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Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 1, 2023

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, Accounting Department
 Phone: +81-72-238-3641
 Scheduled date of annual general shareholders' meeting: June 16, 2023
 Scheduled date of commencing dividend payments: June 19, 2023
 Scheduled date of filing securities report: June 19, 2023
 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, 2023 (April 1, 2022 - March 31, 2023)

(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, 2023	10,733	7.6	1,102	13.4	1,177	14.5	835	24.3
March 31, 2022	9,979	15.3	972	167.7	1,028	133.7	672	144.7

	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, 2023	69.99	–	6.9	7.0	10.3
March 31, 2022	56.29	–	5.8	6.3	9.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥ – million
 Fiscal year ended March 31, 2022: ¥ – 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, 2023	16,895	12,394	73.4	1,038.39
As of March 31, 2022	16,534	11,786	71.3	987.52

(Reference) Equity: As of March 31, 2023: ¥12,394 million
 As of March 31, 2022: ¥11,786 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, 2023	939	(267)	(521)	3,508
March 31, 2022	1,640	(561)	(397)	3,358

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, 2022	–	8.00	–	12.00	20.00	239	35.5	2.0
Fiscal year ended March 31, 2023	–	10.00	–	13.00	23.00	275	32.9	2.2
Fiscal year ending March 31, 2024 (Forecast)	–	11.00	–	13.00	24.00		34.1	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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	5,240	(1.1)	540	(0.3)	560	(2.1)	400	1.0	33.51
Full year	10,700	(0.3)	1,130	2.5	1,180	0.2	840	0.6	70.38

* 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, 2023: 12,135,695 shares

March 31, 2022: 12,135,695 shares

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

March 31, 2023: 200,238 shares

March 31, 2022: 200,238 shares

3) Average number of shares during the year:

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

Year ended March 31, 2022: 11,935,493 shares

* 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.

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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 moved toward normalization with the ease of movement restrictions due to COVID-19, leading to gradual recovery of consumer spending with an increase in consumption activities. However, there was a global tight supply of electronic components and materials including semiconductors, and this shortage has continued up to today. Amid such a situation, the Japanese economy was uncertain and unpredictable due to the prolonged situation of Russia's incursion into Ukraine, hikes in prices of raw materials and energy, and anxiety about rising prices due to rapid exchange fluctuations and other concerns.

Under these circumstances, the Company conducted active sales activities in each segment while reviewing the selling prices in response to hikes in prices of raw materials and energy. As a result, net sales of the Company's businesses as a whole increased by 7.6% year on year to 10,733,137 thousand yen. As for profit and loss, operating profit increased by 13.4% year on year to 1,102,363 thousand yen, ordinary profit increased by 14.5% year on year to 1,177,302 thousand yen, and profit increased by 24.3% year on year to 835,360 thousand yen, recording an increase in both revenue and profit.

An overview of the business results by segment is as follows. In the Ceramics Business, net sales increased by 7.4% year on year to 8,181,672 thousand yen because of active sales activities as mentioned above, along with reviewing of selling prices. Segment profit increased by 10.4% year on year to 985,269 thousand yen thanks to improved factory utilization rates in response to robust performance in orders received. In the Engineering Business, net sales increased by 8.2% year on year to 2,551,465 thousand yen thanks to favorable business conditions supported by the active market of semiconductors and electronic component-related and other products. Segment profit increased by 46.7% year on year to 117,094 thousand yen, recording a significant increase in revenue.

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 6.9%, falling short of the target, but EPS of 69.99 yen, surpassing the target.

(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 2.2% compared to the end of the previous fiscal year to 16,894,948 thousand yen. As for the breakdown, current assets increased by 6.7% compared to the end of the previous fiscal year to 10,253,516 thousand yen and non-current assets decreased by 4.1% compared to the end of the previous fiscal year to 6,641,431 thousand yen. The increase in current assets is mainly due to increases in trade receivables and orders received, as well as an increase in inventories resulting from an increase in value associated with hikes in prices of raw materials and other supplies. The decrease in non-current assets is mainly due to depreciation of property, plant and equipment and intangible assets.

On the other hand, liabilities decreased by 5.2% compared to the end of the previous fiscal year to 4,501,334 thousand yen. As for the breakdown, current liabilities decreased by 1.7% compared to the end of the previous fiscal year to 3,604,874 thousand yen and non-current liabilities decreased by 16.9% compared to the end of the previous fiscal year to 896,459 thousand yen. The decrease in current liabilities is mainly due to repayment of current portion of long-term borrowings. The decrease in non-current liabilities is mainly due to repayment of long-term borrowings.

