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Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [Japanese GAAP]

February 13, 2023

Company name: PILOT CORPORATION

Stock exchange listing: Tokyo

Securities code: 7846

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

Representative: Shu Itoh

Contact: Harunobu Terada

Phone: +81-3-3538-3700

Scheduled date of Annual General Meeting of Shareholders: March 30, 2023

Scheduled date of commencing dividend payments: March 31, 2023

Scheduled date of filing annual securities report: March 30, 2023

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: No

President and Representative Director
Accounting & Finance Department General Manager

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2022	112,850	9.5	21,244	9.9	22,633	11.2	15,773	10.5
December 31, 2021	103,057	18.3	19,325	36.7	20,362	41.8	14,270	43.7

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥ 18,417 million [9.8%]
Fiscal year ended December 31, 2021: ¥ 16,773 million [84.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2022	399.86	-	14.5	15.1	18.8
December 31, 2021	361.81	-	15.2	15.3	18.8

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	156,542	117,989	74.5	2,954.51
December 31, 2021	143,155	102,348	70.6	2,562.01

(Reference) Equity: As of December 31, 2022: ¥ 116,553 million
As of December 31, 2021: ¥ 101,054 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2022	13,753	(5,350)	(8,370)	45,444
December 31, 2021	19,815	(3,598)	(7,965)	45,844

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2021	-	30.00	-	30.00	60.00	2,367	16.6	2.5
December 31, 2022	-	40.00	-	50.00	90.00	3,552	22.5	3.3
Fiscal year ending December 31, 2023 (Forecast)	-	50.00	-	50.00	100.00		24.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 01, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	115,000	1.9	22,000	3.6	23,000	1.6	16,000	1.4	405.58

(Note) Forecast for the first two quarters of fiscal year ending June 30, 2023 has not been made.

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 - New - (Company name:)
 - Exclusion: - (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - December 31, 2022: 41,814,400 shares
 - December 31, 2021: 41,814,400 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2022: 2,364,966 shares
 - December 31, 2021: 2,371,090 shares
 - 3) Average number of shares during the period:
 - Fiscal Year ended December 31, 2022: 39,447,805 shares
 - Fiscal Year ended December 31, 2021: 39,443,368 shares

(Note) The number of shares of treasury stock at the end of the period includes the Company's shares held by the BIP (Board Incentive Plan) trust (As of December 31, 2022: 18,827 shares, As of December 31, 2021: 9,700 shares). In addition, these Company's shares are included in the treasury stock which is deducted from the number of shares outstanding when calculating the average number of shares during the period (As of December 31, 2022: 13,405 shares, As of December 31, 2021: 5,969 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	86,097	15.1	19,685	44.9	23,636	27.1	17,423	22.7
December 31, 2021	74,828	26.6	13,585	89.6	18,602	73.5	14,194	72.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	441.68	-
December 31, 2021	359.87	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	115,276	89,234	77.4	2,262.00
December 31, 2021	105,256	74,429	70.7	1,887.01

(Reference) Equity: As of December 31, 2022: ¥ 89,234 million

As of December 31, 2021: ¥ 74,429 million

* This financial result is not subjected to audit by certified public accountants or auditing firms.

* Explanation for the appropriate use of performance forecast and other special notes

- The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of December 31,2021	As of December 31,2022
Assets		
Current assets		
Cash and deposits	46,515	46,128
Notes and accounts receivable - trade	22,529	22,738
Merchandise and finished goods	16,539	21,354
Work in process	5,912	6,922
Raw materials and supplies	3,469	4,558
Other	4,019	4,987
Allowance for doubtful accounts	(70)	(84)
Total current assets	98,916	106,606
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,703	27,243
Accumulated depreciation	(14,036)	(14,956)
Buildings and structures, net	11,667	12,286
Machinery, equipment and vehicles	36,921	37,266
Accumulated depreciation	(31,067)	(31,579)
Machinery, equipment and vehicles, net	5,853	5,687
Other	19,057	20,221
Accumulated depreciation	(16,733)	(17,596)
Other, net	2,324	2,624
Land	7,627	7,549
Construction in progress	745	2,874
Total property, plant and equipment	28,217	31,023
Intangible assets		
Leasehold interests in land	5,355	5,355
Other	957	913
Total intangible assets	6,312	6,268
Investments and other assets		
Investment securities	3,965	5,728
Deferred tax assets	2,499	4,421
Retirement benefit asset	2,490	1,635
Other	809	891
Allowance for doubtful accounts	(56)	(32)
Total investments and other assets	9,708	12,643
Total non-current assets	44,239	49,936
Total assets	143,155	156,542

