Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

Company name: PILOT CORPORATION
Listing: Tokyo
Securities code: 7846
URL: https://www.pilot.co.jp/
Representative: Fumio Fujisaki Representative Director and President
Inquiries: Harunobu Terada Executive Officer Accounting & Finance Department General Manager
Telephone: +81-3-3538-3700

Scheduled date of annual general meeting of shareholders: March 28, 2025
Scheduled date to commence dividend payments: March 31, 2025
Scheduled date to file annual securities report: March 28, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

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

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	126,168	6.4	17,805	(6.3)	20,110	(3.5)	15,181	11.1
December 31, 2023	118,590	5.1	19,003	(10.6)	20,840	(7.9)	13,661	(13.4)

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ 17,644 million [(1.9) %]
Fiscal year ended December 31, 2023: ¥ 17,993 million [(2.3) %]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	388.53	-	11.2	11.7	14.1
December 31, 2023	346.31	-	11.1	12.9	16.0

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	176,701	141,579	79.1	3,628.73
December 31, 2023	166,468	132,345	78.3	3,305.72

(Reference) Equity: As of December 31, 2024: ¥ 139,851 million
As of December 31, 2023: ¥ 130,408 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	22,727	(11,054)	(11,039)	39,112
December 31, 2023	10,175	(10,707)	(7,380)	38,329

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	50.00	-	50.00	100.00	3,946	28.9	3.2
December 31, 2024	-	53.00	-	64.00	117.00	4,548	30.1	3.4
Fiscal year ending December 31, 2025 (Forecast)	-	58.50	-	58.50	117.00		31.5	

(Note) The year-end dividend per share for the fiscal year ended December 31, 2024 has been changed from ¥53 to ¥64. For details, please refer to the "Notice of Dividend of Surplus" released today.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	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	133,000	5.4	18,000	1.1	19,000	(5.5)	14,500	(4.5)	371.09

(Note) Forecast for the first half of fiscal year ending June 30, 2025 has not been made.

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2024: 40,905,200 shares
December 31, 2023: 41,814,400 shares

2) Number of treasury shares at the end of the period:
December 31, 2024: 2,365,148 shares
December 31, 2023: 2,364,966 shares

3) Average number of shares outstanding during the period:
Fiscal Year ended December 31, 2024: 39,073,965 shares
Fiscal Year ended December 31, 2023: 39,449,434 shares

(Note) The number of treasury shares at the end of the period includes the Company's shares held by the BIP (Board Incentive Plan) trust (As of December 31, 2024: 18,827 shares, as of December 31, 2023: 18,827 shares). In addition, these Company's shares are included in the treasury shares which is deducted from the number of shares outstanding when calculating the average number of shares during the period (As of December 31, 2024: 18,827 shares, as of December 31, 2023: 18,827 shares).

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	81,882	3.3	12,581	(4.4)	16,535	(1.9)	12,356	5.2
December 31, 2023	79,280	(7.9)	13,165	(33.1)	16,858	(28.7)	11,750	(32.6)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	316.23	-
December 31, 2023	297.85	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	124,126	101,731	82.0	2,639.64
December 31, 2023	117,192	97,294	83.0	2,466.31

(Reference) Equity: As of December 31, 2024: ¥ 101,731 million
As of December 31, 2023: ¥ 97,294 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. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Overview of Operating Results (4) Future Outlook" on page 5 of this report.

Table of Contents of Attached Materials

1. Overview of Operating Results....2
(1) Result of Operations....2
(2) Financial Position....3
(3) Cash Flows....4
(4) Future Outlook....5
2. Basic Approach to the Selection of Accounting Standards....5
3. Consolidated Financial Statements....6
(1) Consolidated Balance Sheets....6
(2) Consolidated Statements of Income and Comprehensive Income....8
(3) Consolidated Statements of Changes in Equity....10
(4) Consolidated Statements of Cash Flows....12
(5) Notes to the Consolidated Financial Statements....14
(Notes on going concern assumption)....14
(Segment information, etc.)....14
(Per share information)....17
(Significant subsequent events)....17

1. Overview of Operating Results

(1) Result of Operations

During the current fiscal year (January 1 to December 31, 2024), the economic environment in Japan saw a gradual recovery due to improvements in the income environment, although inflation caused personal consumption to stall. Overseas, the outlook for the global economy remains uncertain due to factors such as the protracted situation in Ukraine, continued inflation in Europe and the U.S., and the impact of the prolonged slowdown in the Chinese economy.

