of increasing recessionary pressures on the economy of Asian countries and Japan, possibly resulting in an economic slowdown. In this environment, the Company will start the medium-term plan “CONNECT 30” extending from the next fiscal year, 2025, to 2030. The core of CONNECT 30 is to have all the executives work together under the new slogan of “Try first for the future” while focusing on the Company’s philosophy and vision as in the past. With the geopolitical risks explained above, uncertainty about the Trump administration, and fragmentation in the world, the business environment is complex and very difficult to predict; however, the Company’s goal toward the year 2030 is to achieve new highs: sales of 10.0 billion yen by the Ceramics Business, which is the Company’s core business, and sales of 3.0 billion yen with an operating margin of 15% by the Engineering Business. The slogan “Try first for the future” for the current medium-term plan is required all the more when we are in such an environment, and it is necessary to act first, think together, and move forward when working. We will aggressively make strategic future investments and build solid foundations for the future. 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, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,384,604 | 3,642,551 |
| Notes receivable - trade | 257,992 | 217,888 |
| Electronically recorded monetary claims - operating | 991,150 | 872,887 |
| Accounts receivable - trade | 2,509,142 | 2,364,099 |
| Contract assets | — | 220 |
| Merchandise | 71,425 | 66,291 |
| Finished goods | 772,721 | 853,553 |
| Raw materials | 298,787 | 243,254 |
| Work in process | 1,567,034 | 1,566,015 |
| Supplies | 205,104 | 241,128 |
| Suspense payments | 1,518 | 1,871 |
| Accounts receivable - other | 3,769 | 3,737 |
| Prepaid expenses | 20,222 | 18,070 |
| Total current assets | 10,083,474 | 10,091,569 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 5,531,178 | 5,767,045 |
| Accumulated depreciation | (3,165,817) | (3,313,772) |
| Buildings, net | 2,365,361 | 2,453,273 |
| Structures | 314,880 | 350,998 |
| Accumulated depreciation | (197,172) | (210,115) |
| Structures, net | 117,708 | 140,882 |
| Machinery and equipment | 8,722,723 | 8,964,026 |
| Accumulated depreciation | (7,566,853) | (7,726,163) |
| Machinery and equipment, net | 1,155,870 | 1,237,862 |
| Vehicles | 61,048 | 56,759 |
| Accumulated depreciation | (54,767) | (52,294) |
| Vehicles, net | 6,281 | 4,465 |
| Tools, furniture and fixtures | 1,462,893 | 1,459,126 |
| Accumulated depreciation | (1,362,591) | (1,373,308) |
| Tools, furniture and fixtures, net | 100,301 | 85,817 |
| Land | 904,808 | 904,808 |
| Construction in progress | 11,964 | 24,275 |
| Leased assets | 7,506 | 11,400 |
| Accumulated depreciation | (6,821) | (7,895) |
| Leased assets, net | 684 | 3,505 |
| Total property, plant and equipment | 4,662,980 | 4,854,889 |
| Intangible assets | | |
| Software | 97,524 | 78,922 |
| Telephone subscription right | 4,132 | 4,132 |
| Total intangible assets | 101,657 | 83,055 |

