

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on February 5, 2024 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 5, 2024

CONSOLIDATED FINANCIAL RESULTS for the Year Ended December 31, 2023 (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 and Representative Director
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TEL: +81-77-537-1700 (from overseas)

Scheduled date of ordinary general meeting of shareholders: March 28, 2024
Scheduled date to commence dividend payments: March 29, 2024
Scheduled date to file securities report: March 29, 2024
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, 2023 (From January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
For the year ended								
December 31, 2023	279,974	(13.8)	(10,420)	-	(9,480)	-	(26,188)	-
December 31, 2022	324,634	11.2	26,184	(20.1)	34,058	(24.3)	28,167	0.9

Note: Comprehensive income:

For the year ended December 31, 2023: (16,564) million yen [-%]

For the year ended December 31, 2022: 40,733 million yen [(4.9%)]

	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, 2023	(282.90)	-	(5.2)	(1.3)	(3.7)
December 31, 2022	302.76	-	5.5	4.7	8.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2023	703,917	490,130	69.2	5,463.53
December 31, 2022	747,907	528,912	70.1	5,635.52

Reference: Equity:

As of December 31, 2023: 487,045 million yen

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

(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, 2023	(1,360)	(20,777)	(11,572)	75,083
December 31, 2022	31,563	(57,155)	(5,874)	106,862

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, 2022	-	60.00	-	60.00	120.00	11,165	39.6	2.2
December 31, 2023	-	60.00	-	60.00	120.00	10,931	-	2.2
For the year ending December 31, 2024 (Forecasts)	-	65.00	-	65.00	130.00	—	42.9	—

**3. Consolidated earnings forecasts for the year ending December 31, 2024
(From January 1, 2024 to December 31, 2024)**

(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, 2024	150,000	7.8	4,000	-	4,000	-	18,000	-	201.92
For the year ending December 31, 2024	310,000	10.7	16,000	-	16,000	-	27,000	-	302.88

*** 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: None

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

C. Changes in accounting estimates: Yes

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, 2023	99,523,246 shares
As of December 31, 2022	99,523,246 shares

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

As of December 31, 2023	10,378,386 shares
As of December 31, 2022	6,480,511 shares

C. Average number of shares during the period

For the year ended December 31, 2023	92,569,975 shares
For the year ended December 31, 2022	93,038,038 shares

SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS (Reference)

**Non-consolidated performance for the year ended December 31, 2023
(From January 1, 2023 to December 31, 2023)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

For the year ended	Net sales		Operating profit		Ordinary profit		Profit	
		%		%		%		%
December 31, 2023	120,332	(17.7)	(12,140)	-	(2,313)	-	2,480	(85.3)
December 31, 2022	146,180	(5.2)	6,238	(75.5)	16,774	(53.5)	16,817	(17.8)

For the year ended	Earnings per share	Diluted Earnings per share
	yen	yen
December 31, 2023	26.79	-
December 31, 2022	180.76	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
December 31, 2023	565,087	408,126	72.2	4,578.24
December 31, 2022	576,633	426,199	73.9	4,580.68

Reference: Equity:

As of December 31, 2023: 408,126 million yen

As of December 31, 2022: 426,199 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, 2024 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, 2023 to December 31, 2023)

The outlook for the global economy remained uncertain, with inflation and economic deterioration simultaneously progressing against the backdrop of prolonged unstable international conditions and monetary policies of various countries. In Japan, prices continued to rise in tandem with the ongoing depreciation of the yen.

Under these circumstances, net sales for the fiscal year ended December 31, 2023 (from January 1 to December 31, 2023) were lower than those of the previous fiscal year (from January 1 to December 31, 2022). In terms of profit/loss, operating loss, ordinary loss and loss attributable to owners of parent were recorded.