In this economic environment, Pilot Corporation ("the Company") and its consolidated subsidiaries ("the Group") benefited from continued firmness in the Japanese market for writing instruments. However, as in the previous fiscal year, demand remained weak in some major overseas markets. Meanwhile, personnel, depreciation, and other expenses increased as we stepped up investments for the future to achieve sustainable growth toward our "2030 Vision."

As a result, consolidated net sales for the fiscal year totaled 126,168 million yen, up 6.4% year on year (YoY). Net sales in the Japanese market came to 30,312 million yen, up 4.8% YoY. Net sales in overseas markets were 95,855 million yen, up 6.9% YoY. Looking at results by business based on our medium-term management plan, net sales in the writing instruments business stood at 113,003 million yen, up 6.3% YoY. Net sales in the non-writing instruments business came to 13,165 million yen, up 6.9% YoY.

In terms of profit, the Group recorded operating profit of 17,805 million yen, down 6.3% YoY, and ordinary profit of 20,110 million yen, down 3.5% YoY. Profit attributable to owners of parent stood at 15,181 million yen, up 11.1% YoY.

Details of each segment are as follows.

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

From the current fiscal year, Pilot Pen (Malaysia) Sdn. Bhd., which had been an affiliate not accounted for using equity method, was newly included in the consolidated financial statements due to the additional acquisition of its shares. As September 30, 2024 is the deemed acquisition date, only the balance sheets were consolidated for the third quarter of the current fiscal year, while the company's statements of income from October 1, 2024 onwards were consolidated for the current fiscal year.

In addition, we newly established PT PILOT PEN SOUTH EAST ASIA in the Republic of Indonesia during the current fiscal year, and it has been included in the consolidated financial statements.

(Japan segment)

In the stationery business, sales of mechanical pencils such as S20, which are crafted from high-quality wood, and Dr. GRIP classic were strong in Japan. Moreover, the Kakuno fountain pen has garnered support from new users with the release of new dreamy "Madoromi" colors. In addition, our new highlighter pen, KIRE-NA, has gotten off to a very good start, receiving high praise from users for its pen tip structure that prevents writing from smudging. Mark's Group Holdings, Inc., which designs and manufactures stationery such as diaries and notebooks and which joined the Group in the previous fiscal year, also contributed to sales. Export sales have decreased due to prolonged inventory adjustments in some countries such as Saudi Arabia.

In the toys business, sales increased as the Mellchan doll and bath toys series, our mainstay products, performed well.

In the industrial materials and other businesses, sales increased thanks to the contribution of Mark's products, although sales of ceramics products, the mainstay of the industrial materials business, continued to decline as the semiconductor market is still recovering. Meanwhile, sales in the jewelry business were strong due to increased trading volume.

A breakdown of net sales in this segment by major business is as follows: 32,221 million yen, flat YoY in the stationery business, 4,170 million yen, up 6.9% YoY in the toys business, and 3,147 million yen, up 7.0% YoY in the industrial materials and other businesses. In the stationery business, net sales of writing instruments stood at 28,480

million yen, down 0.5% YoY, and net sales of other stationery came to 3,741 million yen, a 4.0% increase YoY.

As a result, net sales to external customers in this segment totaled 39,540 million yen, up 1.2% YoY. Segment operating profit came to 13,579 million yen, up 0.7% YoY.

(Americas segment)

In the Americas, in the U.S., our mainstay product G-2 continued to hold the top share in the gel ink pen market and remained strong. In addition, sales grew mainly on the strength of V Board Master whiteboard markers in the Brazilian market. The impact of the yen's depreciation also contributed to the increase in sales and profit.

As a result, net sales to external customers in this segment totaled 38,887 million yen, up 10.0% YoY. Segment operating profit came to 1,920 million yen, up 62.5% YoY.

(Europe segment)

In Europe, sales and profit increased although personal consumption has yet to fully recover. Sales of the FRIXION series, our core products in the European market, have recovered, and the yen's depreciation also contributed.

As a result, net sales to external customers in this segment totaled 26,923 million yen, up 10.7% YoY. Segment operating profit came to 1,782 million yen, up 5.6% YoY.

