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Consolidated Financial Results for the Year Ended December 31, 2023 [Japanese GAAP]

February 13, 2024

Company name: PILOT CORPORATION

Stock exchange listing: Tokyo

Securities code: 7846

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

Representative: Shu Itoh President and Representative Director

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Scheduled date of Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of commencing dividend payments: March 29, 2024

Scheduled date of filing annual securities report: March 28, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 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	%
Fiscal year ended December 31, 2023	118,590	5.1	19,003	(10.6)	20,840	(7.9)	13,661	(13.4)
December 31, 2022	112,850	9.5	21,244	9.9	22,633	11.2	15,773	10.5

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥ 17,993 million [(2.3) %]

Fiscal year ended December 31, 2022: ¥ 18,417 million [9.8 %]

	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, 2023	346.31	-	11.1	12.9	16.0
December 31, 2022	399.86	-	14.5	15.1	18.8

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	166,468	132,345	78.3	3,305.72
December 31, 2022	156,542	117,989	74.5	2,954.51

(Reference) Equity: As of December 31, 2023: ¥ 130,408 million

As of December 31, 2022: ¥ 116,553 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	10,175	(10,707)	(7,380)	38,329
December 31, 2022	13,753	(5,350)	(8,370)	45,444

2. Dividends

	Annual dividends					Total dividends	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	Millions of yen	%	%
December 31, 2022	-	40.00	-	50.00	90.00	3,552	22.5	3.3
December 31, 2023	-	50.00	-	50.00	100.00	3,946	28.9	3.2
Fiscal year ending December 31, 2024 (Forecast)	-	53.00	-	53.00	106.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% 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	121,000	2.0	20,000	5.2	21,000	0.8	14,000	2.5	354.88

(Note) Forecast for the first two quarters of fiscal year ending June 30, 2024 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

(2) 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

(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, 2023: 41,814,400 shares

December 31, 2022: 41,814,400 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 2,364,966 shares

December 31, 2022: 2,364,966 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2023: 39,449,434 shares

Fiscal Year ended December 31, 2022: 39,447,805 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, 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 December 31, 2023: 18,827 shares, As of December 31, 2022: 13,405 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	79,280	(7.9)	13,165	(33.1)	16,858	(28.7)	11,750	(32.6)
December 31, 2022	86,097	15.1	19,685	44.9	23,636	27.1	17,423	22.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	297.85	-
December 31, 2022	441.68	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	117,192	97,294	83.0	2,466.31
December 31, 2022	115,276	89,234	77.4	2,262.00

(Reference) Equity: As of December 31, 2023: ¥ 97,294 million
As of December 31, 2022: ¥ 89,234 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.

1. Management Discussion and Analysis

(1) Result of Operations

During the current fiscal year (January 1, 2023 to December 31, 2023), the Japanese economy benefited from a gradual recovery in social and economic activities, including an increase in inbound tourism and the lifting of restrictions on events, as various restrictions associated with COVID-19 were removed. Overseas, however, the outlook remained uncertain, with the global economy continuing to slow due to high prices associated with geopolitical risks, including the protracted war in Ukraine, and resulting interest rate hikes.

In this environment, Pilot Corporation ("the Company") and its consolidated subsidiaries ("the Group") saw a recovery in demand for writing instruments in Japan, and the market remained firm. Overseas, growth in emerging countries and the depreciation of the yen against the U.S. dollar and euro had a positive effect, but demand in the major advanced markets remained sluggish due to soaring prices. Profits consequently declined, especially in the second half of the fiscal year, due to increases in labor and other expenses.

As a result, consolidated net sales for the fiscal year totaled 118,590 million yen, up 5.1% year on year (YoY). Net sales in Japan market came to 28,923 million yen, up 8.5% YoY. Net sales in overseas markets were 89,667 million yen, up 4.0% YoY. Looking at sales by business, net sales in the writing instruments business stood at 106,273 million yen, up 4.5% YoY. Net sales in the non-writing instruments business came to 12,317 million yen, up 10.3% YoY.

