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Consolidated Financial Results for the Six Months Ended June 30, 2023 [Japanese GAAP]

August 7, 2023

Company name: PILOT CORPORATION
 Stock exchange listing: Tokyo
 Securities code 7846
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 Representative: Shu Itoh President and Representative Director
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 Scheduled date of filing quarterly securities report: August 8, 2023
 Scheduled date of commencing dividend payments: September 1, 2023
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2023 (January 1, 2023 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2023	61,402	6.8	12,091	2.8	14,112	2.3	9,841	4.1
June 30, 2022	57,479	14.0	11,765	20.9	13,789	32.7	9,458	32.5

(Note) Comprehensive income: Six months ended June 30, 2023: ¥ 13,623 million [0.1%]
 Six months ended June 30, 2022: ¥ 13,604 million [53.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	249.48	-
June 30, 2022	239.79	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	168,012	129,971	76.2
December 31, 2022	156,542	117,989	74.5

(Reference) Equity: As of June 30, 2023: ¥ 128,029 million
 As of December 31, 2022: ¥ 116,553 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	40.00	-	50.00	90.00
Fiscal year ending December 31, 2023	-	50.00			
Fiscal year ending December 31, 2023 (Forecast)			-	50.00	100.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023(January 1, 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	115,000	1.9	22,000	3.6	23,000	1.6	16,000	1.4	405.58

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023: 41,814,400 shares

December 31, 2022: 41,814,400 shares

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

June 30, 2023: 2,364,966 shares

December 31, 2022: 2,364,966 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2023: 39,449,434 shares

Six months ended June 30, 2022: 39,446,410 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 June 30, 2023: 18,827 shares, As of December 31, 2022: 18,827 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 June 30, 2023: 18,827 shares, As of June 30, 2022: 8,758 shares).

* This quarterly financial result is not subjected to quarterly review 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	46,128	44,624
Notes and accounts receivable - trade	22,738	31,955
Merchandise and finished goods	21,354	22,693
Work in process	6,922	7,675
Raw materials and supplies	4,558	4,802
Other	4,987	3,345
Allowance for doubtful accounts	(84)	(108)
Total current assets	106,606	114,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,243	28,306
Accumulated depreciation	(14,956)	(15,757)
Buildings and structures, net	12,286	12,549
Machinery, equipment and vehicles	37,266	38,735
Accumulated depreciation	(31,579)	(32,440)
Machinery, equipment and vehicles, net	5,687	6,294
Other	20,221	21,199
Accumulated depreciation	(17,596)	(18,228)
Other, net	2,624	2,971
Land	7,549	7,636
Construction in progress	2,874	4,649
Total property, plant and equipment	31,023	34,101
Intangible assets		
Leasehold interests in land	5,355	5,355
Other	913	979
Total intangible assets	6,268	6,334
Investments and other assets		
Investment securities	5,728	5,822
Deferred tax assets	4,421	4,055
Retirement benefit asset	1,635	1,787
Other	891	952
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	12,643	12,585
Total non-current assets	49,936	53,022
Total assets	156,542	168,012

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,354	12,121
Short-term borrowings	4,441	2,827
Current portion of long-term borrowings	8	434
Accrued expenses	2,755	3,012
Income taxes payable	4,691	3,535
Provision for bonuses	665	774
Provision for bonuses for directors (and other officers)	77	30
Provision for environmental measures	266	253
Other	9,531	12,235
Total current liabilities	36,792	35,224
Non-current liabilities		
Long-term borrowings	16	706
Deferred tax liabilities	85	376
Provision for retirement benefits for directors (and other officers)	119	117
Provision for environmental measures	49	48
Provision for share awards for directors (and other officers)	24	36
Retirement benefit liability	670	717
Other	794	813
Total non-current liabilities	1,760	2,815
Total liabilities	38,552	38,040
Net assets		
Shareholders' equity		
Share capital	2,340	2,340
Capital surplus	7,923	7,923
Retained earnings	119,401	127,269
Treasury shares	(10,858)	(10,858)
Total shareholders' equity	118,806	126,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	659	938
Foreign currency translation adjustment	(2,587)	688
Remeasurements of defined benefit plans	(324)	(271)
Total accumulated other comprehensive income	(2,252)	1,354
Non-controlling interests	1,436	1,942
Total net assets	117,989	129,971
Total liabilities and net assets	156,542	168,012

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	57,479	61,402
Cost of sales	27,223	28,732
Gross profit	30,256	32,670
Selling, general and administrative expenses	18,490	20,578
Operating profit	11,765	12,091
Non-operating income		
Interest income	120	236
Dividend income	225	306
Foreign exchange gains	1,599	1,459
Other	147	166
Total non-operating income	2,092	2,169
Non-operating expenses		
Interest expenses	43	128
Other	25	20
Total non-operating expenses	68	149
Ordinary profit	13,789	14,112
Extraordinary income		
Gain on sale of non-current assets	12	31
Gain on sale of investment securities	-	273
Compensation income	-	197
Total extraordinary income	12	502
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	10	29
Total extraordinary losses	11	29
Profit before income taxes	13,790	14,585
Income taxes	4,241	4,668
Profit	9,549	9,916
Profit attributable to non-controlling interests	90	74
Profit attributable to owners of parent	9,458	9,841

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	9,549	9,916
Other comprehensive income		
Valuation difference on available-for-sale securities	45	287
Foreign currency translation adjustment	4,089	3,366
Remeasurements of defined benefit plans, net of tax	(80)	53
Total other comprehensive income	4,054	3,707
Comprehensive income	13,604	13,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,385	13,449
Comprehensive income attributable to non-controlling interests	218	174