(Million yen)

	As of December 31,2021	As of December 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,161	14,354
Short-term borrowings	2,718	4,441
Current portion of long-term borrowings	6,650	8
Accrued expenses	3,703	2,755
Income taxes payable	4,898	4,691
Provision for sales returns	133	-
Provision for bonuses	829	665
Provision for bonuses for directors (and other officers)	74	77
Provision for environmental measures	-	266
Provision for share awards for directors (and other officers)	18	-
Other	5,939	9,531
Total current liabilities	39,126	36,792
Non-current liabilities		
Long-term borrowings	41	16
Deferred tax liabilities	4	85
Provision for retirement benefits for directors (and other officers)	114	119
Provision for environmental measures	1	49
Provision for share awards for directors (and other officers)	-	24
Retirement benefit liability	781	670
Other	736	794
Total non-current liabilities	1,680	1,760
Total liabilities	40,807	38,552
Net assets		
Shareholders' equity		
Share capital	2,340	2,340
Capital surplus	7,914	7,923
Retained earnings	106,389	119,401
Treasury shares	(10,871)	(10,858)
Total shareholders' equity	105,773	118,806
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	409	659
Foreign currency translation adjustment	(5,621)	(2,587)
Remeasurements of defined benefit plans	493	(324)
Total accumulated other comprehensive income	(4,719)	(2,252)
Non-controlling interests	1,294	1,436
Total net assets	102,348	117,989
Total liabilities and net assets	143,155	156,542

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Net sales	103,057	112,850
Cost of sales	48,864	52,738
Gross profit	54,193	60,112
Selling, general and administrative expenses	34,867	38,867
Operating profit	19,325	21,244
Non-operating income		
Interest income	87	320
Dividend income	178	271
Amortization of negative goodwill	119	-
Foreign exchange gains	586	705
Other	270	274
Total non-operating income	1,243	1,571
Non-operating expenses		
Interest expenses	105	110
Sales discounts	61	-
Other	39	72
Total non-operating expenses	206	183
Ordinary profit	20,362	22,633
Extraordinary income		
Gain on sale of non-current assets	14	492
Gain on sale of investment securities	0	1
Gain on refund of PIS/COFINS (two social contributions due by companies and based on their gross income)	217	-
Total extraordinary income	231	493
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	10	117
Impairment losses	9	-
Loss on sale of golf club membership	0	-
Environmental expenses	-	369
Expenses on dismantlement of noncurrent assets	28	-
Cost of corrective measures for product defects	42	-
Total extraordinary losses	92	487
Profit before income taxes	20,501	22,638
Income taxes - current	7,242	8,303
Income taxes - deferred	(1,100)	(1,520)
Total income taxes	6,142	6,782
Profit	14,359	15,855
Profit attributable to non-controlling interests	88	82
Profit attributable to owners of parent	14,270	15,773

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Profit	14,359	15,855
Other comprehensive income		
Valuation difference on available-for-sale securities	287	253
Foreign currency translation adjustment	1,784	3,115
Remeasurements of defined benefit plans, net of tax	341	(807)
Total other comprehensive income	2,414	2,561
Comprehensive income	16,773	18,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,582	18,240
Comprehensive income attributable to non-controlling interests	191	177