In terms of profit, the Group recorded operating profit of 19,003 million yen, down 10.6% YoY, and ordinary profit of 20,840 million yen, down 7.9% YoY. Profit attributable to owners of parent stood at 13,661 million yen, down 13.4% YoY.

Details of each segment are as follows.

Segment operating profit is profit before the elimination of intersegment transactions.

Effective from the current fiscal year, the Company has changed its management system and reportable segments. Pilot Pen Australia Pty. Ltd., a consolidated subsidiary which was included in the "Asia segment" is now included in the "Europe segment." The year-on-year comparison and analyses are based on the segments after the change.

(Japan segment)

In the stationery business, in Japan, demand from inbound and novelty customers recovered. In stores, the FRIXION BALL KNOCK ZONE became a standard item, and the FRIXION Waai, aimed at a new target group of college students, was well received. Sales of the S20 and S30, which pioneered the boom in high-priced mechanical pencils, also remained strong. In addition, sales campaigns such as those using social media stimulated the market and promoted a recovery. Additionally, sales of Mark's Group Holdings, Inc., which designs and manufactures design stationery such as diaries and notebooks, and which joined the Group in this fiscal year, contributed to this business. Sales from exports grew, particularly in ASEAN countries such as the Philippines, as well as in India.

In the toy business, in an environment of generally sluggish growth in the toy industry due to soaring prices, sales declined, although the Mell Chan doll series and bath toys series, our mainstay products, performed well in the year-end sales season.

In the industrial materials and other businesses, sales of our mainstay ceramics products in the industrial materials business declined due to the slow semiconductor market, while Mark's products contributed to sales in the other

business.

A breakdown of net sales in this segment by major business is as follows: 32,221 million yen, up 12.7% YoY in the stationery business, 3,900 million yen, down 7.8% YoY in the toys business, and 2,940 million yen, up 31.9% YoY in the industrial materials and other businesses. In the stationery business, net sales of writing instruments stood at 28,621 million yen, up 11.0% YoY, and net sales of other stationery came to 3,599 million yen, a 28.9% increase YoY.

Profit declined due to an increase in the cost of sales ratio resulting from such factors as a decrease in the production volume of major products resulting from a decline in sales to subsidiaries, as well as an increase in SG&A and other expenses resulting from aggressive advertising and investments in human resource made for future growth.

As a result, net sales to external customers in this segment stood at 39,062 million yen, up 11.4% YoY. Segment operating profit was 13,482 million yen, down 40.3% YoY.

(Americas segment)

In the Americas, sales of G-2, which maintains the leading share of the gel ink roller ball pen market, and the FRIXION series remained strong in the U.S. market, while in the Brazilian market, sales continued to grow, driven in particular by sales of V BOARD MASTER whiteboard markers. In addition, the weak yen had a positive impact, resulting in increased sales and profit.

As a result, net sales to external customers in this segment totaled 35,360 million yen, up 10.2% YoY. Segment operating profit came to 1,182 million yen, up 95.3% YoY.

(Europe segment)

In Europe, market conditions remained weak due to soaring prices. As customers were reluctant to buy relatively expensive value-added products such as the FRIXION series, and SG&A expenses including labor costs increased, sales and profits declined despite the benefits of the weaker yen.

As a result, net sales to external customers in this segment came to 24,313 million yen, down 4.7% YoY. Segment operating profit was 1,687 million yen, down 4.8% YoY.

(Asia segment)

In Asia, sales in China declined as the economy remained slow even after the lifting of the zero-COVID policy and demand from students in particular remained sluggish. In other countries, demand for Japanese-made fine writing instruments was high, and sales were generally strong, especially for the Juice series of gel ink roller ball pens, but overall segment sales and profits declined.

Consequently, net sales to external customers in this segment totaled 19,853 million yen, down 1.7% YoY. Segment operating profit stood at 809 million yen, down 18.8% YoY.

(2) Financial Position

Total assets at the end of the fiscal year ended December 31, 2023 was 166,468 million yen, an increase of 9,926 million yen from the end of the previous fiscal year.