(Asia segment)

In Asia, we were heavily affected by the prolonged economic weakness in China. However, gel ink pens P-500/700, our mainstay products in the Chinese market, performed well. The impact of the yen's depreciation also contributed to an increase in sales.

Meanwhile, segment operating profit decreased on higher SG&A expenses such as personnel and advertising expenses.

As a result, net sales to external customers in this segment totaled 20,817 million yen, up 4.9% YoY. Segment operating profit came to 356 million yen, down 56.0% YoY.

As a result of the above, total segment operating profit in each region increased to 17,638 million yen, up 2.8% YoY, but consolidated operating profit was 17,805 million yen, down 6.3% YoY. This is primarily attributable to the unrealized profit related to inventories, which resulted in a consolidation adjustment of 167 million yen (compared to 1,842 million yen in the previous fiscal year).

(2) Financial Position

Total assets at the end of the fiscal year ended December 31, 2024 were 176,701 million yen, an increase of 10,232 million yen from the end of the previous fiscal year (up 6.2% YoY).

Current assets increased 1,156 million yen compared to the end of the previous fiscal year, to 108,294 million yen (up 1.1% YoY). This is primarily due to an increase of 1,523 million yen in notes and accounts receivable - trade.

Non-current assets increased 9,076 million yen compared to the end of the previous fiscal year, to 68,407 million yen (up 15.3% YoY). This is primarily due to increases of 6,118 million yen in property, plant and equipment, 1,302 million yen in goodwill, and 1,077 million yen in investment securities.

Note that this goodwill was generated by additionally acquiring shares in Pilot Pen (Malaysia) Sdn. Bhd., previously an affiliate not accounted for using equity method, during the third quarter of the current fiscal year, resulting in its inclusion in the consolidated financial statements.

Liabilities increased 998 million yen compared to the end of the previous fiscal year, to 35,122 million yen (up 2.9% YoY).

Current liabilities increased 1,180 million yen compared to the end of the previous fiscal year, to 32,748 million yen (up 3.7% YoY). This is primarily due to increases of 1,557 million yen in income taxes payable and 1,458 million yen in notes payable - facilities included under other, despite a decrease of 1,358 million yen in short-term borrowings.

Non-current liabilities decreased 181 million yen compared to the end of the previous fiscal year, to 2,373 million yen (down 7.1% YoY). This is primarily due to an increase of 134 million yen in deferred tax liabilities, despite a

decrease of 328 million yen in long-term borrowings.

Net assets increased 9,233 million yen compared to the end of the previous fiscal year, to 141,579 million yen (up 7.0% YoY). This is primarily due to increases of 7,010 million yen in retained earnings and 1,782 million yen in foreign currency translation adjustment.

(3) Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended December 31, 2024 was 39,112 million yen, an increase of 783 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities was 22,727 million yen (as compared to 10,175 million yen provided in the previous fiscal year). Major factors of the inflow included profit before income taxes of 21,383 million yen, depreciation of 5,090 million yen, and a decrease in inventories of 3,012 million yen. Major factors of the outflow were a decrease in trade payables of 2,372 million yen and income taxes paid of 4,119 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 11,054 million yen (as compared to 10,707 million yen used in the previous fiscal year). This was mainly due to 11,192 million yen spent on the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities was 11,039 million yen (as compared to 7,380 million yen used in the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of 1,692 million yen, purchase of treasury shares of 4,000 million yen, and dividends paid of 4,048 million yen.

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

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Capital adequacy ratio (%)	78.3	79.1
Capital adequacy ratio based on market value (%)	99.6	106.0
Debt redemption years (years)	0.4	0.1
Interest coverage ratio (times)	49.8	152.3

(Notes) Capital adequacy ratio: Equity/total assets
Capital adequacy 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

- All indicators are calculated based on consolidated financial figures.
- Market capitalization is calculated by multiplying the stock price at the end of the period by the total number of issued shares at the end of the period (excluding treasury shares).
- Interest-bearing debt includes all liabilities recorded in the consolidated balance sheets on which interest is paid.
- Operating cash flow and interest payments are calculated using cash flows from operating activities and interest paid recorded in the consolidated statements of cash flows.