Finally, net assets increased by 5.2% compared to the end of the previous fiscal year to 12,393,613 thousand yen. As for the breakdown, retained earnings increased by 6.5% compared to the end of the previous fiscal year to 9,373,069 thousand yen and valuation and translation adjustments increased by 6.5% compared to the end of the previous fiscal year to 562,030 thousand yen. The increase in retained earnings is due to an increase in retained earnings brought forward from accumulated retained earnings in the fiscal year under review. The increase in valuation and translation adjustments is due to an increase in valuation difference on available-for-sale securities resulting from an upturn 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	1,639,569	938,735	(700,833)
Net cash provided by (used in) investing activities	(561,298)	(267,216)	294,081
Net cash provided by (used in) financing activities	(396,858)	(521,086)	(124,228)
Cash and cash equivalents at end of period	3,357,885	3,508,317	150,432
Borrowings at end of period	1,413,020	1,156,128	(256,892)

Cash and cash equivalents at the end of the fiscal year under review increased by 150,432 thousand yen compared to the end of the previous fiscal year to 3,508,317 thousand yen.

In terms of cash flows from operating activities, profit before income taxes increased by 164,663 thousand yen year on year to 1,174,797 thousand yen as a result of the review of selling prices in response to hikes in prices of raw materials and other supplies. Meanwhile, an outflow from inventories increased by 377,356 thousand yen year on year to 374,335 thousand yen. In addition, an outflow from income taxes paid increased by 176,303 thousand yen year on year to 341,384 thousand yen. As a result, net cash provided by operating activities decreased by 700,833 thousand yen year on year to 938,735 thousand yen.

In terms of cash flows from investing activities, although the Company continued investments designed to rationalize production, because there was no large-scale facility investment or renewals, an outflow from purchase of property, plant and equipment decreased by 267,689 thousand yen year on year to 262,381 thousand yen. As a result, net cash used in investing activities decreased by 294,081 thousand yen year on year to 267,216 thousand yen.

In terms of cash flows from financing activities, an outflow from repayments of long-term borrowings increased by 17,000 thousand yen year on year to 256,892 thousand yen, and an outflow from dividends paid increased by 107,307 thousand yen year on year to 262,693 thousand yen. As a result, net cash used in financing activities increased by 124,228 thousand yen year on year to 521,086 thousand yen.

(4) Future Outlook

With movement restrictions due to COVID-19, these three years have served as a warning, prompting us to be aware that a key factor for sustainable growth of companies is how they approach social and environmental issues. In addition, a variety of circumstances in these years have been complicatedly affected by each other, including risks of splitting of the world caused by the prolonged situation of Russia's incursion into Ukraine and the worsened relationship between China and the U.S., hikes of the prices of energy and raw materials due to such situations, and rapid exchange fluctuations. As a result, outlook of the Company is very unpredictable. Under this background, on one hand, the Company forecasts that our businesses will be challenging in the short term due to current production adjustments of the electronic components industry, which is our main sales destination; on the other hand, the Company expects to have a certain favorable effect due to a decrease in some energy prices that have been rising and due to an increase in selling prices of our products, which we have been working on consistently. In addition to this effort, we will continue to strive to improve production efficiency. Meanwhile, considering investment in human resources as important for addressing social and environmental issues and as essential for enhancing the corporate value, the Company will use the majority of the cash flow for human resources investment as well as environment investment.

(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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,357,885	3,508,317
Notes receivable - trade	487,858	423,986
Electronically recorded monetary claims - operating	783,950	775,680
Accounts receivable - trade	2,185,131	2,385,352
Contract assets	1,353	-
Merchandise	59,574	66,318
Finished goods	1,035,252	1,157,698
Raw materials	181,501	322,022
Work in process	1,296,821	1,377,766
Supplies	181,101	204,781
Suspense payments	11,013	1,281
Accounts receivable - other	4,755	5,053
Prepaid expenses	20,484	20,856
Advance payments	-	4,400
Total current assets	9,606,685	10,253,516
Non-current assets		
Property, plant and equipment		
Buildings	5,352,253	5,424,918
Accumulated depreciation	(2,936,006)	(3,107,642)
Buildings, net	2,416,247	2,317,275
Structures	306,829	310,060
Accumulated depreciation	(171,892)	(184,375)
Structures, net	134,936	125,684
Machinery and equipment	8,428,396	8,488,654
Accumulated depreciation	(7,163,423)	(7,410,572)
Machinery and equipment, net	1,264,972	1,078,082
Vehicles	59,174	59,176
Accumulated depreciation	(55,681)	(56,435)
Vehicles, net	3,492	2,740
Tools, furniture and fixtures	1,408,801	1,454,585
Accumulated depreciation	(1,295,092)	(1,332,957)
Tools, furniture and fixtures, net	113,709	121,628
Land	904,808	904,808
Construction in progress	17,440	33,321
Leased assets	7,506	7,506
Accumulated depreciation	(4,386)	(5,887)
Leased assets, net	3,119	1,618
Total property, plant and equipment	4,858,727	4,585,160
Intangible assets		
Software	91,450	143,778
Software in progress	93,615	-
Telephone subscription right	4,132	4,132
Total intangible assets	189,198	147,911