Current assets increased 531 million yen, to 107,138 million yen. In current assets, notes and accounts receivable - trade increased 1,504 million yen, inventories (merchandise and finished goods, work in process and raw materials and supplies) rose 4,460 million yen, and other increased 1,524 million yen. Meanwhile, cash and deposits decreased 6,956 million yen.

Non-current assets increased 9,394 million yen, to 59,330 million yen. In non-current assets, property, plant and equipment increased 6,868 million yen and investment securities rose 2,131 million yen.

Liabilities decreased 4,429 million yen compared to the end of the previous fiscal year, to 34,123 million yen.

Current liabilities decreased 5,224 million yen, to 31,567 million yen. In current liabilities, notes and accounts payable - trade decreased 2,205 million yen, short-term borrowings decreased 2,713 million yen and income taxes payable decreased 3,088 million yen. Meanwhile, other current liabilities increased 2,461 million yen.

Non-current liabilities increased 795 million yen, to 2,555 million yen. In non-current liabilities, long-term borrowings and deferred tax liabilities increased 478 million yen and 304 million yen, respectively.

Net assets increased 14,355 million yen compared to the end of the previous fiscal year, to 132,345 million yen. Retained earnings and foreign currency translation adjustment increased 9,714 million yen and 2,864 million yen, respectively.

(3) Cash Flows

Cash and cash equivalents at the end of the fiscal year ended December 31, 2023 was 38,329 million yen, a decrease of 7,115 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

The increase in funds from operating activities was 10,175 million yen (an increase of 13,753 million yen in the previous fiscal year). Major factors included profit before income taxes of 20,239 million yen, and depreciation of 4,520 million yen, an increase in inventories of 1,462 million yen, a decrease in trade payables of 3,910 million yen, and income taxes paid of 8,753 million yen.

(Cash flows from investing activities)

The decrease in funds from investing activities was 10,707 million yen (a decrease of 5,350 million yen in the previous fiscal year). This was mainly due to 8,986 million yen used for the purchase of property, plant and equipment and 1,732 million yen used for the purchase of investment securities.”

(Cash flows from financing activities)

The decrease in funds from financing activities was 7,380 million yen (a decrease of 8,370 million yen in the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of 3,076 million yen and dividends paid of 3,941 million yen.

The trends in cash flow indicators on a consolidated basis are as follows.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Equity ratio (%)	74.5	78.3
Equity ratio based on market value (%)	121.1	99.6
Debt redemption years (years)	0.4	0.4
Interest Coverage ratio (times)	125.4	49.8

(Notes)

Equity ratio:	Equity capital/total assets
Equity ratio based on market value:	Market capitalization/total assets
Debt redemption years:	Interest-bearing debt/operating cash flow
Interest Coverage ratio:	Operating cash flow/interest payments

(4) Future Outlook

Looking at the business environment for the fiscal year ending December 31, 2024, while a recovery in the consumption environment is expected to revitalize the stationery business and toy business in Japan, there are continuing concerns overseas about the impact of geopolitical risks, including the prolonged conflict in Ukraine as well as the unstable situation in the Middle East. Although the worldwide price hikes are easing, the situation remains unpredictable. In general, the business environment surrounding the Group, both in Japan and overseas, continues to be tough, and we need to carefully monitor trends in each market and take prompt and appropriate actions according to the situation.

In this environment, the Group will continue to develop and expand sales of high value-added products by taking advantage of the Group's strengths in each of its businesses, including the stationery business, aiming to improve brand recognition and further expand its global market share, while striving to improve operational efficiency and productivity with an eye to the future. In addition, based on the 2022-2024 Medium-Term Management Plan and 2030 Vision, which have already been formulated, and with a firm focus on targets, we will invest aggressively in growth, such as developing our IT environment and expanding production facilities with a focus on efficiency and BCP, investing in sales promotion aimed at acquiring new customers, as well as investing in human resources to carry out these activities. At the same time, we will pursue sustainability initiatives to enhance corporate value and realize a sustainable society. Although the growth in our profit margins will temporarily slow given rising expenses such as labor and advertising costs and depreciation associated with capital investment, we will make these investments, which we consider essential for growth, for the purpose of developing value-added products that will consistently generate high profits in the future and reducing costs through further improvements in production efficiency.

