

MITSUBISHI PENCIL COMPANY, LIMITED

# Supplementary Material on Financial Results for the Six Months Ended June 30, 2025

July 31, 2025

# Summary of Consolidated Financial Results for the Six Months Ended June 30, 2025

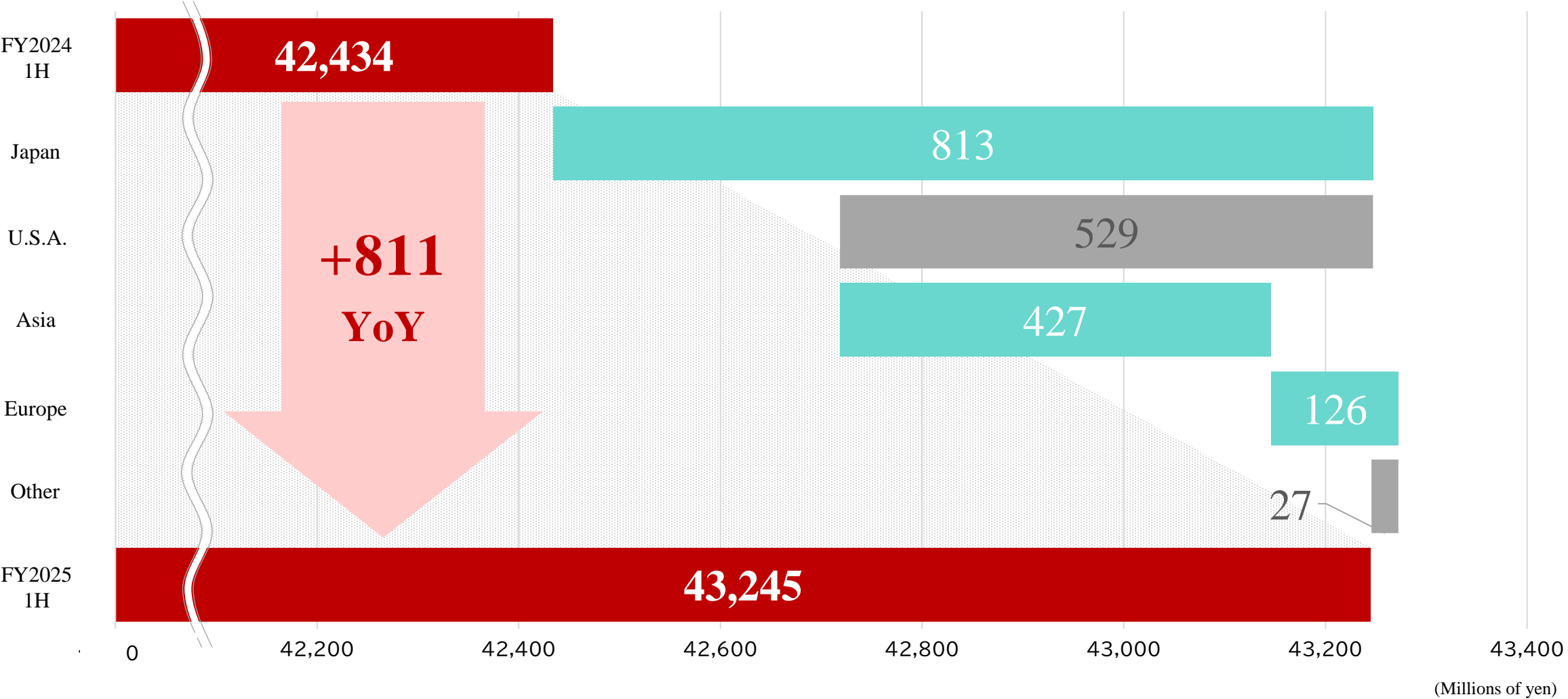
- ◆ Net sales grew and increased due mainly to strong sales of new products in the Japanese market.
- ◆ Operating profit fell due to increased selling, general and administrative expenses resulting from increases in labor costs due to growth-oriented human resource investment and the recording of an allowance for doubtful accounts that arose in the first quarter.
- ◆ Ordinary profit fell due to foreign exchange gains turning to losses compared to the same period of the previous fiscal year, and profit\* fell due to a gain on sale of non-current assets in the previous fiscal year.
- ◆ At the end of the previous fiscal year, we finalized provisional accounting treatment pertaining to a business combination, and the figures for the second quarter of 2024 reflect the finalized content.

[Consolidated] Millions of yen	2021	2022	2023	2024	2025	YoY	
	Q2	Q2	Q2	Q2	Q2	Change	Change (%)
Net sales	30,619	33,881	36,240	42,434	43,245	811	1.9%
(Avg. USD exchange rate)	¥107.76	¥123.17	¥135.99	¥152.30	¥148.98	¥-3.32	-
(Avg. EUR exchange rate)	¥129.97	¥134.52	¥147.00	¥164.82	¥162.60	¥-2.22	-
Gross profit	15,361	16,535	18,206	21,600	22,267	667	3.1%
(Gross profit margin)	50.2%	48.8%	50.2%	50.9%	51.5%	0.6%	-
Selling, general and administrative expenses	11,240	11,862	12,548	16,434	17,467	1,033	6.3%
Operating profit	4,121	4,672	5,658	5,165	4,799	(366)	(7.1%)
Ordinary profit	4,691	5,570	6,538	6,333	4,957	(1,376)	(21.7%)
Profit*	3,234	3,908	4,436	6,644	3,144	(3,500)	(52.7%)

\*Profit attributable to owners of parent

# Analysis of Changes in Consolidated Net Sales

- ◆ Japanese market: Sales of new products such as uniball ZENTO and LAMY safari JETSTREAM INSIDE were favorable.
- ◆ Overseas markets: In the U.S.A., revenue declined despite adjustment of shipments being resolved. In Asia, in addition to the strong performance of new products of “uniball AIR” in China, sales of the LAMY brand also contributed. In Europe, adjustments in distributed inventory primarily for POSCA are persisting.

