

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on February 3, 2023 at 15:00 (GMT+9) and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

Member of the Financial Accounting Standards Foundation



February 3, 2023

CONSOLIDATED FINANCIAL RESULTS for the Year Ended December 31, 2022 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**
Listing: Prime Market of the Tokyo Stock Exchange
Securities identification code: 5214
URL: <https://www.neg.co.jp/>
Representative: Akira Kishimoto, President
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TEL: +81-77-537-1700 (from overseas)

Scheduled date of ordinary general meeting of shareholders: March 30, 2023
Scheduled date to commence dividend payments: March 31, 2023
Scheduled date to file securities report: March 31, 2023
Supplementary material on financial results: Yes
Financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the year ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

For the year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
December 31, 2022	324,634	11.2	26,184	(20.1)	34,058	(24.3)	28,167	0.9
December 31, 2021	292,033	20.2	32,779	85.6	44,979	135.4	27,904	83.0

Note: Comprehensive income:

For the year ended December 31, 2022: 40,773 million yen [(4.9%)]
For the year ended December 31, 2021: 42,847 million yen [325.0%]

	Earnings per share	Diluted Earnings per share	Earnings/equity	Ordinary profit/total assets	Operating profit/net sales
For the year ended	yen	yen	%	%	%
December 31, 2022	302.76	-	5.5	4.7	8.1
December 31, 2021	290.98	-	5.8	6.6	11.2

Note: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the fiscal year ended December 31, 2022, and relevant figures for the fiscal year ended December 31, 2022 are after the application of said accounting standard and others.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2022	747,907	528,912	70.1	5,635.52
December 31, 2021	698,129	499,742	70.9	5,321.77

Reference: Equity:

As of December 31, 2022: 524,344 million yen

As of December 31, 2021: 495,070 million yen

Note: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the fiscal year ended December 31, 2022, and relevant figures for the fiscal year ended December 31, 2022 are after the application of said accounting standard and others.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
For the year ended				
December 31, 2022	31,563	(57,155)	(5,874)	106,862
December 31, 2021	69,881	(31,754)	(29,178)	134,723

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
For the year ended	yen	yen	yen	yen	yen		%	%
December 31, 2021	-	50.00	-	60.00	110.00	10,414	37.8	2.2
December 31, 2022	-	60.00	-	60.00	120.00	11,165	39.6	2.2
For the year ending December 31, 2023 (Forecasts)	-	60.00	-	60.00	120.00	—	139.6	—

3. Consolidated earnings forecasts for the year ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
		%		%		%		%	yen
For the six months ending June 30, 2023	160,000	(7.4)	3,000	(84.3)	3,000	(89.9)	2,000	(91.8)	21.50
For the year ending December 31, 2023	340,000	4.7	10,000	(61.8)	10,000	(70.6)	8,000	(71.6)	85.98

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

A. Changes in accounting policies due to revisions to accounting standards: Yes

B. Changes in accounting policies due to other reasons: None

C. Changes in accounting estimates: None

D. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common stock)

A. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2022	99,523,246 shares
As of December 31, 2021	99,523,246 shares

B. Number of treasury shares at the end of the period

As of December 31, 2022	6,480,511 shares
As of December 31, 2021	6,495,982 shares

C. Average number of shares during the period

For the year ended December 31, 2022	93,038,038 shares
For the year ended December 31, 2021	95,898,604 shares

SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS (Reference)

**Non-consolidated performance for the year ended December 31, 2022
(From January 1, 2022 to December 31, 2022)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
		%		%		%		%
For the year ended								
December 31, 2022	146,180	(5.2)	6,238	(75.5)	16,774	(53.5)	16,817	(17.8)
December 31, 2021	154,144	34.0	25,505	378.9	36,042	218.4	20,447	45.1

	Earnings per share	Diluted Earnings per share
For the year ended	yen	yen
December 31, 2022	180.76	-
December 31, 2021	213.22	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	Yen
December 31, 2022	576,633	426,199	73.9	4,580.68
December 31, 2021	577,704	423,252	73.3	4,549.77

Reference: Equity:

As of December 31, 2022: 426,199 million yen

As of December 31, 2021: 423,252 million yen

* This financial results report is exempt from review by Certified Public Accountants or Audit firm.

* Proper use of earnings forecasts, and other special directions
(Proper use of earnings forecasts)

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and its subsidiaries (“the Company Group”) and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “(iii) Outlook for the year ending December 31, 2023 of (1) Overview of operating results in Operating results and financial position” on page 6.