(ii) Operating results for the fiscal year under review

(Billions of yen)

	Year ended December 31, 2022	Year ended December 31, 2023	Change (%)
Net sales	324.6	279.9	(14)
Operating profit (loss)	26.1	(10.4)	-
Ordinary profit (loss)	34.0	(9.4)	-
Profit (loss) attributable to owners of parent	28.1	(26.1)	-

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

(Billions of yen)

Reporting segment	Segment	Year ended December 31, 2022		Year ended December 31, 2023		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	148.7	46	133.2	48	(15.5)	(11)
	Performance Materials*	175.8	54	146.7	52	(29.1)	(17)
Total		324.6	100	279.9	100	(44.6)	(14)

Note: Amounts less than 100 million yen are omitted.

*The “Performance Materials and Others” segment has been renamed to “Performance Materials” segment.

Electronics and Information Technology:

In the displays business, net sales were lower than those of the previous fiscal year, affected by customers’ production adjustments amid unfavorable demand for end products. In the electronics business, demand for products for semiconductors was strong, but demand for products for optoelectronics was sluggish, resulting in lower net sales than in the previous fiscal year.

Performance Materials:

In the composites business*, net sales were lower than those of the previous fiscal year due to weak product demand, especially for high-performance resin used in auto parts, and due to an increasingly competitive environment. In the medical care and heat-resistance businesses, demand for products was soft, and net sales were lower than in the previous fiscal year. On the other hand, the buildings business continued to experience stable product demand, and net sales were higher than in the previous fiscal year.

*The “glass fiber business” has been renamed to “composites business.”

(Profit/loss)

Since demand was sluggish amid soaring raw material and energy prices continuing to push up costs, cost recovery from product price revisions, etc. was less than expected. Under these circumstances, we have been implementing business restructuring to improve profitability in the displays business and the composites businesses, where costs had been high due to a decline in capacity utilization rates. However, an operating loss was recorded due to recording a valuation loss resulting from a sharp decline in the price of some raw materials.

As for non-operating income, foreign exchange gains attributable to revaluation of receivables and payables related to borrowings by overseas subsidiaries, were insufficient to offset the operating loss, resulting in recording an ordinary loss.

In addition, while a reversal of provision for special repairs, insurance claim income, and gain on sale of investment securities were recorded as extraordinary income, business restructuring expenses, impairment loss on non-current assets, and other items were recorded as extraordinary losses, resulting in recording loss attributable to owners of parent.

(iii) Outlook for the year ending December 31, 2024

(Billions of yen)

	Six months ending June 30, 2024	Year ending December 31, 2024
Net sales	150.0	310.0
Operating profit	4.0	16.0
Ordinary profit	4.0	16.0
Profit attributable to owners of parent	18.0	27.0

Note: Amounts less than 100 million yen are omitted.

The global economy is expected to remain uncertain due to geopolitical risks such as the situation in Ukraine and the Middle East, as well as persistently high raw material and energy prices and concerns about economic slowdown in China and other countries.

Under these circumstances, the Company Group will strive to improve earnings, achieve return on equity (ROE) of 8%, and increase corporate value by steadily implementing the new Medium-term Business Plan “EGP2028” announced today.

In the fiscal year ending December 31, 2024, the displays business is expected to recover mainly in the Chinese market, although the impact of production adjustments by customers will remain. In the electronics business, we will continue to increase production capacity to meet expanding sales of products for semiconductors, particularly glass wafer for supporting semiconductors. In the composites business, we expect it will take time for demand to recover, including in the automobile-related market. In the medical care, heat-resistance and buildings businesses, demand for products is expected to continue at the same level as the fiscal year under review.

In terms of profit/loss, we expect the rise in raw material and energy prices to soften somewhat, and the effects of business restructuring implemented in the fiscal year under review are expected to contribute to profit. In addition, expanded sales of products for semiconductors are expected to drive profits. The gain on sale of investment securities announced on January 26, 2024 and the gain on sale of non-current assets announced on January 29, 2024 will be recorded as extraordinary income in the first quarter (January 1 to March 31, 2024).