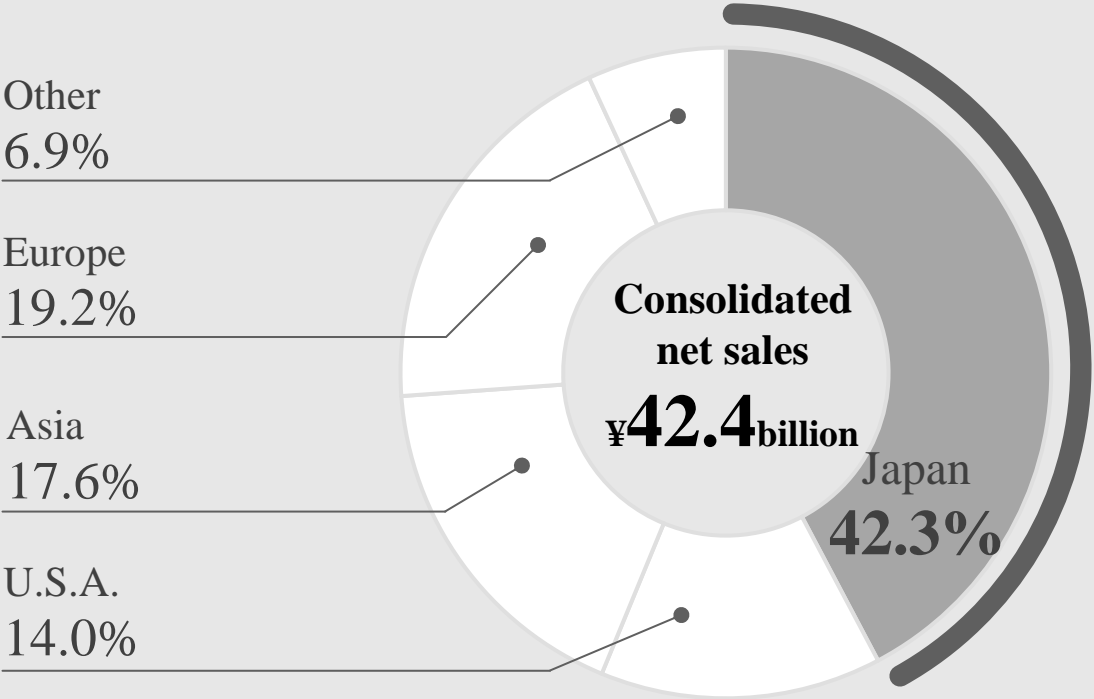




# Composition of Consolidated Net Sales by Region

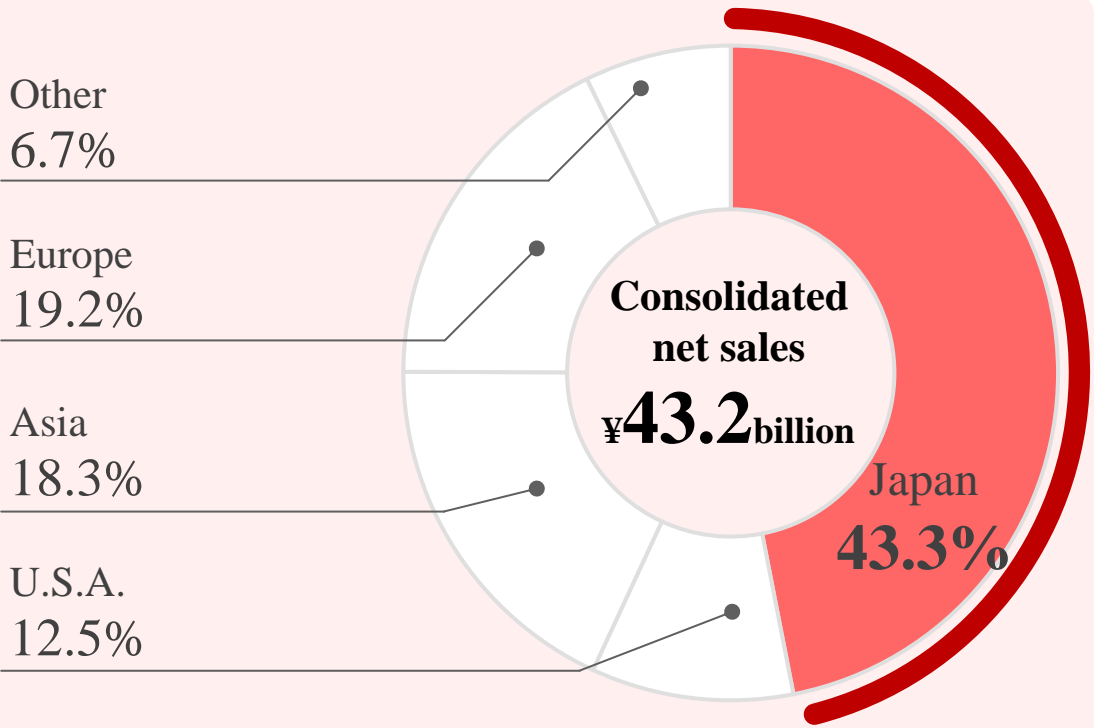
◆ The ratio of domestic sales has slightly increased due to growth in the Japanese market.