Operating results and financial position

(1) Overview of operating results

(i) Overview of the fiscal year under review (from January 1, 2022 to December 31, 2022)

Under the COVID-19 pandemic, normalization of socioeconomic activities proceeded around the world, but the situation remained unpredictable due to inflation, supply constraints, etc. affecting the global economy, as well as leading to rising prices coupled with the rapid depreciation of the yen in Japan.

Under these circumstances, net sales for the fiscal year ended December 31, 2022 (from January 1 to December 31, 2022) exceeded those of the previous fiscal year (from January 1 to December 31, 2021). In terms of profit/loss, operating profit and ordinary profit were lower than those of the previous fiscal year, but profit attributable to owners of parent exceeded the result in the previous fiscal year.

As a change in accounting policy, “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the fiscal year ended December 31, 2022.

(ii) Operating results for the fiscal year under review

(Billions of yen)

	Year ended December 31, 2021	Year ended December 31, 2022	Change (%)
Net sales	292.0	324.6	11
Operating profit	32.7	26.1	(20)
Ordinary profit	44.9	34.0	(24)
Profit attributable to owners of parent	27.9	28.1	1

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Year ended December 31, 2021		Year ended December 31, 2022		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	154.5	53	148.7	46	(5.7)	(4)
	Performance Materials and Others	137.4	47	175.8	54	38.3	28
Total		292.0	100	324.6	100	32.6	11

Note: Amounts less than 100 million yen are omitted.

Electronics and Information Technology:

Sales of glass for flat panel displays (FPDs) were lower than those of the previous fiscal year, affected by customers’ production adjustments since the second quarter of the fiscal year (April 1 to June 30, 2022). Sales of glass for electronic devices exceeded those of the previous fiscal year due to strong demand, mainly for use in semiconductors and image sensors. As a result, sales in Electronics and Information Technology decreased compared to the previous fiscal year.

Performance Materials and Others:

From the beginning of the third quarter (from July 1 to September 30, 2022), glass fiber demand weakened mainly for high-performance resin used in auto parts, but sales were supported by revisions to product prices and the levying of surcharges for distribution and energy costs in addition to the weaker yen. Despite softening demand, the depreciation of the yen and other factors contributed to sales of glass tubing for pharmaceutical and medical use and heat-resistant glass in the fourth quarter of the fiscal year (October 1 to December 31, 2022). As a result, sales in Performance Materials and Others exceeded those of the previous fiscal year.

(Profit/loss)

With raw material and fuel prices and distribution expenses soaring, and the progressive weakening of the yen pushing up costs, we strengthened efforts to reduce expenses and improve productivity, and worked to recover costs by revising product prices and levying various surcharges. Nevertheless, the impact of rising costs due to lower capacity utilization rates mainly for glass for FPDs was significant, and operating profit fell below the levels in the previous fiscal year. In addition, ordinary profit was lower than that of the previous fiscal year mainly due to a decrease in foreign exchange gains attributable to revaluation of receivables and payables related to borrowings of overseas subsidiaries in non-operating income compared to the previous fiscal year. Meanwhile, due to the recording of extraordinary income on insurance claim income related to power outages at domestic plants in 2020, regarding which extraordinary loss was recorded in the previous fiscal year, profit attributable to owners of parent exceeded that of the previous fiscal year.

(iii) Outlook for the year ending December 31, 2023

(Billions of yen)

	Six months ending June 30, 2023	Year ending December 31, 2023
Net sales	160.0	340.0
Operating profit	3.0	10.0
Ordinary profit	3.0	10.0
Profit attributable to owners of parent	2.0	8.0

Notes: Amounts less than 100 million yen are omitted.

The outlook for the global economy is expected to remain uncertain mainly due to the impact of accelerating inflation and geopolitical risks, but a gradual recovery is forecast.

Although a gradual recovery is expected for glass for FPDs, especially in the Chinese market, we expect the first half of the year to be significantly affected by customers' production adjustments. In glass for electronic devices, we will promote expanding sales and commercializing products in development for our focus markets such as semiconductors and automobiles. Demand for glass fiber is expected to gradually recover, especially for the automobile-related market. Demand for glass tubing for pharmaceutical and medical use is expected to recover in the second half of the year. Demand for heat-resistant glass is expected to run its course, but sales are expected to remain firm.