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2021

(Million yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	2,340	7,914	103,577	(20,061)	93,771
Changes during period					
Dividends of surplus			(2,268)		(2,268)
Profit attributable to owners of parent			14,270		14,270
Purchase of treasury shares				(34)	(34)
Disposal of treasury shares			(10)	44	33
Cancellation of treasury shares			(9,179)	9,179	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,812	9,189	12,001
Balance at end of period	2,340	7,914	106,389	(10,871)	105,773

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	126	(7,306)	149	(7,030)	1,133	87,873
Changes during period						
Dividends of surplus						(2,268)
Profit attributable to owners of parent						14,270
Purchase of treasury shares						(34)
Disposal of treasury shares						33
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	282	1,685	343	2,311	160	2,472
Total changes during period	282	1,685	343	2,311	160	14,474
Balance at end of period	409	(5,621)	493	(4,719)	1,294	102,348

For the fiscal year ended December 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,340	7,914	106,389	(10,871)	105,773
Changes during period					
Dividends of surplus			(2,762)		(2,762)
Profit attributable to owners of parent			15,773		15,773
Purchase of treasury shares				(78)	(78)
Disposal of treasury shares		8		91	99
Net changes in items other than shareholders' equity					
Total changes during period	-	8	13,011	13	13,032
Balance at end of period	2,340	7,923	119,401	(10,858)	118,806

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	409	(5,621)	493	(4,719)	1,294	102,348
Changes during period						
Dividends of surplus						(2,762)
Profit attributable to owners of parent						15,773
Purchase of treasury shares						(78)
Disposal of treasury shares						99
Net changes in items other than shareholders' equity	250	3,033	(817)	2,466	142	2,608
Total changes during period	250	3,033	(817)	2,466	142	15,641
Balance at end of period	659	(2,587)	(324)	(2,252)	1,436	117,989

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Cash flows from operating activities		
Profit before income taxes	20,501	22,638
Depreciation	3,679	3,822
Impairment losses	9	-
Amortization of negative goodwill	(119)	-
Retirement benefit expenses	(66)	(196)
Increase (decrease) in provision for bonuses	102	(210)
Increase (decrease) in provision for bonuses for directors (and other officers)	23	2
Increase (decrease) in provision for share awards for directors (and other officers)	18	16
Increase (decrease) in allowance for doubtful accounts	(53)	(17)
Increase (decrease) in retirement benefit liability	31	3
Interest and dividend income	(266)	(591)
Interest expenses	105	110
Loss (gain) on sale of non-current assets	(13)	(491)
Loss on retirement of non-current assets	10	117
Loss (gain) on sale of investment securities	(0)	(1)
Environmental expenses	-	369
Decrease (increase) in trade receivables	(2,913)	1,403
Decrease (increase) in inventories	(2,168)	(4,632)
Increase (decrease) in trade payables	4,406	50
Other, net	(602)	(132)
Subtotal	22,683	22,261
Interest and dividends received	256	607
Interest paid	(106)	(109)
Payments for environmental expenses	-	(55)
Income taxes paid	(3,018)	(8,950)
Net cash provided by (used in) operating activities	19,815	13,753
Cash flows from investing activities		
Payments into time deposits	(180)	(10,380)
Proceeds from withdrawal of time deposits	130	10,380
Purchase of property, plant and equipment	(3,313)	(4,316)
Proceeds from sale of property, plant and equipment	26	657
Purchase of intangible assets	(262)	(197)
Purchase of investment securities	-	(1,411)
Proceeds from sale of investment securities	0	5
Other, net	0	(87)
Net cash provided by (used in) investing activities	(3,598)	(5,350)

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,304)	1,350
Repayments of lease liabilities	(231)	(269)
Proceeds from long-term borrowings	40	-
Repayments of long-term borrowings	(3,173)	(6,667)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	-	11
Dividends paid	(2,264)	(2,760)
Dividends paid to non-controlling interests	(30)	(35)
Net cash provided by (used in) financing activities	(7,965)	(8,370)
Effect of exchange rate change on cash and cash equivalents	(131)	(430)
Net increase (decrease) in cash and cash equivalents	8,119	(399)
Cash and cash equivalents at beginning of period	37,724	45,844
Cash and cash equivalents at end of period	45,844	45,444