2024 Q2



Overseas **57.7%** Japan **42.3%**

2025 Q2



Overseas **56.7%** Japan **43.3%**

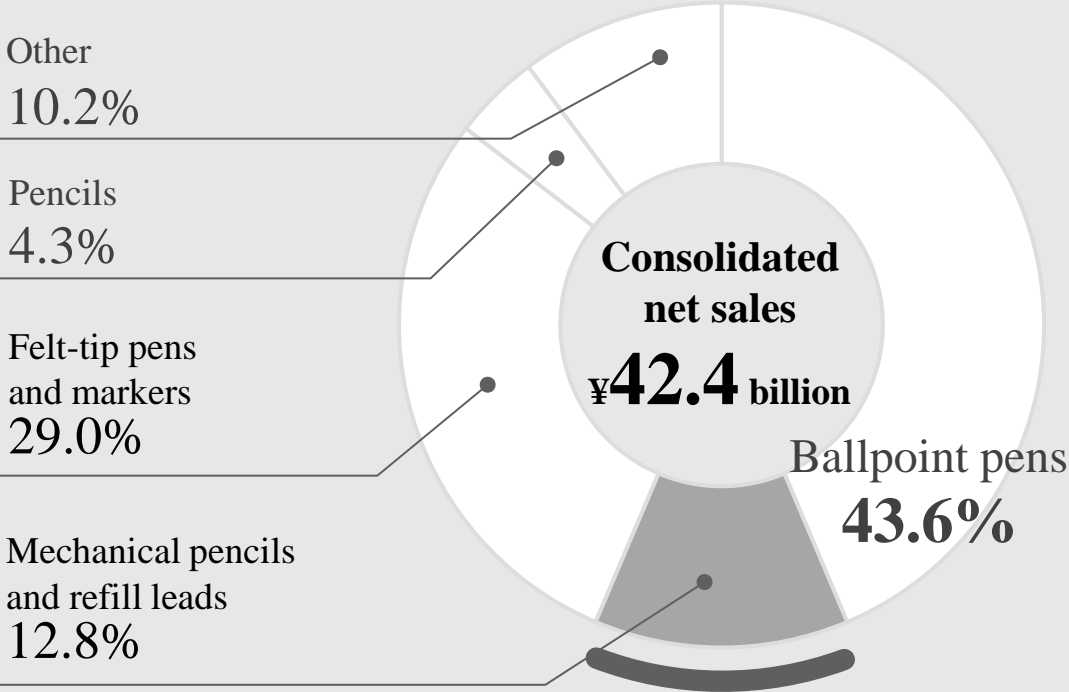
# Consolidated Net Sales by Region

Millions of yen	2024	Composition	2025	Composition	YoY	
	Q2		Q2		Change	Change (%)
Japan	17,929	42.3%	18,743	43.3%	813	104.5%
U.S.A.	5,931	14.0%	5,402	12.5%	(529)	91.1%
Asia	7,485	17.6%	7,912	18.3%	427	105.7%
Europe	8,158	19.2%	8,284	19.2%	126	101.5%
Other	2,931	6.9%	2,904	6.7%	(27)	99.1%
Total	42,434	100.0%	43,245	100.0%	811	101.9%

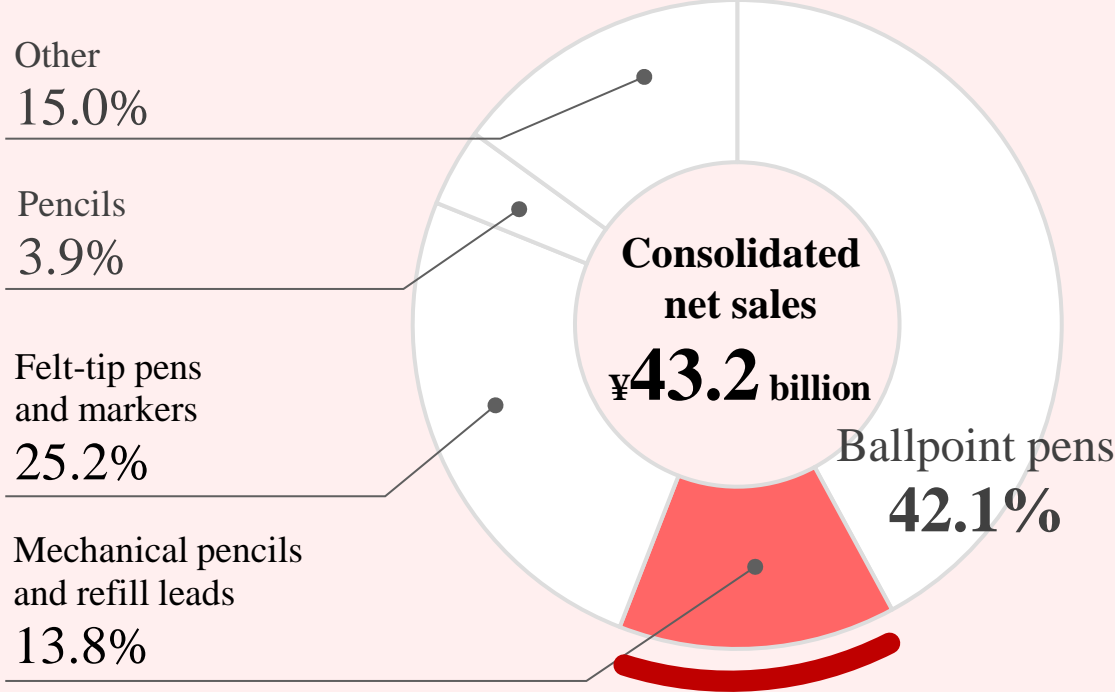
# Composition of Consolidated Net Sales by Product Type

- ◆ The ratio for felt-tip pens and markers has declined due to adjustments in distributed inventory of POSCA in Europe.
- ◆ Mechanical pencils sales have grown.