(4) Future Outlook

1) 2025-2027 Medium-Term Management Plan

We have formulated the 2025-2027 medium-term management plan to realize the Group's "2030 Vision." We have designated the three years beginning with the fiscal year ending December 31, 2025, as a phase in which we will strengthen the Group's management foundation to adapt to changes and achieve continuous evolution.

Our top priority management issue will be the growth of writing instruments, which is our mainstay business, in the global market. We will maintain and improve our profit margins by providing people around the world with the value of writing as well as appealing tools and opportunities that support the act of writing.

Our second management issue, which is strengthening the structure of the non-writing instruments business, will go beyond the value of writing that the Group has provided to date, and will create seeds for future creation, new value, and lead to the creation of new businesses. Our third management issue lies in developing alliance partners. By developing and collaborating with partners with whom we can grow and generate synergies, we can launch value-added products into new fields and accelerate growth. Our fourth management issue relates to promoting sustainable Group management. We will further strengthen our management foundation and prioritize issues on which we will place particular emphasis, such as operational reforms from the perspective of overall optimization, strengthening of the Group's management structure and development of human resources, and global supply chain reforms in the writing instruments business.

We will also promote sustainability initiatives, and through our business activities, we will create an environment in which people can live meaningful lives and demonstrate their creativity. In doing so, we will contribute to the resolution of social issues and the realization of a sustainable society.

During the period of this medium-term management plan, operating profit margins will be sluggish due to increased depreciation and rising material costs associated with growth investments. However, by working to increase sales by 4-5% each year and control costs, we will aim to achieve financial targets of consolidated net sales of 145,000 million yen, operating profit ratio of 16% or more, and ROE of 11% or more in the fiscal year ending December 31, 2027, which is the final year of this medium-term management plan. We will also strengthen shareholder returns, aiming for a total payout ratio of 50% or more.

2) Financial Results Forecast for the Fiscal Year Ending December 31, 2025

Looking ahead to the fiscal year ending December 31, 2025, we expect that the business environment both in Japan and overseas will remain uncertain. The business environment surrounding the Group remains difficult, with a declining birthrate in Japan, inflation in Europe and the U.S., and the impact of economic weakness in China. However, we aim to increase our global market share by developing appealing new products and competitive value-added products. While increased depreciation and rising material costs associated with ongoing growth investments will lead to sluggish profit margins, we will establish priorities and work to reduce expenses.

As a result, we expect consolidated net sales of 133,000 million yen, operating profit of 18,000 million yen, ordinary profit of 19,000 million yen, and profit attributable to owners of parent of 14,500 million yen for the fiscal year ending December 31, 2025.

Since the Group manages its business performance on an annual basis, the forecast for the first half of the fiscal year ending December 31, 2025 is omitted.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and between companies, for the time being, the Group will prepare its consolidated financial statements in accordance with Japanese GAAP.

Regarding the application of IFRS, we intend to take appropriate measures in consideration of various domestic and international situations.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	39,171	39,977
Notes and accounts receivable - trade	24,243	25,766
Merchandise and finished goods	24,222	23,456
Work in process	8,324	8,793
Raw materials and supplies	4,749	4,761
Other	6,512	5,660
Allowance for doubtful accounts	(86)	(121)
Total current assets	107,138	108,294
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,462	36,908
Accumulated depreciation	(15,985)	(17,179)
Buildings and structures, net	14,476	19,729
Machinery, equipment and vehicles	39,999	43,903
Accumulated depreciation	(32,793)	(34,466)
Machinery, equipment and vehicles, net	7,205	9,436
Other	21,199	21,532
Accumulated depreciation	(18,211)	(18,501)
Other, net	2,988	3,031
Land	7,608	7,517
Construction in progress	5,612	4,295
Total property, plant and equipment	37,891	44,010
Intangible assets		
Leasehold interests in land	5,355	5,355
Goodwill	-	1,302
Other	973	1,077
Total intangible assets	6,328	7,734
Investments and other assets		
Investment securities	7,860	8,937
Deferred tax assets	3,371	3,156
Retirement benefit asset	2,862	3,701
Other	1,047	899
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	15,109	16,662
Total non-current assets	59,330	68,407
Total assets	166,468	176,701