In light of the above outlook, the Company Group’s forecasts for the fiscal year ending December 31, 2024 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, 2022	As of December 31, 2023	Change
Total assets	747.9	703.9	(43.9)
Liabilities	218.9	213.7	(5.2)
Net assets	528.9	490.1	(38.7)

Note: Amounts less than 100 million yen are omitted.

(Total assets)

Total assets at the end of this fiscal year decreased by 43,990 million yen compared to the end of the previous fiscal year to 703,917 million yen. In current assets, cash and deposits decreased due to progress in payments for equipment and other items and the purchase of treasury shares. In addition, merchandise and finished goods increased, mainly due to a decrease in sales. In non-current assets, property, plant and equipment decreased due to business restructuring, etc. in the displays business and the composites businesses.

(Liabilities)

Total liabilities at the end of this fiscal year decreased by 5,208 million yen compared to the end of the previous fiscal year to 213,786 million yen. In current liabilities, notes and accounts payable - trade decreased mainly due to payments related to the purchase of raw materials. In addition, short-term borrowings decreased due to repayment of borrowings. In non-current liabilities, long-term borrowings increased, mainly due to taking out new borrowings.

(Net assets)

Total net assets at the end of this fiscal year decreased by 38,782 million yen compared to the end of the previous fiscal year to 490,130 million yen. Retained earnings decreased due to recording loss attributable to owners of parent, the payment of dividends, and the purchase of treasury shares. Foreign currency translation adjustment increased mainly 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, 2022	Year ended December 31, 2023	Change
Cash flows from operating activities	31.5	(1.3)	(32.9)
Cash flows from investing activities	(57.1)	(20.7)	36.3
Cash flows from financing activities	(5.8)	(11.5)	(5.6)
Period-end cash and cash equivalents	106.8	75.0	(31.7)

Note: Amounts less than 100 million yen are omitted.

(Cash flows from operating activities)

In the fiscal year under review, loss before income taxes was recorded. In addition, inventories increased due to an increase in payments for the purchase of raw materials, etc., as well as a decrease in sales. On the other hand, depreciation and impairment losses were recorded. As a result, net cash used in operating activities totaled 1,360 million yen (a deterioration of 32,924 million yen from the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities amounted to 20,777 million yen (down 36,377 million yen from the previous fiscal year), mainly due to equipment and investment securities no longer needed as a result of business restructuring were sold, despite the acquisition of equipment mainly in the displays business and the medical care businesses.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 11,572 million yen (up 5,698 million yen from the previous fiscal year) due to the payment of dividends to shareholders and the purchase of treasury shares, while new financing was conducted.

(iii) Trends of cash-flow related indices

Year ended	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Equity ratio (%)	71.0	71.7	70.9	70.1	69.2
Market value-based equity ratio (%)	35.5	33.1	39.3	29.2	38.4
Interest-bearing debt to cash flows ratio (years)	4.6	2.2	1.4	3.3	-
Interest coverage ratio (times)	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.
 4. The interest-bearing debt to cash flows ratio and interest coverage ratio for the fiscal year ended December 31, 2023 are not shown due to negative cash flow from operating activities.

(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 previously decided on the amount of dividend payments with its target of dividend on equity ratio (DOE) at 2% or more, while taking business performance, financial conditions, etc. into account.

In the new Medium-term Business Plan "EGP2028," which ends in the fiscal year ending December 31, 2028, we have reviewed this policy and decided to enhance shareholder returns while maintaining stable dividends over the long term, managing the balance sheet in consideration of financial stability and capital efficiency, and securing retained earnings for future growth.

Based on this, we will enhance dividends while taking into consideration business performance, financial condition, growth investments and other factors, while aiming for a DOE of 3%. In addition, the Company plans to purchase a total of 100.0 billion yen of treasury shares between November 2023 and December 31, 2028, in an effort to improve capital efficiency.