2024 Q2

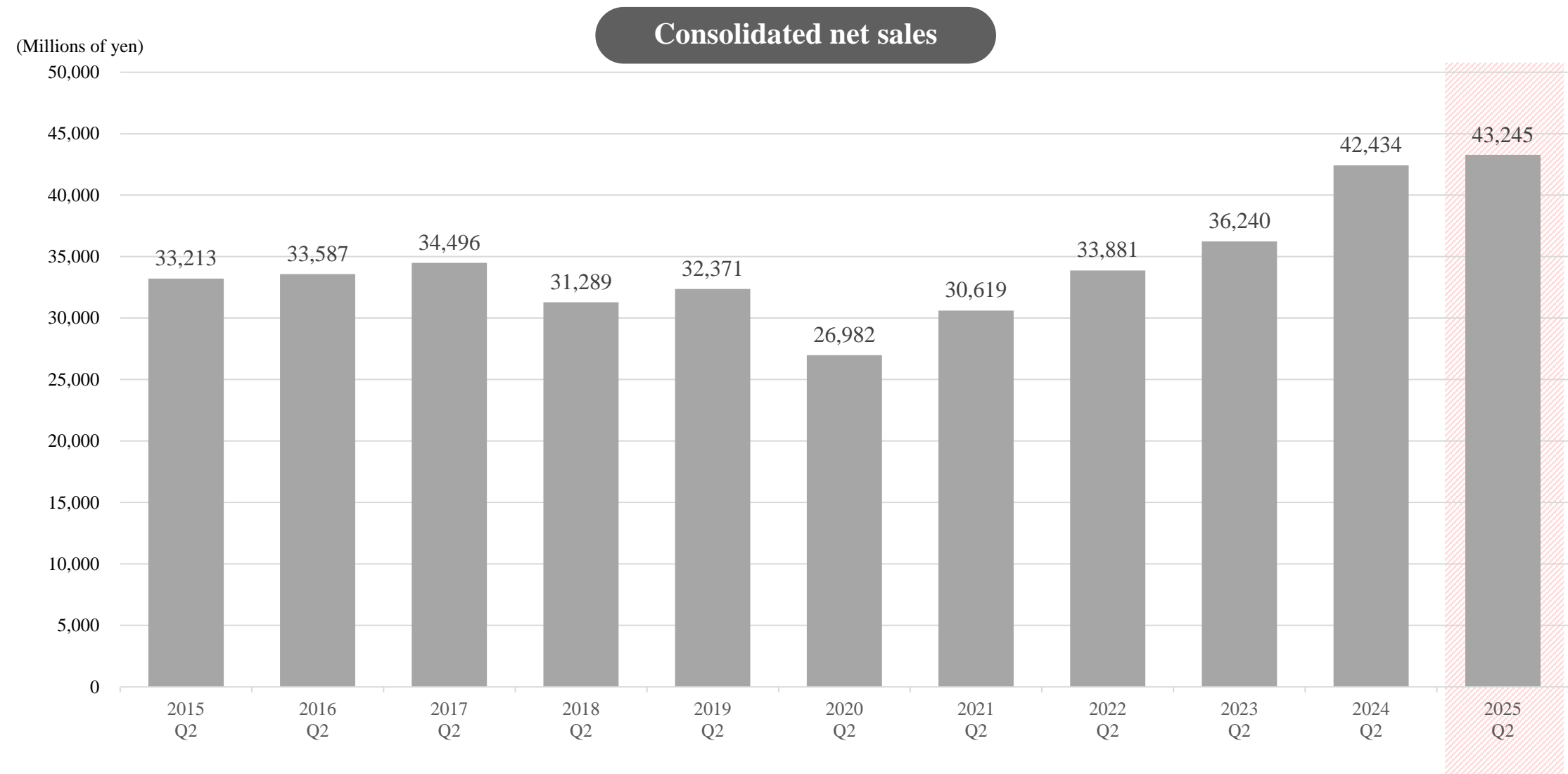


2025 Q2



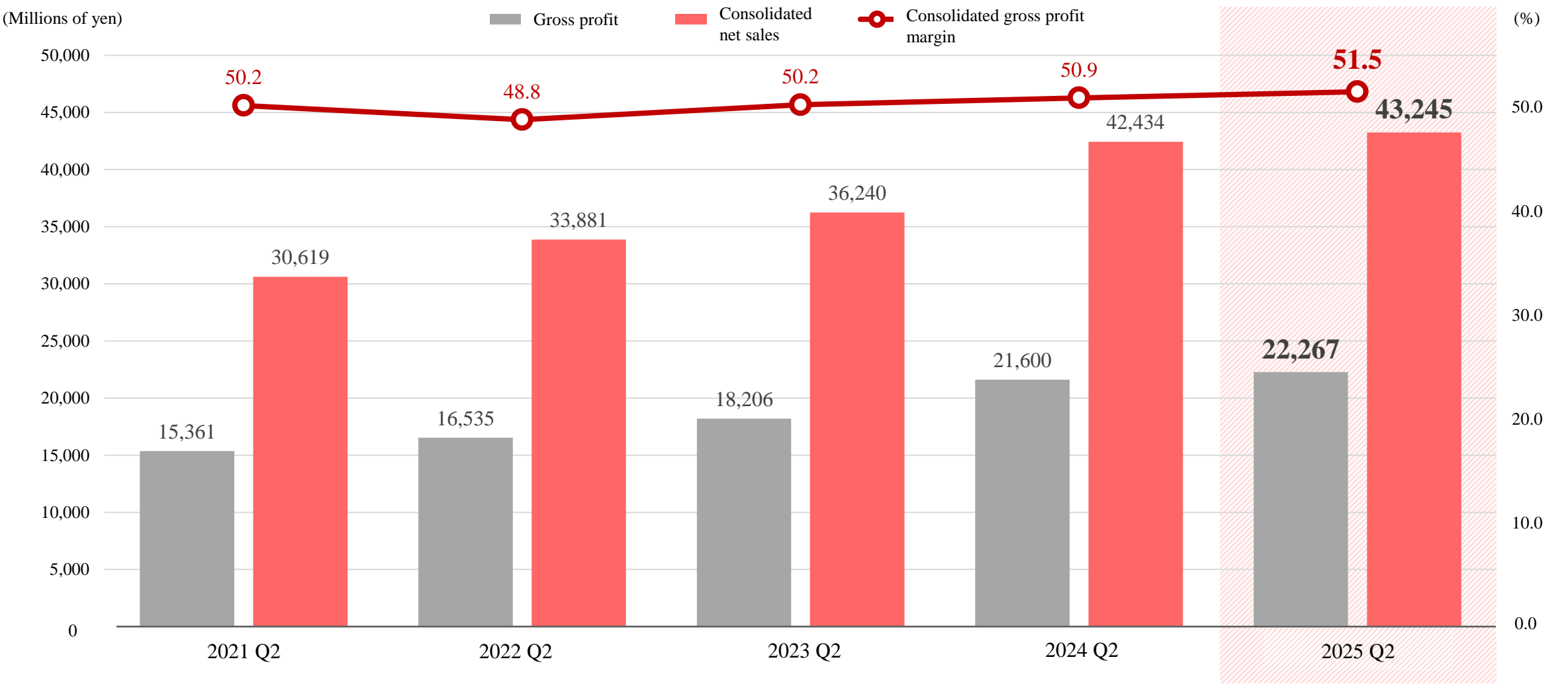
# Trend in Consolidated Results of Net Sales

◆ Net sales for the second quarter of 2025 saw a record-high compared to past second quarter net sales.