In terms of profit/loss, further increases in raw material and fuel prices and other factors are expected to put pressure on profits. As well as continuing to reduce expenses, improve productivity, and tailor capacity utilization to demand trends, we will strive to maintain profitability by recovering costs through revising product prices and levying surcharges. At the same time, we will continue to steadily invest in growth for the future, including the development of new products and new manufacturing processes.

In light of the above outlook, the Company Group's forecasts for the fiscal year ending December 31, 2023 are as shown in the table above.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company Group and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors

that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets, exchange rates, and interest rates, rapid technological advancement in addition to spread of infection. Factors not mentioned here also could have a significant impact on business results.

(2) Overview of financial position

(i) Overview of consolidated financial position for the fiscal year under review

(Billions of yen)

	As of December 31, 2021	As of December 31, 2022	Change
Total assets	698.1	747.9	49.7
Liabilities	198.3	218.9	20.6
Net assets	499.7	528.9	29.1

Note: Amounts less than 100 million yen are omitted.

(Total assets)

Total assets at the end of this fiscal year increased by 49,778 million yen compared to the end of the previous fiscal year to 747,907 million yen. In current assets, the decrease in shipments caused merchandise and finished goods to increase. In addition, raw materials and supplies increased due to procurement in preparation for price hikes and supply chain disruptions. In non-current assets, total property, plant and equipment increased due to capital investments and the higher yen-equivalent value of assets denominated in foreign currencies by the weak yen, despite the progress of depreciation.

(Liabilities)

Total liabilities at the end of this fiscal year increased by 20,608 million yen compared to the end of the previous fiscal year to 218,995 million yen. In current liabilities, notes and accounts payable - trade increased due to an increase in purchases of raw materials and others, and short-term borrowings increased due to the transfer from long-term borrowings of those with repayment due within one year. Meanwhile, we redeemed bonds.

In non-current liabilities, long-term borrowings increased due to borrowings for capital investments at overseas subsidiaries and financing from our first ever green loan.

(Net assets)

Total net assets at the end of this fiscal year increased by 29,169 million yen compared to the end of the previous fiscal year to 528,912 million yen. Retained earnings increased due to the recording of profit attributable to owners of parent. Foreign currency translation adjustment increased due to depreciation in the yen exchange rate relative to major foreign currencies.

(ii) Overview of consolidated cash flows for the fiscal year under review

(Billions of yen)

	Year ended December 31, 2021	Year ended December 31, 2022	Change
Cash flows from operating activities	69.8	31.5	(38.3)
Cash flows from investing activities	(31.7)	(57.1)	(25.4)
Cash flows from financing activities	(29.1)	(5.8)	23.3
Period-end cash and cash equivalents	134.7	106.8	(27.8)

Note: Amounts less than 100 million yen are omitted.

(Cash flows from operating activities)

Profit before income taxes remained largely the same as the previous fiscal year. On the other hand, inventories increased due to slow sales and increased raw materials and supplies, and income taxes paid also increased, resulting in net cash provided by operating activities of 31,563 million yen (a decrease of 38,317 million yen compared to the previous fiscal year).

(Cash flows from investing activities)

Primarily due to the acquisition of facilities for glass for FPDs and glass fiber, net cash used in investing activities was 57,155 million yen (an increase of 25,400 million yen compared to the previous fiscal year).

(Cash flows from financing activities)

Despite the payment of dividends to shareholders and the redemption of bonds, net cash used in financing activities amounted to 5,874 million yen (a decrease of 23,304 million yen compared to the previous fiscal year) due to financing from the new green loan.

(iii) Trends of cash-flow related indices

Year ended	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Equity ratio (%)	71.2	71.0	71.7	70.9	70.1
Market value-based equity ratio (%)	35.9	35.5	33.1	39.3	29.2
Interest-bearing debt to cash flows ratio (years)	2.2	4.6	2.2	1.4	3.3
Interest coverage ratio (times)	35.6	28.1	75.7	135.7	40.1

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest paid

- Notes:
1. All calculations are based on consolidated financial figures.
 2. Market capitalization was calculated based on the number of issued shares excluding treasury stock.
 3. For operating cash flows and interest paid, calculations use "cash flows from operating activities" and "interest expenses paid," respectively, in the consolidated statement of cash flows. Moreover, interest-bearing debt corresponds to long- and short-term loans payable, bonds payable and commercial papers(Other in Current liabilities) included in liabilities presented in the consolidated balance sheet.

(3) Basic policy on allocation of profits and cash dividends for this fiscal year and next fiscal year
(Basic policy)

The Company views returning profits to shareholders as an important issue for management.