(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 28, 2024. The total annual dividend including the interim dividend of 60 yen per share will be 120 yen per share (the same amount as the previous fiscal year).

(Dividend forecast for the next fiscal year)

The Company plans to pay 65 yen per share as the interim dividend, as well as the year-end dividend of 65 yen per share (for an annual dividend of 130 yen per share, an increase of 10 yen from the fiscal year under review).

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	107,151	75,401
Notes and accounts receivable - trade, and contract assets	52,438	58,165
Electronically recorded monetary claims - operating	1,330	1,437
Merchandise and finished goods	53,377	62,840
Work in process	2,345	906
Raw materials and supplies	46,648	43,755
Other	8,551	10,856
Allowance for doubtful accounts	(162)	(259)
Total current assets	271,680	253,104
Non-current assets		
Property, plant and equipment		
Buildings and structures	186,581	175,062
Accumulated depreciation	(104,853)	(110,473)
Buildings and structures, net	81,727	64,588
Machinery, equipment and vehicles	779,573	750,748
Accumulated depreciation	(480,850)	(463,567)
Machinery, equipment and vehicles, net	298,723	287,181
Land	11,722	12,356
Construction in progress	28,301	25,244
Other	25,131	21,243
Accumulated depreciation	(19,976)	(17,647)
Other, net	5,154	3,596
Total property, plant and equipment	425,629	392,968
Intangible assets	5,341	4,996
Investments and other assets		
Investment securities	40,806	43,405
Deferred tax assets	1,784	1,783
Other	2,687	15,916
Allowance for doubtful accounts	(21)	(8,257)
Total investments and other assets	45,256	52,847
Total non-current assets	476,227	450,812
Total assets	747,907	703,917

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,102	43,169
Short-term borrowings	40,878	32,505
Income taxes payable	1,372	1,046
Other provisions	213	70
Asset retirement obligations	—	1,518
Other	37,098	30,732
Total current liabilities	131,665	109,042
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	42,647	65,838
Deferred tax liabilities	9,696	5,283
Provision for special repairs	8,665	6,223
Other provisions	274	129
Retirement benefit liability	1,253	1,399
Asset retirement obligations	252	1,147
Other	4,539	4,724
Total non-current liabilities	87,329	104,744
Total liabilities	218,995	213,786
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,278	34,273
Retained earnings	446,359	409,910
Treasury shares	(20,072)	(31,932)
Total shareholders' equity	492,721	444,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,207	16,785
Deferred gains or losses on hedges	443	38
Foreign currency translation adjustment	16,973	25,814
Total accumulated other comprehensive income	31,623	42,638
Non-controlling interests	4,567	3,084
Total net assets	528,912	490,130
Total liabilities and net assets	747,907	703,917

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

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	324,634	279,974
Cost of sales	239,065	246,764
Gross profit	85,569	33,210
Selling, general and administrative expenses	59,384	43,631
Operating profit (loss)	26,184	(10,420)
Non-operating income		
Interest income	684	780
Dividend income	1,353	1,365
Subsidy income	1,543	1,671
Foreign exchange gains	6,333	1,189
Other	1,724	1,819
Total non-operating income	11,640	6,827
Non-operating expenses		
Interest expenses	925	1,268
Depreciation of inactive non-current assets	854	1,374
Donations	155	1,046
Loss on retirement of non-current assets	930	920
Other	900	1,278
Total non-operating expenses	3,765	5,887
Ordinary profit (loss)	34,058	(9,480)
Extraordinary income		
Reversal of provision for special repairs	814	3,123
Insurance claim income	4,856	3,052
Gain on sale of investment securities	1,185	2,891
Gain on sale of non-current assets	161	2,350
Other	185	505
Total extraordinary income	7,203	11,923
Extraordinary losses		
Business restructuring expenses	—	16,958
Impairment losses	830	12,551
Other	913	1,544
Total extraordinary losses	1,744	31,054
Profit (loss) before income taxes	39,517	(28,612)
Income taxes - current	8,111	3,208
Income taxes - deferred	2,910	(5,534)
Total income taxes	11,022	(2,326)
Profit (loss)	28,495	(26,285)
Profit (loss) attributable to non-controlling interests	327	(97)
Profit (loss) attributable to owners of parent	28,167	(26,188)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	28,495	(26,285)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,897)	2,578
Deferred gains or losses on hedges	270	(404)
Foreign currency translation adjustment	14,688	7,394
Share of other comprehensive income of entities accounted for using equity method	177	153
Total other comprehensive income	12,238	9,721
Comprehensive income	40,733	(16,564)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	40,405	(16,466)
Comprehensive income attributable to non-controlling interests	327	(97)

