

July 31, 2025

Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: Mitsubishi Pencil Company, Limited
 Listing: Tokyo Stock Exchange
 Securities code: 7976
 URL: <https://www.mpuni.co.jp/>
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 Scheduled date to file semi-annual securities report: August 5, 2025
 Scheduled date to commence dividend payments: September 4, 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 six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	43,245	1.9	4,799	(7.1)	4,957	(21.7)	3,144	(52.7)
June 30, 2024	42,434	17.1	5,165	(8.7)	6,333	(3.1)	6,644	49.8

Note: Comprehensive income For the six months ended June 30, 2025: ¥4,039 million [(71.0)%]
 For the six months ended June 30, 2024: ¥13,930 million [70.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	57.28	-
June 30, 2024	121.75	-

Note: In the fiscal year ending December 31, 2024, the provisional accounting treatment for the business combination was finalized, and the figures for the interim period of the fiscal year ending December 31, 2024 reflect the details of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	170,449	131,114	75.5	2,368.12
December 31, 2024	176,881	130,708	72.6	2,320.42

Reference: Equity
 As of June 30, 2025: ¥128,639 million
 As of December 31, 2024: ¥128,357 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	21.00	-	25.00	46.00
Fiscal year ending December 31, 2025	-	26.00			
Fiscal year ending December 31, 2025 (Forecast)				26.00	52.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from 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
Fiscal year ending December 31, 2025	91,000	2.5	10,500	(13.9)	10,800	(16.6)	7,000	(37.9)	128.20

Note: Revisions to the earnings forecasts most recently announced: Yes

* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
 Newly included: 1 company (UNI LINC INDIA PRIVATE LIMITED)
 Excluded: 1 company (Shanghai Shen Kai Ling Compnay Ltd.)
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	61,042,592 shares
As of December 31, 2024	61,042,592 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2025	6,721,159 shares
As of December 31, 2024	5,726,013 shares

- (iii) Average number of shares outstanding during the period(cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	54,886,034 shares
Six months ended June 30, 2024	54,576,290 shares

Semi-annual consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	41,349	34,089
Notes and accounts receivable - trade	19,586	18,346
Inventories	30,430	30,951
Other	4,072	3,441
Allowance for doubtful accounts	(234)	(778)
Total current assets	95,205	86,051
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,117	15,627
Other, net	16,699	16,770
Total property, plant and equipment	31,817	32,398
Intangible assets		
Goodwill	5,739	5,644
Trademark right	5,267	5,279
Other	1,184	1,232
Total intangible assets	12,190	12,156
Investments and other assets		
Investment securities	26,130	28,243
Investment property, net	5,917	5,869
Other	5,703	5,812
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	37,668	39,843
Total non-current assets	81,676	84,398
Total assets	176,881	170,449

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,014	5,482
Short-term borrowings	1,736	1,730
Income taxes payable	2,849	1,778
Provision for bonuses	723	596
Other	9,071	8,210
Total current liabilities	24,396	17,798
Non-current liabilities		
Long-term borrowings	9,887	9,026
Retirement benefit liability	2,951	3,039
Provision for retirement benefits for directors (and other officers)	59	65
Other	8,878	9,404
Total non-current liabilities	21,776	21,535
Total liabilities	46,173	39,334
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,964	4,014
Retained earnings	104,604	106,371
Treasury shares	(5,156)	(7,516)
Total shareholders' equity	107,909	107,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,522	13,723
Foreign currency translation adjustment	6,689	6,380
Remeasurements of defined benefit plans	1,236	1,167
Total accumulated other comprehensive income	20,448	21,271
Non-controlling interests	2,351	2,475
Total net assets	130,708	131,114
Total liabilities and net assets	176,881	170,449

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	42,434	43,245
Cost of sales	20,833	20,977
Gross profit	21,600	22,267
Selling, general and administrative expenses	16,434	17,467
Operating profit	5,165	4,799
Non-operating income		
Interest income	104	45
Dividend income	255	324
Rental income from land and buildings	95	195
Insurance claim income	19	24
Foreign exchange gains	767	-
Other	96	58
Total non-operating income	1,339	648
Non-operating expenses		
Interest expenses	31	71
Foreign exchange losses	-	193
Rental expenses	70	105
Commission for syndicated loans	16	16
administrative expenses for investment partnerships	26	39
Other	27	64
Total non-operating expenses	171	491
Ordinary profit	6,333	4,957
Extraordinary income		
Gain on sale of non-current assets	3,622	1
Gain on sale of investment securities	110	-
Gain on liquidation of subsidiaries and associates	-	82
Total extraordinary income	3,732	84
Extraordinary losses		
Loss on sale and retirement of non-current assets	30	5
Factory restructuring loss	-	5
Loss on store closings	-	398
Total extraordinary losses	30	409
Profit before income taxes	10,035	4,632
Income taxes	3,253	1,386
Profit	6,782	3,245
Profit attributable to non-controlling interests	137	101
Profit attributable to owners of parent	6,644	3,144

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	6,782	3,245
Other comprehensive income		
Valuation difference on available-for-sale securities	3,265	1,200
Foreign currency translation adjustment	3,907	(341)
Remeasurements of defined benefit plans, net of tax	(24)	(64)
Total other comprehensive income	7,148	794
Comprehensive income	13,930	4,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,695	3,971
Comprehensive income attributable to non-controlling interests	235	68

Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	10,035	4,632
Depreciation	1,744	2,407
Increase (decrease) in allowance for doubtful accounts	(12)	558
Increase (decrease) in retirement benefit liability	(50)	(53)
Decrease (increase) in retirement benefit asset	(169)	(90)
Rental income from land and buildings	(95)	(194)
Interest and dividend income	(359)	(370)
Interest expenses	31	71
Foreign exchange losses (gains)	(711)	158
Loss (gain) on sale and retirement of non-current assets	(3,592)	4
Loss (gain) on sale of investment securities	(110)	-
Amortization of goodwill	127	251
Decrease (increase) in trade receivables	272	955
Decrease (increase) in inventories	(1,040)	(824)
Increase (decrease) in trade payables	950	(4,485)
Decrease (increase) in consumption taxes refund receivable	357	(668)
Other, net	(789)	458
Subtotal	6,587	2,810
Interest and dividends received	366	373
Interest paid	(31)	(72)
Income taxes paid	(2,229)	(2,544)
Net cash provided by (used in) operating activities	4,692	566
Cash flows from investing activities		
Purchase of non-current assets	(1,435)	(2,898)
Proceeds from sale of non-current assets	3,700	0
Purchase of investment securities	(486)	(216)
Proceeds from sale of investment securities	112	-
Purchase of investment property	(5,993)	-
Proceeds from land and house rent received	95	194
Payments into time deposits	(2,296)	(270)
Proceeds from withdrawal of time deposits	988	821
Purchase of shares subsidiaries resulting in change in scope of consolidation	(21,122)	-
Other, net	(225)	76
Net cash provided by (used in) investing activities	(26,663)	(2,292)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,992	(6)
Repayments of long-term borrowings	(360)	(860)
Proceeds from share issuance to non-controlling shareholders	-	174
Purchase of treasury shares	(0)	(2,386)
Dividends paid	(1,188)	(1,372)
Dividends paid to non-controlling interests	(116)	(90)
Other, net	(45)	(9)
Net cash provided by (used in) financing activities	13,280	(4,549)
Effect of exchange rate change on cash and cash equivalents	1,425	(346)
Net increase (decrease) in cash and cash equivalents	(7,264)	(6,622)
Cash and cash equivalents at beginning of period	55,856	39,587
Cash and cash equivalents at end of period	48,591	32,965