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	1,754,621	1,799,028
Long-term prepaid expenses	2,634	1,291
Prepaid pension costs	87,472	75,865
Leasehold and guarantee deposits	34,372	32,148
Business insurance funds	18	26
Total investments and other assets	1,879,119	1,908,359
Total non-current assets	6,927,044	6,641,431
Total assets	16,533,730	16,894,948
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	434,796	426,421
Accounts payable - trade	1,524,689	1,585,364
Short-term borrowings	400,000	400,000
Current portion of long-term borrowings	256,892	220,892
Electronically recorded obligations - non-operating	52,318	63,066
Accounts payable - other	279,966	320,722
Accrued consumption taxes	171,067	20,308
Income taxes payable	228,015	225,961
Accrued expenses	714	722
Deposits received	17,516	17,880
Contract liabilities	6,109	2,317
Provision for bonuses	266,300	286,870
Provision for bonuses for directors (and other officers)	28,385	33,414
Lease liabilities	1,501	934
Total current liabilities	3,668,272	3,604,874
Non-current liabilities		
Long-term borrowings	756,128	535,236
Provision for retirement benefits for directors (and other officers)	95,022	111,044
Long-term guarantee deposits	67,577	86,643
Asset retirement obligations	60,992	61,056
Deferred tax liabilities	97,658	101,794
Lease liabilities	1,618	684
Total non-current liabilities	1,078,997	896,459
Total liabilities	4,747,269	4,501,334

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
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	137,017
Total capital surplus	1,225,438	1,225,438
Retained earnings		
Legal retained earnings	205,810	205,810
Other retained earnings		
General reserve	5,100,000	5,100,000
Retained earnings brought forward	3,494,478	4,067,259
Total other retained earnings	8,594,478	9,167,259
Total retained earnings	8,800,288	9,373,069
Treasury shares	(87,665)	(87,665)
Total shareholders' equity	11,258,802	11,831,583
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	527,657	562,030
Total valuation and translation adjustments	527,657	562,030
Total net assets	11,786,460	12,393,613
Total liabilities and net assets	16,533,730	16,894,948

(2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of finished goods	7,620,378	8,181,672
Net sales of goods	2,358,396	2,551,465
Total net sales	9,978,775	10,733,137
Cost of sales		
Beginning finished goods inventory	1,246,648	1,035,252
Beginning merchandise inventory	60,059	59,574
Cost of products manufactured	5,320,258	6,039,738
Purchase of finished goods	181,978	154,966
Cost of purchased goods	2,034,413	2,135,704
Total	8,843,358	9,425,236
Ending finished goods inventory	1,035,252	1,157,698
Ending merchandise inventory	59,574	66,318
Transfer to other account	103,704	55,560
Total cost of sales	7,644,827	8,145,658
Gross profit	2,333,947	2,587,479
Selling, general and administrative expenses	1,361,778	1,485,115
Operating profit	972,169	1,102,363
Non-operating income		
Interest income	1,169	1,029
Dividend income	51,396	61,047
Rental income	7,082	7,622
Insurance claim income	-	10,106
Other	12,008	9,892
Total non-operating income	71,657	89,698
Non-operating expenses		
Interest expenses	9,379	7,754
Commitment fees	5,795	5,499
Other	736	1,505
Total non-operating expenses	15,911	14,759
Ordinary profit	1,027,914	1,177,302
Extraordinary losses		
Loss on abandonment of non-current assets	1,008	2,505
Loss on sale of non-current assets	16,772	-
Total extraordinary losses	17,780	2,505
Profit before income taxes	1,010,133	1,174,797
Income taxes - current	291,000	351,000
Income taxes - deferred	47,249	(11,563)
Total income taxes	338,249	339,436
Profit	671,884	835,360