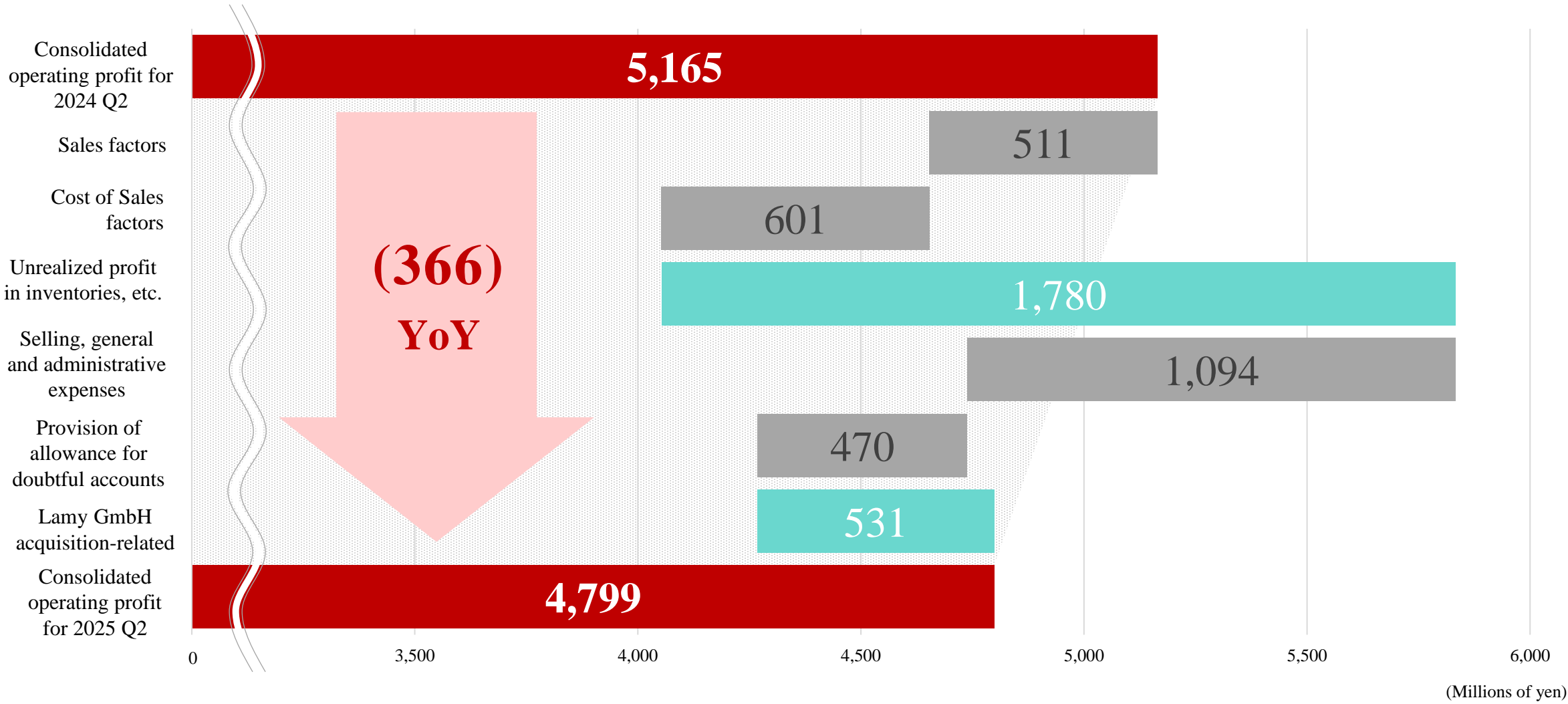
# Consolidated Gross Profit Margin

◆ Gross profit increased due to a decrease in unrealized profit in inventories at consolidated subsidiaries.