Based on a basic policy of maintaining a long-term and stable return of profits to shareholders that is not significantly affected by fluctuations in earnings, the Company decides on dividend payments with its target of dividend on equity ratio (DOE) at 2% or more, while taking its business performance, financial conditions, etc. into account. The Company will also implement flexible profit-sharing.

(Year-end dividend)

The Company plans to present the year-end dividend payment of 60 yen per share for approval at the Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2023. The total annual dividend including the interim dividend of 60 yen per share will be 120 yen per share (an increase of 10 yen from the previous fiscal year).

(Dividend forecast for the next fiscal year)

The Company plans to pay 60 yen per share as the interim dividend, as well as the year-end dividend (for an annual dividend of 120 yen per share), which are the same dividend amounts as this fiscal year.

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	134,974	107,151
Notes and accounts receivable - trade	59,579	—
Notes and accounts receivable - trade, and contract assets	—	52,438
Electronically recorded monetary claims - operating	1,033	1,330
Merchandise and finished goods	32,045	53,377
Work in process	1,340	2,345
Raw materials and supplies	28,714	46,648
Other	7,001	8,551
Allowance for doubtful accounts	(177)	(162)
Total current assets	264,512	271,680
Non-current assets		
Property, plant and equipment		
Buildings and structures	176,477	186,581
Accumulated depreciation	(98,324)	(104,853)
Buildings and structures, net	78,152	81,727
Machinery, equipment and vehicles	714,419	779,573
Accumulated depreciation	(453,300)	(480,850)
Machinery, equipment and vehicles, net	261,119	298,723
Land	11,581	11,722
Construction in progress	25,260	28,301
Other	23,511	25,131
Accumulated depreciation	(19,344)	(19,976)
Other, net	4,166	5,154
Total property, plant and equipment	380,280	425,629
Intangible assets	4,958	5,341
Investments and other assets		
Investment securities	44,957	40,806
Deferred tax assets	1,895	1,784
Other	1,541	2,687
Allowance for doubtful accounts	(17)	(21)
Total investments and other assets	48,377	45,256
Total non-current assets	433,617	476,227
Total assets	698,129	747,907

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,539	52,102
Short-term borrowings	24,910	40,878
Current portion of bonds payable	10,000	—
Income taxes payable	8,704	1,372
Provision for loss on closing plants	14	28
Other provisions	267	185
Other	31,498	37,098
Total current liabilities	117,934	131,665
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	39,911	42,647
Deferred tax liabilities	7,575	9,696
Provision for special repairs	8,670	8,665
Provision for loss on closing plants	294	256
Other provisions	18	18
Retirement benefit liability	1,213	1,253
Other	2,767	4,792
Total non-current liabilities	80,451	87,329
Total liabilities	198,386	218,995
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,294	34,278
Retained earnings	429,354	446,359
Treasury shares	(20,120)	(20,072)
Total shareholders' equity	475,684	492,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,104	14,207
Deferred gains or losses on hedges	172	443
Foreign currency translation adjustment	2,108	16,973
Total accumulated other comprehensive income	19,385	31,623
Non-controlling interests	4,672	4,567
Total net assets	499,742	528,912
Total liabilities and net assets	698,129	747,907

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	292,033	324,634
Cost of sales	209,781	239,065
Gross profit	82,252	85,569
Selling, general and administrative expenses	49,472	59,384
Operating profit	32,779	26,184
Non-operating income		
Interest income	831	684
Dividend income	1,178	1,353
Foreign exchange gains	9,338	6,333
Subsidy income	886	1,543
Other	2,331	1,724
Total non-operating income	14,567	11,640
Non-operating expenses		
Interest expenses	504	925
Depreciation of inactive non-current assets	357	854
Loss on retirement of non-current assets	973	930
Other	533	1,055
Total non-operating expenses	2,368	3,765
Ordinary profit	44,979	34,058
Extraordinary income		
Insurance claim income	1,422	4,856
Gain on sale of investment securities	1,994	1,185
Reversal of provision for special repairs	—	814
Other	—	347
Total extraordinary income	3,416	7,203
Extraordinary losses		
Loss on retirement of non-current assets	1,126	913
Impairment losses	1,131	830
Loss on accident	6,998	—
Total extraordinary losses	9,256	1,744
Profit before income taxes	39,139	39,517
Income taxes - current	12,203	8,111
Income taxes - deferred	(1,298)	2,910
Total income taxes	10,904	11,022
Profit	28,234	28,495
Profit attributable to non-controlling interests	329	327
Profit attributable to owners of parent	27,904	28,167