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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				
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	2,977,755	8,283,565	(87,585)	10,742,159
Changes during period						
Dividends of surplus			(155,161)	(155,161)		(155,161)
Profit			671,884	671,884		671,884
Purchase of treasury shares					(79)	(79)
Net changes in items other than shareholders' equity						
Total changes during period	-	-	516,723	516,723	(79)	516,643
Balance at end of period	205,810	5,100,000	3,494,478	8,800,288	(87,665)	11,258,802

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	687,806	687,806	11,429,965
Changes during period			
Dividends of surplus			(155,161)
Profit			671,884
Purchase of treasury shares			(79)
Net changes in items other than shareholders' equity	(160,148)	(160,148)	(160,148)
Total changes during period	(160,148)	(160,148)	356,494
Balance at end of period	527,657	527,657	11,786,460

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				
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						
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			
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

(4) Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,010,133	1,174,797
Depreciation	683,430	628,768
Interest and dividend income	(52,566)	(62,077)
Interest expenses	9,379	7,754
Loss (gain) on sale of investment securities	(1,172)	(575)
Decrease (increase) in prepaid pension costs	4,343	11,607
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(82,597)	16,021
Loss on abandonment of non-current assets	1,008	2,505
Insurance claim income	-	(10,106)
Decrease (increase) in trade receivables	(502,543)	(126,724)
Decrease (increase) in inventories	3,021	(374,335)
Decrease (increase) in other assets	(28,410)	5,910
Increase (decrease) in trade payables	541,409	52,300
Increase (decrease) in accrued consumption taxes	44,437	(150,759)
Loss (gain) on sale of non-current assets	16,772	-
Increase (decrease) in other liabilities	114,233	40,502
Subtotal	1,760,879	1,215,588
Interest and dividends received	52,566	62,077
Interest paid	(8,794)	(7,652)
Income taxes paid	(165,081)	(341,384)
Proceeds from insurance income	-	10,106
Net cash provided by (used in) operating activities	1,639,569	938,735
Cash flows from investing activities		
Purchase of property, plant and equipment	(530,071)	(262,381)
Proceeds from sale of property, plant and equipment	28,351	-
Purchase of investment securities	(418)	-
Proceeds from sale of investment securities	1,853	6,241
Purchase of intangible assets	(87,987)	(13,292)
Decrease (increase) in investments and other assets	26,973	2,215
Net cash provided by (used in) investing activities	(561,298)	(267,216)
Cash flows from financing activities		
Repayments of long-term borrowings	(239,892)	(256,892)
Purchase of treasury shares	(79)	-
Repayments of lease liabilities	(1,501)	(1,501)
Dividends paid	(155,385)	(262,693)
Net cash provided by (used in) financing activities	(396,858)	(521,086)
Net increase (decrease) in cash and cash equivalents	681,413	150,432
Cash and cash equivalents at beginning of period	2,676,471	3,357,885
Cash and cash equivalents at end of period	3,357,885	3,508,317

(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	1,035,252	1,157,698
Work in process	1,296,821	1,377,766

(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 71,209 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	97,658	101,794

(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, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segment			Adjustment	Amount recorded in Non-consolidated Financial Statements
	Ceramics Business	Engineering Business	Total		
Net sales					
Net sales to outside customers	7,620,378	2,358,396	9,978,775	-	9,978,775
Inter-segment net sales or transfers	-	-	-	-	-
Total	7,620,378	2,358,396	9,978,775	-	9,978,775
Segment profit	892,372	79,796	972,169	-	972,169
Segment assets	11,350,767	1,623,897	12,974,664	3,559,065	16,533,730
Other items					
Depreciation	676,212	7,217	683,430	-	683,430
Increase in property, plant and equipment, and intangible assets	356,500	5,010	361,510	-	361,510

(Notes) 1. The adjustment in segment assets of 3,559,065 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, 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.

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

Not applicable.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share (yen)	987.52	1,038.39
Basic earnings per share (yen)	56.29	69.99

(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, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit (Thousand yen)	671,884	835,360
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit relating to common shares (Thousand yen)	671,884	835,360
Average number of common shares outstanding during the period (Shares)	11,935,493	11,935,457

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

Item	As of March 31, 2022	As of March 31, 2023
Total net assets (Thousand yen)	11,786,460	12,393,613
Net assets relating to common shares at the end of the year (Thousand yen)	11,786,460	12,393,613
Number of common shares at the end of the year used to calculate net assets per share (Shares)	11,935,457	11,935,457

(Significant subsequent events)

Not applicable.