As a result, we expect consolidated net sales of 121,000 million yen, operating profit of 20,000 million yen, ordinary profit of 21,000 million yen, and profit attributable to owners of parent of 14,000 million yen for the fiscal year ending December 31, 2024.

Since the Group manages its business performance on an annual basis, the forecast for the first half of the fiscal year ending December 31, 2024 is omitted.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	46,128	39,171
Notes and accounts receivable - trade	22,738	24,243
Merchandise and finished goods	21,354	24,222
Work in process	6,922	8,324
Raw materials and supplies	4,558	4,749
Other	4,987	6,512
Allowance for doubtful accounts	(84)	(86)
Total current assets	106,606	107,138
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,243	30,462
Accumulated depreciation	(14,956)	(15,985)
Buildings and structures, net	12,286	14,476
Machinery, equipment and vehicles	37,266	39,999
Accumulated depreciation	(31,579)	(32,793)
Machinery, equipment and vehicles, net	5,687	7,205
Other	20,221	21,199
Accumulated depreciation	(17,596)	(18,211)
Other, net	2,624	2,988
Land	7,549	7,608
Construction in progress	2,874	5,612
Total property, plant and equipment	31,023	37,891
Intangible assets		
Leasehold interests in land	5,355	5,355
Other	913	973
Total intangible assets	6,268	6,328
Investments and other assets		
Investment securities	5,728	7,860
Deferred tax assets	4,421	3,371
Retirement benefit asset	1,635	2,862
Other	891	1,047
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	12,643	15,109
Total non-current assets	49,936	59,330
Total assets	156,542	166,468

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,354	12,148
Short-term borrowings	4,441	1,728
Current portion of long-term borrowings	8	409
Accrued expenses	2,755	2,901
Income taxes payable	4,691	1,602
Provision for bonuses	665	718
Provision for bonuses for directors (and other officers)	77	65
Provision for environmental measures	266	-
Other	9,531	11,992
Total current liabilities	36,792	31,567
Non-current liabilities		
Long-term borrowings	16	494
Deferred tax liabilities	85	389
Provision for retirement benefits for directors (and other officers)	119	131
Provision for environmental measures	49	48
Provision for share awards for directors (and other officers)	24	47
Retirement benefit liability	670	720
Other	794	723
Total non-current liabilities	1,760	2,555
Total liabilities	38,552	34,123
Net assets		
Shareholders' equity		
Share capital	2,340	2,340
Capital surplus	7,923	7,923
Retained earnings	119,401	129,116
Treasury shares	(10,858)	(10,858)
Total shareholders' equity	118,806	128,521
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	659	1,187
Foreign currency translation adjustment	(2,587)	276
Remeasurements of defined benefit plans	(324)	423
Total accumulated other comprehensive income	(2,252)	1,887
Non-controlling interests	1,436	1,936
Total net assets	117,989	132,345
Total liabilities and net assets	156,542	166,468

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	112,850	118,590
Cost of sales	52,738	56,712
Gross profit	60,112	61,878
Selling, general and administrative expenses	38,867	42,875
Operating profit	21,244	19,003
Non-operating income		
Interest income	320	535
Dividend income	271	372
Foreign exchange gains	705	865
Other	274	347
Total non-operating income	1,571	2,120
Non-operating expenses		
Interest expenses	110	202
Other	72	80
Total non-operating expenses	183	283
Ordinary profit	22,633	20,840
Extraordinary income		
Gain on sale of non-current assets	492	388
Gain on sale of investment securities	1	290
Compensation income	-	197
Reversal of provision for environmental measures	-	141
Total extraordinary income	493	1,017
Extraordinary losses		
Loss on sale of non-current assets	0	2
Loss on retirement of non-current assets	117	248
Loss on sale of investment securities	-	3
Environmental expenses	369	-
Loss of joint venture dissolution	-	1,363
Total extraordinary losses	487	1,617
Profit before income taxes	22,638	20,239
Income taxes - current	8,303	5,629
Income taxes - deferred	(1,520)	851
Total income taxes	6,782	6,480
Profit	15,855	13,759
Profit attributable to non-controlling interests	82	97
Profit attributable to owners of parent	15,773	13,661