(Thousand yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Investments and other assets | | |
| Investment securities | 2,186,755 | 1,942,568 |
| Long-term loans receivable from employees | 947 | 447 |
| Long-term prepaid expenses | 321 | 612 |
| Prepaid pension costs | 122,989 | 120,601 |
| Leasehold and guarantee deposits | 31,556 | 31,066 |
| Business insurance funds | 34 | 44 |
| Total investments and other assets | 2,342,604 | 2,095,340 |
| Total non-current assets | 7,107,242 | 7,033,285 |
| Total assets | 17,190,716 | 17,124,855 |
| Liabilities | | |
| Current liabilities | | |
| Electronically recorded obligations - operating | 481,083 | 388,001 |
| Accounts payable - trade | 1,156,850 | 1,561,690 |
| Short-term borrowings | 400,000 | 400,000 |
| Current portion of long-term borrowings | 214,392 | 214,392 |
| Electronically recorded obligations - non-operating | 172,332 | 108,231 |
| Accounts payable - other | 432,820 | 403,465 |
| Accrued consumption taxes | 40,461 | 1,144 |
| Income taxes payable | 79,415 | 137,242 |
| Accrued expenses | 739 | 1,096 |
| Deposits received | 12,891 | 16,430 |
| Contract liabilities | 24,180 | 150 |
| Provision for bonuses | 249,300 | 235,570 |
| Provision for bonuses for directors (and other officers) | 29,651 | 22,272 |
| Provision for share awards for directors (and other officers) | 5,101 | 3,791 |
| Lease liabilities | 684 | 778 |
| Other | 616 | 1,879 |
| Total current liabilities | 3,300,519 | 3,496,139 |
| Non-current liabilities | | |
| Long-term borrowings | 320,844 | 106,452 |
| Long-term accounts payable – other | 82,797 | 70,265 |
| Provision for share awards for directors (and other officers) | 2,186 | 4,424 |
| Long-term guarantee deposits | 85,270 | 85,291 |
| Asset retirement obligations | 61,122 | 61,188 |
| Deferred tax liabilities | 265,168 | 185,007 |
| Lease liabilities | — | 2,726 |
| Total non-current liabilities | 817,388 | 515,355 |
| Total liabilities | 4,117,908 | 4,011,494 |

(Thousand yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| 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 | 4,480,999 | 4,706,469 |
| Total other retained earnings | 9,580,999 | 9,806,469 |
| Total retained earnings | 9,786,809 | 10,012,279 |
| Treasury shares | (113,712) | (106,770) |
| Total shareholders' equity | 12,245,201 | 12,477,613 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 827,606 | 635,746 |
| Total valuation and translation adjustments | 827,606 | 635,746 |
| Total net assets | 13,072,807 | 13,113,360 |
| Total liabilities and net assets | 17,190,716 | 17,124,855 |

(2) Non-consolidated Statements of Income

(Thousand yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|--|---|---|
| Net sales | | |
| Net sales of finished goods | 7,529,800 | 7,405,514 |
| Net sales of goods | 2,709,600 | 2,671,063 |
| Total net sales | 10,239,400 | 10,076,578 |
| Cost of sales | | |
| Beginning finished goods inventory | 1,157,698 | 772,721 |
| Beginning merchandise inventory | 66,318 | 71,425 |
| Cost of products manufactured | 5,273,053 | 5,906,158 |
| Purchase of finished goods | 97,074 | 116,321 |
| Cost of purchased goods | 2,229,234 | 2,184,797 |
| Total | 8,823,380 | 9,051,425 |
| Ending finished goods inventory | 772,721 | 853,553 |
| Ending merchandise inventory | 71,425 | 66,291 |
| Transfer to other account | 60,544 | 77,404 |
| Total cost of sales | 7,918,688 | 8,054,175 |
| Gross profit | 2,320,711 | 2,022,402 |
| Selling, general and administrative expenses | 1,402,391 | 1,384,570 |
| Operating profit | 918,319 | 637,832 |
| Non-operating income | | |
| Interest income | 896 | 1,116 |
| Dividend income | 66,731 | 74,971 |
| Rental income | 7,492 | 5,641 |
| Other | 10,617 | 12,746 |
| Total non-operating income | 85,738 | 94,476 |
| Non-operating expenses | | |
| Interest expenses | 6,253 | 7,001 |
| Commitment fees | 5,504 | 5,499 |
| Other | 81 | 50 |
| Total non-operating expenses | 11,840 | 12,552 |
| Ordinary profit | 992,217 | 719,756 |
| Extraordinary losses | | |
| Loss on abandonment of non-current assets | 8,087 | 2,222 |
| Total extraordinary losses | 8,087 | 2,222 |
| Profit before income taxes | 984,129 | 717,534 |
| Income taxes - current | 241,000 | 241,800 |
| Income taxes - deferred | 41,222 | (27,833) |
| Total income taxes | 282,222 | 213,966 |
| Profit | 701,907 | 503,567 |