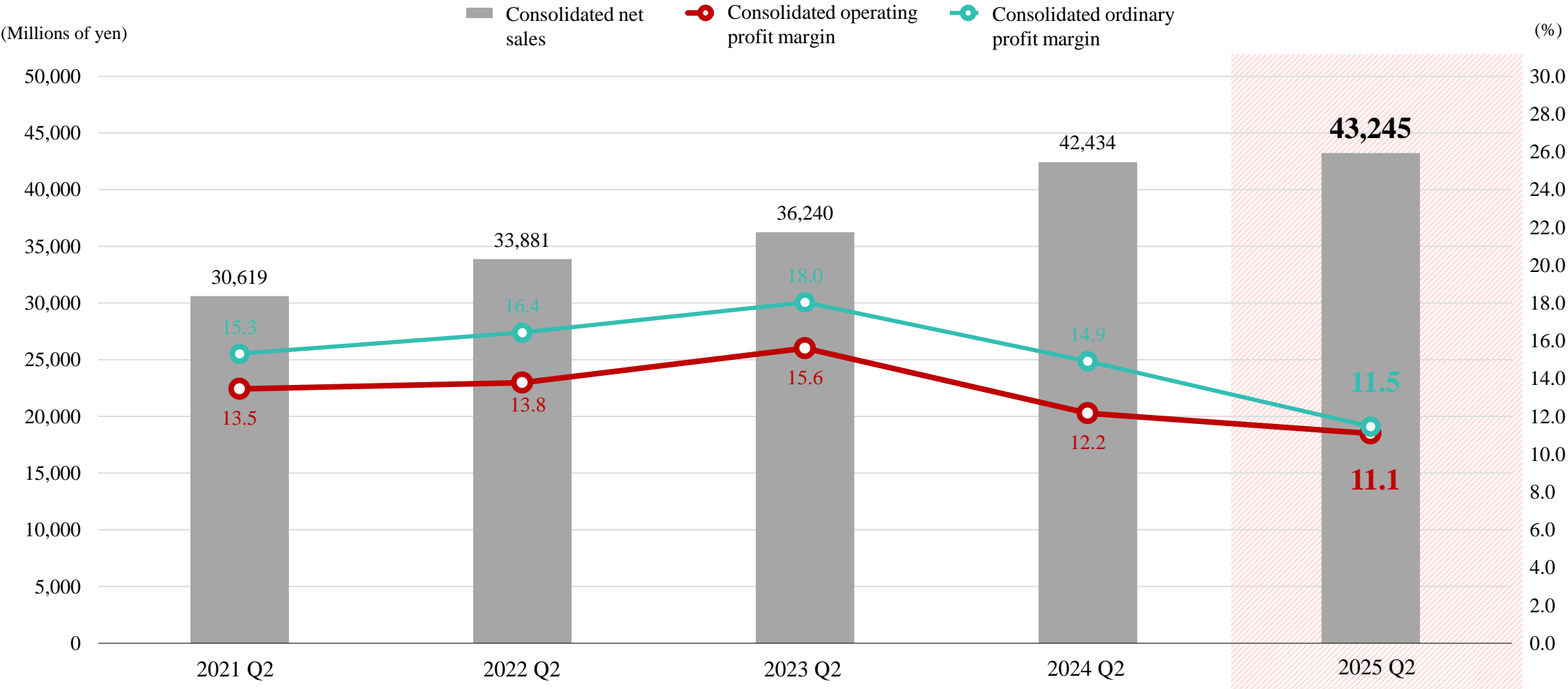


# Analysis of Changes in Consolidated Operating Profit



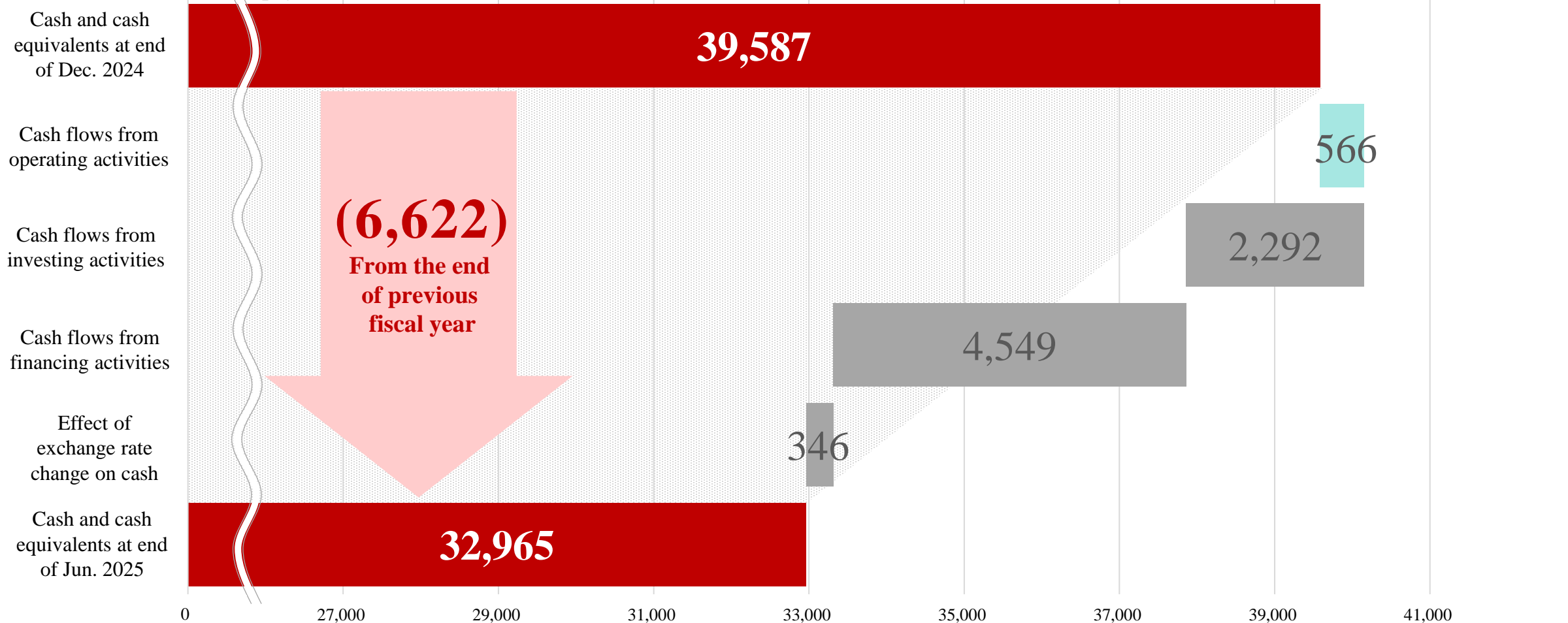
# Consolidated Net Sales, Operating Profit Margin and Ordinary Profit Margin

- ◆ Operating profit margin declined due to increased selling, general and administrative expenses resulting from increases in labor costs due to growth-oriented human resource investment and the recording of an allowance for doubtful accounts that arose in the first quarter.
- ◆ Ordinary profit margin declined due to foreign exchange gains turning to losses compared to the same period of the previous fiscal year, due to valuation of foreign currency denominated receivables and payables. etc.



