

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

April 28, 2022

Company name: Mitsubishi Pencil Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7976 URL <https://www.mpuni.co.jp/>
 Representative: Representative Director, President Shigehiko Suhara
 Executive Officer, General Manager of
 Inquiries: Financial Resources and Accounting Hisashi Jagawa TEL 03-3458-6215
 Department
 Scheduled date to file Quarterly Securities Report: May 9, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	18,106	11.7	3,204	34.6	3,482	23.7	2,413	21.6
Three months ended March 31, 2021	16,203	2.5	2,380	3.6	2,815	21.6	1,983	38.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	43.34		–	
Three months ended March 31, 2021	35.35		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	126,550	99,851	77.4	1,767.60
As of December 31, 2021	123,792	97,673	77.5	1,715.15

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	–	16.00	–	16.00	32.00
Year ending December 31, 2022	–				
Year ending December 31, 2022 (Forecast)		16.50	–	16.50	33.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	64,000	3.4	8,320	10.6	8,700	4.7	5,900	4.3	106.30

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of March 31, 2022	64,286,292 shares	As of December 31, 2021	64,286,292 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	8,841,246 shares	As of December 31, 2021	8,382,346 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	55,675,996 shares	Three months ended March 31, 2021	56,122,912 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	44,931	45,587
Notes and accounts receivable - trade	16,567	19,215
Inventories	18,831	19,452
Other	2,483	1,137
Allowance for doubtful accounts	(1,400)	(1,441)
Total current assets	81,413	83,950
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,850	14,742
Other, net	9,782	9,841
Total property, plant and equipment	24,633	24,583
Intangible assets	1,395	1,384
Investments and other assets		
Investment securities	14,175	14,450
Other	2,175	2,180
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	16,350	16,631
Total non-current assets	42,379	42,599
Total assets	123,792	126,550

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,314	8,955
Short-term borrowings	1,516	1,521
Income taxes payable	1,849	1,209
Provision for bonuses	564	1,162
Reserve for returned goods	41	–
Other	5,345	5,484
Total current liabilities	17,631	18,333
Non-current liabilities		
Long-term borrowings	3,298	3,118
Retirement benefit liability	3,817	3,818
Provision for retirement benefits for directors (and other officers)	101	104
Other	1,270	1,324
Total non-current liabilities	8,487	8,365
Total liabilities	26,119	26,699
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,976	3,976
Retained earnings	87,708	89,270
Treasury shares	(6,953)	(7,516)
Total shareholders' equity	89,229	90,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,557	4,844
Foreign currency translation adjustment	1,793	2,644
Remeasurements of defined benefit plans	303	287
Total accumulated other comprehensive income	6,654	7,777
Non-controlling interests	1,789	1,846
Total net assets	97,673	99,851
Total liabilities and net assets	123,792	126,550

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	16,203	18,106
Cost of sales	8,089	9,119
Gross profit	8,113	8,987
Selling, general and administrative expenses	5,732	5,783
Operating profit	2,380	3,204
Non-operating income		
Interest income	4	4
Dividend income	24	14
Rental income from land and buildings	14	16
Insurance claim income	15	9
Foreign exchange gains	355	243
Other	59	11
Total non-operating income	473	300
Non-operating expenses		
Interest expenses	8	6
Commission for syndicated loans	9	9
Sales discounts	17	–
Other	3	5
Total non-operating expenses	38	22
Ordinary profit	2,815	3,482
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	8	–
Gain on liquidation of subsidiaries and associates	–	33
Total extraordinary income	9	33
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Factory restructuring loss	3	–
Total extraordinary losses	5	0
Profit before income taxes	2,820	3,516
Income taxes	751	1,021
Profit	2,068	2,494
Profit attributable to non-controlling interests	84	81
Profit attributable to owners of parent	1,983	2,413

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	2,068	2,494
Other comprehensive income		
Valuation difference on available-for-sale securities	838	287
Foreign currency translation adjustment	795	910
Remeasurements of defined benefit plans, net of tax	(5)	(15)
Total other comprehensive income	1,628	1,181
Comprehensive income	3,697	3,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,570	3,535
Comprehensive income attributable to non-controlling interests	126	140