(3) Non-consolidated Statements of Changes in Equity

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 |

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 |

(4) Non-consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 984,129 | 717,534 |
| Depreciation | 608,930 | 655,778 |
| Interest and dividend income | (67,627) | (76,088) |
| Interest expenses | 6,253 | 7,001 |
| Decrease (increase) in prepaid pension costs | (47,123) | 2,387 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (28,247) | – |
| Increase (decrease) in provision for share awards for directors (and other officers) | 7,288 | 927 |
| Loss on abandonment of non-current assets | 8,087 | 2,222 |
| Decrease (increase) in trade receivables | (173,267) | 303,189 |
| Decrease (increase) in inventories | 213,514 | (55,169) |
| Decrease (increase) in other assets | 7,016 | 1,539 |
| Increase (decrease) in trade payables | (373,852) | 311,757 |
| Increase (decrease) in accrued consumption taxes | 20,153 | (39,316) |
| Increase (decrease) in other liabilities | (36,631) | (38,875) |
| Subtotal | 1,128,624 | 1,792,887 |
| Interest and dividends received | 67,627 | 76,088 |
| Interest paid | (6,501) | (6,638) |
| Income taxes paid | (404,632) | (185,662) |
| Net cash provided by (used in) operating activities | 785,118 | 1,676,675 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (392,773) | (895,760) |
| Loan advances | (1,000) | – |
| Proceeds from collection of loans receivable | 52 | 500 |
| Purchase of intangible assets | (5,765) | (30,857) |
| Decrease (increase) in investments and other assets | 583 | 480 |
| Net cash provided by (used in) investing activities | (398,902) | (925,637) |
| Cash flows from financing activities | | |
| Repayments of long-term borrowings | (220,892) | (214,392) |
| Purchase of treasury shares | (94,345) | (41) |
| Proceeds from sale of treasury shares | 94,224 | – |
| Repayments of lease liabilities | (934) | (1,073) |
| Dividends paid | (287,981) | (277,584) |
| Net cash provided by (used in) financing activities | (509,929) | (493,090) |
| Net increase (decrease) in cash and cash equivalents | (123,712) | 257,947 |
| Cash and cash equivalents at beginning of period | 3,508,317 | 3,384,604 |
| Cash and cash equivalents at end of period | 3,384,604 | 3,642,551 |

(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 | 772,721 | 853,553 |
| Work in process | 1,567,034 | 1,566,015 |

(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 113,474 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 | 265,168 | 185,007 |

(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, 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.

For the fiscal year under review (from 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.

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

Not applicable.

(Per share information)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|--------------------------------|---|---|
| Net assets per share (yen) | 1,095.31 | 1,097.65 |
| Basic earnings per share (yen) | 58.81 | 42.16 |

(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 (156,000 shares for the previous fiscal year; 144,438 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 (91,000 shares for the previous fiscal year; 147,329 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, 2024 | For the fiscal year ended March 31, 2025 |
|--|---|---|
| Basic earnings per share | | |
| Profit (Thousand yen) | 701,907 | 503,567 |
| Amount not attributable to common shareholders (Thousand yen) | — | — |
| Profit relating to common shares (Thousand yen) | 701,907 | 503,567 |
| Average number of common shares outstanding during the period (Shares) | 11,935,379 | 11,943,869 |

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

| Item | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Total net assets (Thousand yen) | 13,072,807 | 13,113,360 |
| Net assets relating to common shares at the end of the year (Thousand yen) | 13,072,807 | 13,113,360 |
| Number of common shares at the end of the year used to calculate net assets per share (Shares) | 11,935,239 | 11,946,723 |

(Significant subsequent events)

Not applicable.