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,148	11,197
Short-term borrowings	1,728	370
Current portion of long-term borrowings	409	319
Accrued expenses	2,901	3,011
Income taxes payable	1,602	3,159
Provision for bonuses	718	906
Provision for bonuses for directors (and other officers)	65	66
Provision for loss on disaster	-	67
Provision for share awards for directors (and other officers)	-	71
Other	11,992	13,577
Total current liabilities	31,567	32,748
Non-current liabilities		
Long-term borrowings	494	166
Deferred tax liabilities	389	524
Provision for retirement benefits for directors (and other officers)	131	135
Provision for environmental measures	48	-
Provision for share awards for directors (and other officers)	47	-
Retirement benefit liability	720	770
Other	723	776
Total non-current liabilities	2,555	2,373
Total liabilities	34,123	35,122
Net assets		
Shareholders' equity		
Share capital	2,340	2,340
Capital surplus	7,923	7,887
Retained earnings	129,116	136,126
Treasury shares	(10,858)	(10,734)
Total shareholders' equity	128,521	135,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,187	1,534
Foreign currency translation adjustment	276	2,059
Remeasurements of defined benefit plans	423	637
Total accumulated other comprehensive income	1,887	4,231
Non-controlling interests	1,936	1,727
Total net assets	132,345	141,579
Total liabilities and net assets	166,468	176,701

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	118,590	126,168
Cost of sales	56,712	61,440
Gross profit	61,878	64,728
Selling, general and administrative expenses	42,875	46,922
Operating profit	19,003	17,805
Non-operating income		
Interest income	535	636
Dividend income	372	602
Foreign exchange gains	865	984
Other	347	332
Total non-operating income	2,120	2,555
Non-operating expenses		
Interest expenses	202	148
Other	80	102
Total non-operating expenses	283	250
Ordinary profit	20,840	20,110
Extraordinary income		
Gain on sale of non-current assets	388	79
Gain on sale of investment securities	290	480
Gain on step acquisitions	-	889
Insurance claim income	-	112
Compensation income	197	-
Reversal of provision for environmental measures	141	42
Total extraordinary income	1,017	1,604
Extraordinary losses		
Loss on sale of non-current assets	2	-
Loss on retirement of non-current assets	248	58
Impairment losses	-	110
Loss on disaster	-	91
Loss on sale of investment securities	3	0
Loss on valuation of investment securities	-	25
Soil pollution expense	-	45
Loss of joint venture dissolution	1,363	-
Total extraordinary losses	1,617	331
Profit before income taxes	20,239	21,383
Income taxes - current	5,629	6,011
Income taxes - deferred	851	138
Total income taxes	6,480	6,150
Profit	13,759	15,232
Profit attributable to non-controlling interests	97	50
Profit attributable to owners of parent	13,661	15,181

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit	13,759	15,232
Other comprehensive income		
Valuation difference on available-for-sale securities	537	356
Foreign currency translation adjustment	2,949	1,838
Remeasurements of defined benefit plans, net of tax	746	217
Total other comprehensive income	4,234	2,412
Comprehensive income	17,993	17,644
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,802	17,525
Comprehensive income attributable to non-controlling interests	191	119

Consolidated Statements of Changes in Equity

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

For the fiscal year ended December 31, 2024

(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	129,116	(10,858)	128,521
Changes during period					
Dividends of surplus			(4,054)		(4,054)
Profit attributable to owners of parent			15,181		15,181
Purchase of treasury shares				(4,000)	(4,000)
Cancellation of treasury shares		(8)	(4,116)	4,124	-
Increase in consolidated subsidiaries - non-controlling interests					-
Change in ownership interest of parent due to transactions with non-controlling interests		(27)			(27)
Net changes in items other than shareholders' equity					
Total changes during period	-	(35)	7,010	123	7,099
Balance at end of period	2,340	7,887	136,126	(10,734)	135,620

	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	1,187	276	423	1,887	1,936	132,345
Changes during period						
Dividends of surplus						(4,054)
Profit attributable to owners of parent						15,181
Purchase of treasury shares						(4,000)
Cancellation of treasury shares						-
Increase in consolidated subsidiaries - non-controlling interests					148	148
Change in ownership interest of parent due to transactions with non-controlling interests						(27)
Net changes in items other than shareholders' equity	347	1,782	213	2,343	(356)	1,986
Total changes during period	347	1,782	213	2,343	(208)	9,233
Balance at end of period	1,534	2,059	637	4,231	1,727	141,579