(3) Consolidated statement of changes in equity

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

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	32,155	34,278	446,359	(20,072)	492,721
Changes during period					
Dividends of surplus			(11,165)		(11,165)
Profit attributable to owners of parent			(26,188)		(26,188)
Purchase of treasury shares				(11,899)	(11,899)
Disposal of treasury shares		(4)		39	34
Change in scope of consolidation			904		904
Net changes in items other than shareholders' equity					
Total changes during period	—	(4)	(36,449)	(11,860)	(48,313)
Balance at end of period	32,155	34,273	409,910	(31,932)	444,407

	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	14,207	443	16,973	31,623	4,567	528,912
Changes during period						
Dividends of surplus						(11,165)
Profit attributable to owners of parent						(26,188)
Purchase of treasury shares						(11,899)
Disposal of treasury shares						34
Change in scope of consolidation						904
Net changes in items other than shareholders' equity	2,578	(404)	8,841	11,015	(1,483)	9,531
Total changes during period	2,578	(404)	8,841	11,015	(1,483)	(38,782)
Balance at end of period	16,785	38	25,814	42,638	3,084	490,130

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	39,517	(28,612)
Depreciation	28,962	37,185
Impairment losses	830	23,495
Insurance claim income	(4,856)	(3,052)
Loss (gain) on sale of investment securities	(1,185)	(2,891)
Increase (decrease) in provision for special repairs	(5)	(2,442)
Foreign exchange losses (gains)	(4,221)	(3,510)
Interest and dividend income	(2,037)	(2,145)
Interest expenses	925	1,268
Decrease (increase) in trade receivables and contract assets	10,762	(5,353)
Decrease (increase) in inventories	(37,316)	(4,208)
Increase (decrease) in trade payables	7,162	(9,265)
Other, net	3,014	(1,551)
Subtotal	41,551	(1,085)
Interest and dividends received	2,043	1,950
Interest paid	(787)	(1,380)
Proceeds from insurance income	4,856	3,052
Income taxes paid	(16,100)	(3,898)
Net cash provided by (used in) operating activities	31,563	(1,360)
Cash flows from investing activities		
Proceeds from sale of investment securities	1,772	4,547
Purchase of non-current assets	(60,002)	(29,095)
Proceeds from sale of non-current assets	1,074	6,881
Other, net	0	(3,110)
Net cash provided by (used in) investing activities	(57,155)	(20,777)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	373	2,742
Proceeds from long-term borrowings	22,807	32,133
Repayments of long-term borrowings	(5,972)	(21,045)
Redemption of bonds	(10,000)	—
Purchase of treasury shares	(1)	(11,899)
Dividends paid	(11,158)	(11,162)
Repayments to non-controlling shareholders	—	(1,385)
Other, net	(1,922)	(955)
Net cash provided by (used in) financing activities	(5,874)	(11,572)
Effect of exchange rate change on cash and cash equivalents	3,605	2,108
Net increase (decrease) in cash and cash equivalents	(27,860)	(31,602)
Cash and cash equivalents at beginning of period	134,723	106,862
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(177)
Cash and cash equivalents at end of period	106,862	75,083