# Consolidated Cash Flows

- ◆ The increase in cash flows from operating activities was limited due to a decrease in trade payables due to shortening of bill payment period for trade notes, etc.
- ◆ Free cash flow decreased after the purchase of non-current assets and the implementation of shareholder return measures, such as purchase of treasury shares and dividend payments.

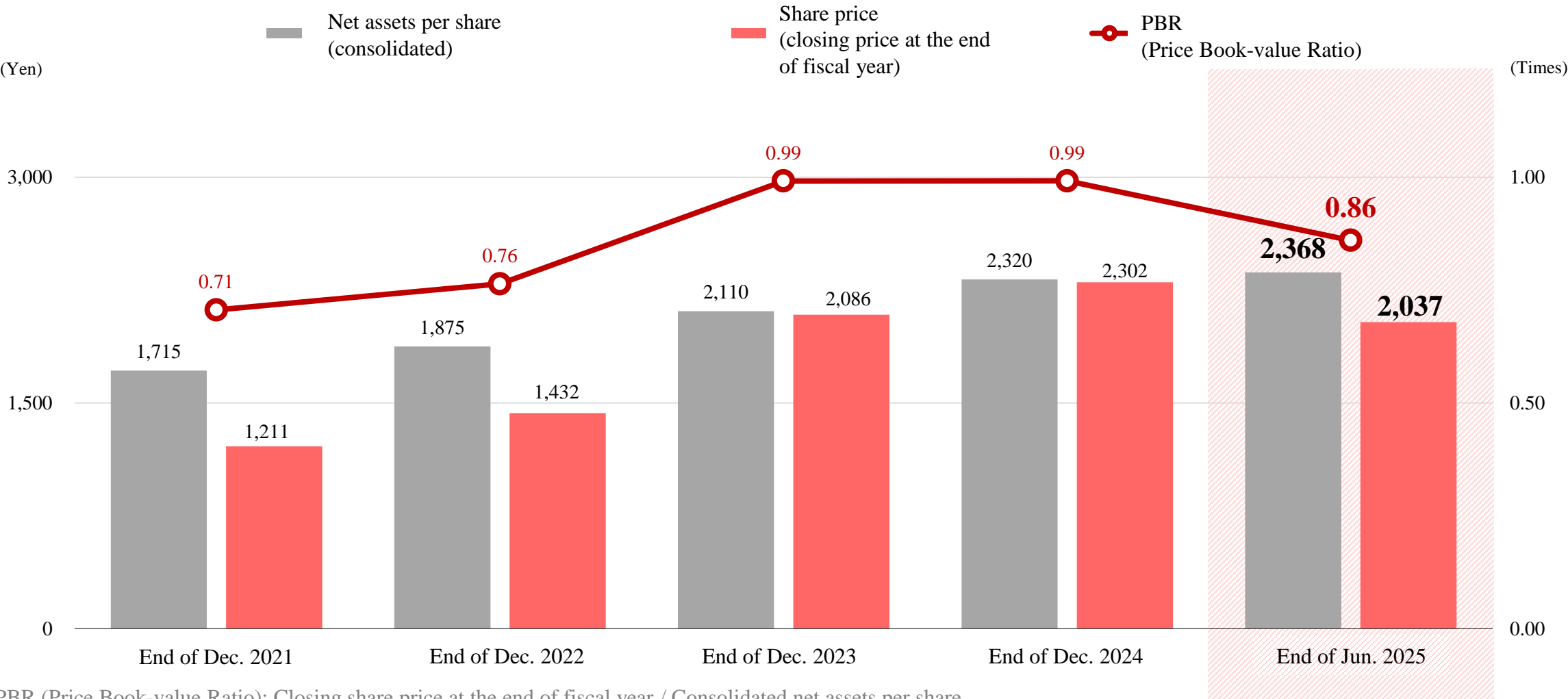


(Note) Figures do not align with cash and deposits presented on the balance sheets given that the balance of time deposits is not presented on the statements of cash flows.

(Millions of yen)

# Net Assets per Share / Price Book-value Ratio

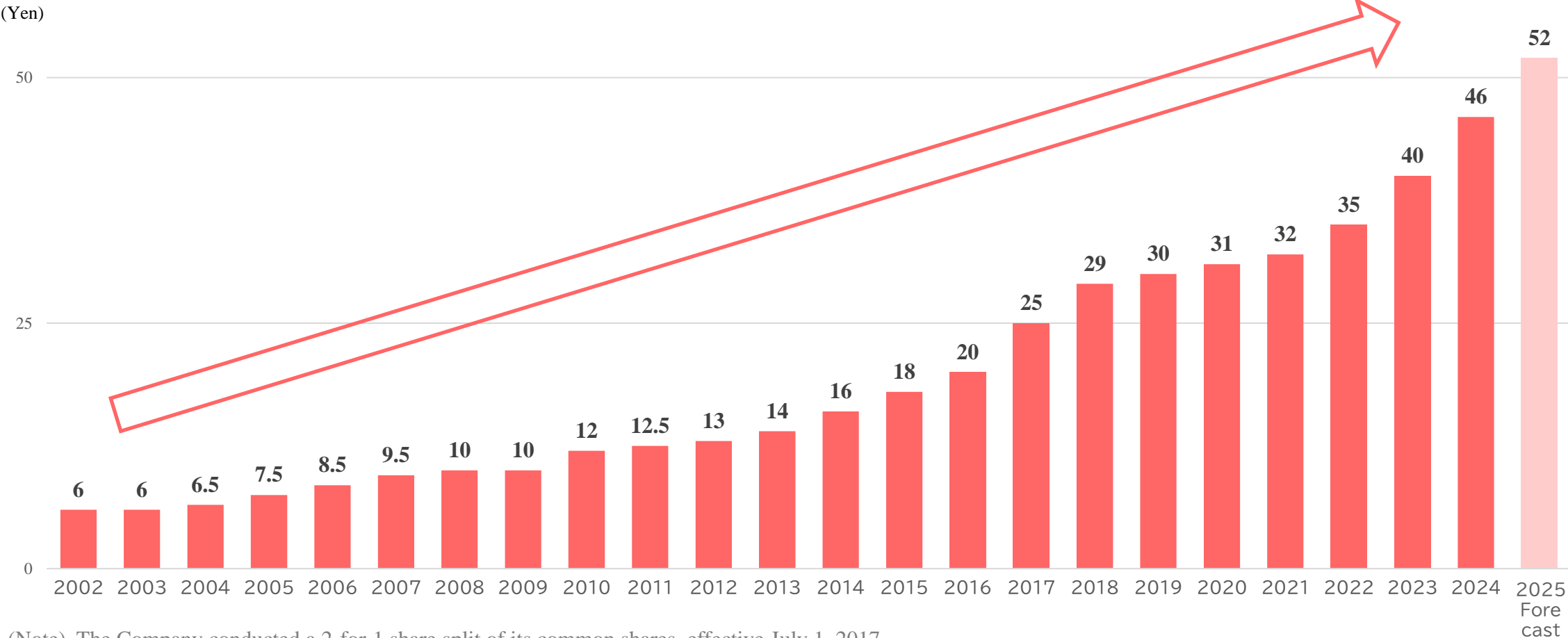
◆ While PBR\* increased to approximately 1x due to profit expansion in 2024, it recently declined to 0.86x. We will strive to improve PBR through the implementation of Medium-term Business Plan.