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,239	21,383
Depreciation	4,520	5,090
Impairment losses	-	110
Amortization of goodwill	137	32
Retirement benefit expenses	134	(215)
Increase (decrease) in provision for bonuses	29	145
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	(0)
Increase (decrease) in provision for share awards for directors (and other officers)	23	23
Increase (decrease) in allowance for doubtful accounts	(9)	31
Increase (decrease) in retirement benefit liability	18	29
Interest and dividend income	(908)	(1,238)
Insurance claim income	-	(112)
Interest expenses	202	148
Loss (gain) on sale of non-current assets	(385)	(79)
Loss on retirement of non-current assets	248	58
Loss (gain) on valuation of investment securities	-	25
Loss (gain) on sale of investment securities	(286)	(480)
Compensation income	(197)	-
Reversal of provision for environmental measures	(141)	(42)
Loss on disaster	-	91
Loss (gain) on step acquisitions	-	(889)
Soil pollution expense	-	45
Loss of joint venture dissolution	1,363	-
Decrease (increase) in trade receivables	275	(409)
Decrease (increase) in inventories	(1,462)	3,012
Increase (decrease) in trade payables	(3,910)	(2,372)
Other, net	(486)	1,308
Subtotal	19,391	25,694
Interest and dividends received	908	1,233
Interest paid	(204)	(149)
Proceeds from insurance income	-	112
Proceeds from compensation	197	-
Payments for environmental expenses	-	(0)
Soil pollution expense paid	-	(45)
Payments associated with loss of joint venture dissolution	(1,363)	-
Income taxes paid	(8,753)	(4,119)
Net cash provided by (used in) operating activities	10,175	22,727

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from investing activities		
Payments into time deposits	(10,516)	(10,839)
Proceeds from withdrawal of time deposits	10,380	10,838
Purchase of property, plant and equipment	(8,986)	(11,192)
Proceeds from sale of property, plant and equipment	436	209
Purchase of intangible assets	(301)	(327)
Purchase of investment securities	(1,732)	(821)
Proceeds from sale of investment securities	667	689
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(451)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	202	-
Other, net	(857)	840
Net cash provided by (used in) investing activities	(10,707)	(11,054)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,076)	(1,692)
Repayments of lease liabilities	(331)	(376)
Proceeds from long-term borrowings	718	-
Repayments of long-term borrowings	(712)	(418)
Purchase of treasury shares	-	(4,000)
Dividends paid	(3,941)	(4,048)
Dividends paid to non-controlling interests	(37)	(16)
Purchase of treasury shares of subsidiaries	-	(486)
Net cash provided by (used in) financing activities	(7,380)	(11,039)
Effect of exchange rate change on cash and cash equivalents	796	150
Net increase (decrease) in cash and cash equivalents	(7,115)	783
Cash and cash equivalents at beginning of period	45,444	38,329
Cash and cash equivalents at end of period	38,329	39,112

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are those units of the Company for which discrete financial information is available and for which the Board of Directors conducts regular reviews for the purpose of making decisions about the allocation of management resources and to assess performance.

The Group manufactures, purchases, and sells stationery, mainly writing instruments, in Japan and overseas. In Japan, the Company and its consolidated subsidiary, The Pilot Ink Co., Ltd., manufacture the products, and the Company is in charge of domestic and overseas sales. Overseas, our subsidiaries in each region act as independent management units, and each company conducts its business activities while developing comprehensive strategies for the products it handles. Some of our overseas subsidiaries manufacture products in addition to conducting sales, but the Company is responsible for production planning and capital investment, etc.

Accordingly, the Group is composed of geographical segments based on its management system, with four reportable segments: Japan, Americas, Europe, and Asia. Each reportable segment is primarily engaged in the sale or manufacture of stationery. However, some manufacturing and sales of toys, jewelry, and industrial materials is conducted by the Japan segment.

2. Calculation method for amounts of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting method for the reported business segments is the same as the accounting principles and procedures used to prepare the consolidated financial statements. Reportable segment profits are based on operating profit, and intersegment sales are based on third-party transaction prices.