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	28,234	28,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,671)	(2,897)
Deferred gains or losses on hedges	74	270
Foreign currency translation adjustment	15,852	14,688
Share of other comprehensive income of entities accounted for using equity method	356	177
Total other comprehensive income	14,612	12,238
Comprehensive income	42,847	40,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42,517	40,405
Comprehensive income attributable to non-controlling interests	329	327

(3) Consolidated statement of changes in equity

Year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	32,155	34,310	411,137	(10,178)	467,425
Changes during period					
Dividends of surplus			(9,664)		(9,664)
Profit attributable to owners of parent			27,904		27,904
Purchase of treasury shares				(10,001)	(10,001)
Disposal of treasury shares		(16)		58	42
Other			(22)		(22)
Net changes in items other than shareholders' equity					
Total changes during period	—	(16)	18,217	(9,942)	8,258
Balance at end of period	32,155	34,294	429,354	(20,120)	475,684

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	18,775	98	(14,101)	4,773	4,721	476,920
Changes during period						
Dividends of surplus						(9,664)
Profit attributable to owners of parent						27,904
Purchase of treasury shares						(10,001)
Disposal of treasury shares						42
Other						(22)
Net changes in items other than shareholders' equity	(1,671)	74	16,209	14,612	(49)	14,563
Total changes during period	(1,671)	74	16,209	14,612	(49)	22,822
Balance at end of period	17,104	172	2,108	19,385	4,672	499,742

Year ended December 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	32,155	34,294	429,354	(20,120)	475,684
Cumulative effects of changes in accounting policies			1		1
Restated balance	32,155	34,294	429,355	(20,120)	475,685
Changes during period					
Dividends of surplus			(11,164)		(11,164)
Profit attributable to owners of parent			28,167		28,167
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(16)		49	33
Net changes in items other than shareholders' equity					
Total changes during period	—	(16)	17,003	48	17,035
Balance at end of period	32,155	34,278	446,359	(20,072)	492,721

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	17,104	172	2,108	19,385	4,672	499,742
Cumulative effects of changes in accounting policies						1
Restated balance	17,104	172	2,108	19,385	4,672	499,743
Changes during period						
Dividends of surplus						(11,164)
Profit attributable to owners of parent						28,167
Purchase of treasury shares						(1)
Disposal of treasury shares						33
Net changes in items other than shareholders' equity	(2,897)	270	14,865	12,238	(104)	12,133
Total changes during period	(2,897)	270	14,865	12,238	(104)	29,168
Balance at end of period	14,207	443	16,973	31,623	4,567	528,912

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	39,139	39,517
Depreciation	26,721	28,962
Impairment losses	1,131	830
Insurance claim income	(1,422)	(4,856)
Loss (gain) on sale of investment securities	(1,994)	(1,185)
Increase (decrease) in provision for special repairs	(670)	(5)
Foreign exchange losses (gains)	(7,580)	(4,221)
Interest and dividend income	(2,010)	(2,037)
Interest expenses	504	925
Decrease (increase) in trade receivables	4,730	—
Decrease (increase) in trade receivables and contract assets	—	10,762
Decrease (increase) in inventories	1,324	(37,316)
Increase (decrease) in trade payables	13,333	7,162
Other, net	(1,089)	3,014
Subtotal	72,116	41,551
Interest and dividends received	1,925	2,043
Interest paid	(514)	(787)
Proceeds from insurance income	1,422	4,856
Income taxes paid	(5,067)	(16,100)
Net cash provided by (used in) operating activities	69,881	31,563
Cash flows from investing activities		
Proceeds from sale of investment securities	2,877	1,772
Purchase of non-current assets	(35,058)	(60,002)
Other, net	425	1,075
Net cash provided by (used in) investing activities	(31,754)	(57,155)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,531)	373
Proceeds from long-term borrowings	9,831	22,807
Repayments of long-term borrowings	(26,370)	(5,972)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	—	(10,000)
Dividends paid	(9,662)	(11,158)
Dividends paid to non-controlling interests	(353)	(432)
Other, net	(11,092)	(1,491)
Net cash provided by (used in) financing activities	(29,178)	(5,874)
Effect of exchange rate change on cash and cash equivalents	4,559	3,605
Net increase (decrease) in cash and cash equivalents	13,507	(27,860)
Cash and cash equivalents at beginning of period	121,215	134,723
Cash and cash equivalents at end of period	134,723	106,862