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	15,855	13,759
Other comprehensive income		
Valuation difference on available-for-sale securities	253	537
Foreign currency translation adjustment	3,115	2,949
Remeasurements of defined benefit plans, net of tax	(807)	746
Total other comprehensive income	2,561	4,234
Comprehensive income	18,417	17,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,240	17,802
Comprehensive income attributable to non-controlling interests	177	191

Consolidated Statements of Changes in Equity

For the fiscal 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	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

For the fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,340	7,923	119,401	(10,858)	118,806
Changes during period					
Dividends of surplus			(3,946)		(3,946)
Profit attributable to owners of parent			13,661		13,661
Increase in consolidated subsidiaries - non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	9,714	-	9,714
Balance at end of period	2,340	7,923	129,116	(10,858)	128,521

	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	659	(2,587)	(324)	(2,252)	1,436	117,989
Changes during period						
Dividends of surplus						(3,946)
Profit attributable to owners of parent						13,661
Increase in consolidated subsidiaries - non-controlling interests					346	346
Net changes in items other than shareholders' equity	527	2,864	748	4,140	153	4,293
Total changes during period	527	2,864	748	4,140	500	14,355
Balance at end of period	1,187	276	423	1,887	1,936	132,345

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	22,638	20,239
Depreciation	3,822	4,520
Amortization of goodwill	-	137
Retirement benefit expenses	(196)	134
Increase (decrease) in provision for bonuses	(210)	29
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(13)
Increase (decrease) in provision for share awards for directors (and other officers)	16	23
Increase (decrease) in allowance for doubtful accounts	(17)	(9)
Increase (decrease) in retirement benefit liability	3	18
Interest and dividend income	(591)	(908)
Interest expenses	110	202
Loss (gain) on sale of non-current assets	(491)	(385)
Loss on retirement of non-current assets	117	248
Loss (gain) on sale of investment securities	(1)	(286)
Compensation income	-	(197)
Reversal of provision for environmental measures	-	(141)
Environmental expenses	369	-
Loss of joint venture dissolution	-	1,363
Decrease (increase) in trade receivables	1,403	275
Decrease (increase) in inventories	(4,632)	(1,462)
Increase (decrease) in trade payables	50	(3,910)
Other, net	(132)	(486)
Subtotal	22,261	19,391
Interest and dividends received	607	908
Interest paid	(109)	(204)
Proceeds from compensation	-	197
Payments for environmental expenses	(55)	-
Payments associated with loss of joint venture dissolution	-	(1,363)
Income taxes paid	(8,950)	(8,753)
Net cash provided by (used in) operating activities	13,753	10,175
Cash flows from investing activities		
Payments into time deposits	(10,380)	(10,516)
Proceeds from withdrawal of time deposits	10,380	10,380
Purchase of property, plant and equipment	(4,316)	(8,986)
Proceeds from sale of property, plant and equipment	657	436
Purchase of intangible assets	(197)	(301)
Purchase of investment securities	(1,411)	(1,732)
Proceeds from sale of investment securities	5	667
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	202
Other, net	(87)	(857)
Net cash provided by (used in) investing activities	(5,350)	(10,707)

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,350	(3,076)
Repayments of lease liabilities	(269)	(331)
Proceeds from long-term borrowings	-	718
Repayments of long-term borrowings	(6,667)	(712)
Purchase of treasury shares	(0)	-
Proceeds from sale of treasury shares	11	-
Dividends paid	(2,760)	(3,941)
Dividends paid to non-controlling interests	(35)	(37)
Net cash provided by (used in) financing activities	(8,370)	(7,380)
Effect of exchange rate change on cash and cash equivalents	(430)	796
Net increase (decrease) in cash and cash equivalents	(399)	(7,115)
Cash and cash equivalents at beginning of period	45,844	45,444
Cash and cash equivalents at end of period	45,444	38,329