3. Information regarding net sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Japan	Americas	Europe	Asia	Reportable segment total	Adjust-ment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
Net sales							
Net sales to external customers	39,062	35,360	24,313	19,853	118,590	—	118,590
Intersegment net sales or transfers	42,622	14	0	—	42,637	(42,637)	—
Total	81,685	35,375	24,313	19,853	161,228	(42,637)	118,590
Segment profit	13,482	1,182	1,687	809	17,161	1,842	19,003
Segment assets	135,955	30,005	19,869	14,332	200,163	(33,694)	166,468
Other items							
Depreciation	3,399	359	532	229	4,520	—	4,520
Increase in property, plant and equipment and intangible assets	9,634	647	686	322	11,291	—	11,291

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.

2. Segment profit has been adjusted with operating profit in the consolidated statements of income.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Japan	Americas	Europe	Asia	Reportable segment total	Adjust-ment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
Net sales							
Net sales to external customers	39,540	38,887	26,923	20,817	126,168	—	126,168
Intersegment net sales or transfers	45,601	1	—	—	45,602	(45,602)	—
Total	85,141	38,888	26,923	20,817	171,771	(45,602)	126,168
Segment profit	13,579	1,920	1,782	356	17,638	167	17,805
Segment assets	142,779	32,390	22,295	15,840	213,306	(36,604)	176,701
Other items							
Depreciation	3,788	419	617	264	5,090	—	5,090
Increase in property, plant and equipment and intangible assets	10,842	274	837	229	12,184	—	12,184

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.
2. Segment profit has been adjusted with operating profit in the consolidated statements of income.

[Related information]

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

1. Information by product and service

As sales to external customers of a single product or a single service category exceed 90% of net sales in the consolidated statements of income, this information has been omitted.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Americas	of which, U.S.	Europe	Asia	of which, China	Total
28,923	37,118	30,610	23,913	28,635	13,526	118,590

(Note) Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Europe	Asia	Total
30,972	3,151	2,763	1,004	37,891

3. Information by major customer

As there are no external customers to whom net sales account for 10% or more of net sales in the consolidated statements of income, this information has not been disclosed.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

1. Information by product and service

As sales to external customers of a single product or a single service category exceed 90% of net sales in the consolidated statements of income, this information has been omitted.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Americas	of which, U.S.	Europe	Asia	of which, China	Total
30,312	41,043	33,668	26,188	28,623	13,886	126,168

(Note) Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Europe	Asia	Total
36,736	3,024	3,068	1,179	44,010

3. Information by major customer

As there are no external customers to whom net sales account for 10% or more of net sales in the consolidated statements of income, this information has not been disclosed.

[Information regarding loss on impairment of non-current assets by reportable segment]

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

Not applicable.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Japan	Americas	Europe	Asia	Corporate/ elimination	Total
Impairment losses	110	—	—	—	—	110

[Information regarding amortization of goodwill and unamortized balances by reportable segment]

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

In Japan, the Company acquired shares of Mark's Group Holdings, Inc. as of January 6, 2023, and included the company and its subsidiary, Mark's Incorporated, in the scope of consolidation. As the resulting goodwill was deemed immaterial, it was amortized in full at the time of its occurrence.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Japan	Americas	Europe	Asia	Corporate/ elimination	Total
(Goodwill)						
Amortization in the period under review	—	—	—	32	—	32
Balance at end of period	—	—	—	1,302	—	1,302

[Information regarding gain on negative goodwill by reportable segment]

Not applicable.

(Per share information)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net assets per share	3,305.72 yen	3,628.73 yen
Basic earnings per share	346.31 yen	388.53 yen

(Notes) 1. Diluted earnings per share are not shown as there are no potentially dilutive shares.

2. The basis for calculating basic earnings per share is as follows.

Item	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit attributable to owners of parent (million yen)	13,661	15,181
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent for common shares (million yen)	13,661	15,181
Average number of common shares during the period (shares)	39,449,434	39,073,965

The Company's shares held by the BIP (Board Incentive Plan) trust are included in the number of treasury shares to be deducted when calculating the average number of shares during the period in calculating basic earnings per share, and are also included in the number of treasury shares to be deducted from the total number of shares issued at the end of the period in calculating net assets per share. In calculating basic earnings per share, the average number of treasury shares deducted during the period was 18,827 shares for both the fiscal years ended December 31, 2023 and 2024, and in calculating net assets per share, the number of treasury shares deducted at the end of the period was 18,827 shares for both the fiscal years ended December 31, 2023 and 2024.

(Significant subsequent events)

Not applicable.