\* PBR (Price Book-value Ratio): Closing share price at the end of fiscal year / Consolidated net assets per share

# Shareholder Returns

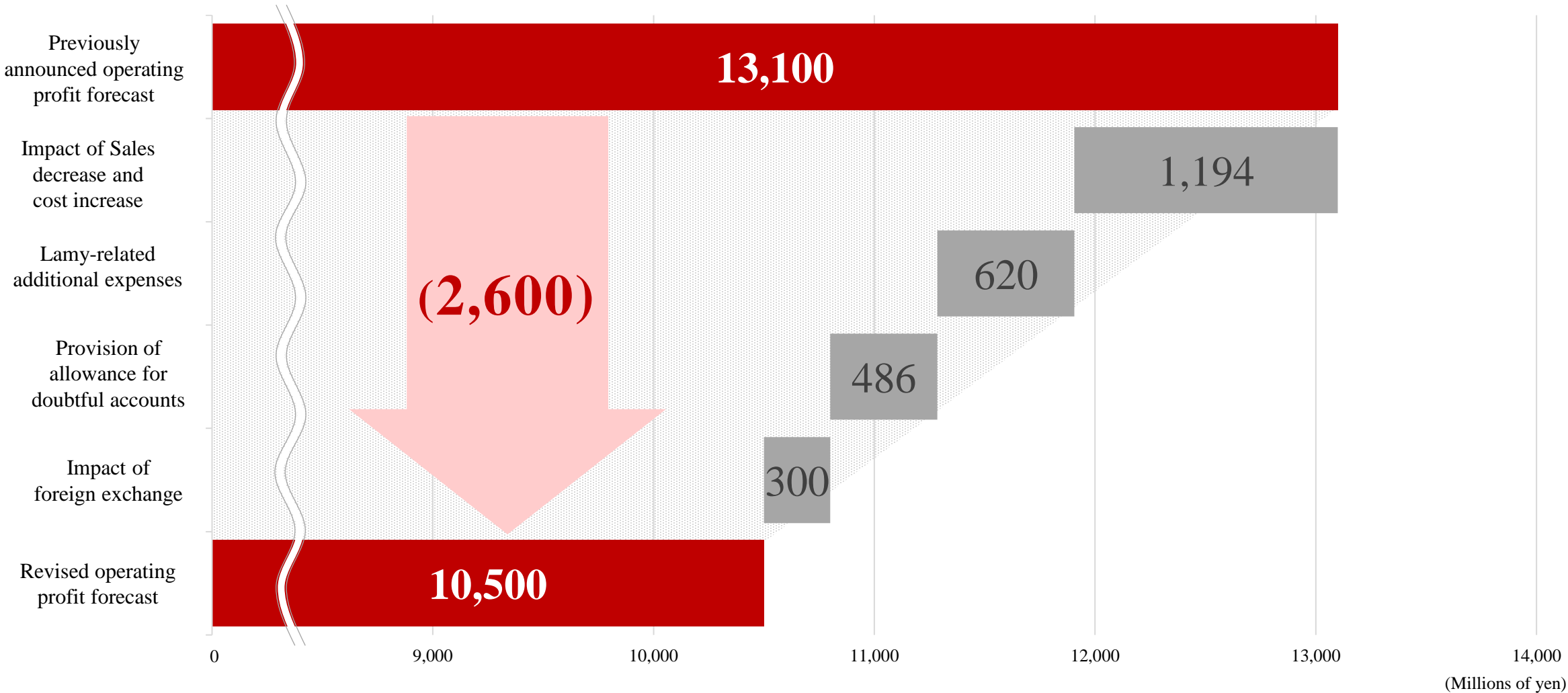
- ◆ Change in dividend policy: In addition to continued progressive dividends, we have newly set a consolidated payout ratio of 40% as a numerical target.
- ◆ Revision to dividend forecast: Revised from the originally forecasted annual dividend of ¥48 (interim dividend of ¥24, year-end dividend of ¥24) to an annual dividend of ¥52 (interim dividend of ¥26, year-end dividend of ¥26), for an increase of ¥4.
- ◆ We implemented a share buyback of 1 million shares from January 2025 to May 2025. All acquired shares are scheduled to be cancelled in August.



(Note) The Company conducted a 2-for-1 share split of its common shares, effective July 1, 2017.  
Accordingly, dividends per share was calculated assuming the share split was conducted at the beginning of 2002.



# Revisions to Consolidated Earnings Forecasts



Uniquely Beautiful.



The forecasts and forward-looking statements provided in this document are based on information currently available to the Company and contain potential risks and uncertainties. Consequently, actual results may differ from those projected figures due to various factors.

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