

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

October 26, 2023

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: November 6, 2023
 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(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	%
Nine months ended September 30, 2023	53,129	6.0	8,093	25.2	9,112	21.1	6,222	21.5
Nine months ended September 30, 2022	50,123	12.4	6,464	18.2	7,525	24.4	5,120	21.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	114.24		–	
Nine months ended September 30, 2022	92.47		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	141,596	113,886	78.9	2,055.54
As of December 31, 2022	130,801	105,002	78.8	1,874.99

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, 2022	–	16.50	–	18.50	35.00
Year ending December 31, 2023	–	18.00	–		
Year ending December 31, 2023 (Forecast)				20.00	38.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	73,000	5.8	10,700	15.8	11,500	13.5	8,900	28.0	163.50

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2023
(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: No
- 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 September 30, 2023	63,286,292 shares	As of December 31, 2022	63,286,292 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	8,943,558 shares	As of December 31, 2022	8,305,522 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023	54,463,545 shares	Nine months ended September 30, 2022	55,380,682 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	48,074	54,503
Notes and accounts receivable - trade	16,309	14,244
Inventories	20,354	22,101
Other	1,916	2,367
Allowance for doubtful accounts	(281)	(293)
Total current assets	86,373	92,922
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,481	14,177
Other, net	9,498	9,456
Total property, plant and equipment	23,980	23,634
Intangible assets	1,224	1,143
Investments and other assets		
Investment securities	16,497	21,017
Other	4,006	4,317
Allowance for doubtful accounts	(1,281)	(1,438)
Total investments and other assets	19,222	23,896
Total non-current assets	44,427	48,674
Total assets	130,801	141,596

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,070	8,512
Short-term borrowings	1,516	1,624
Income taxes payable	1,207	1,512
Provision for bonuses	612	1,277
Other	5,924	5,586
Total current liabilities	17,330	18,514
Non-current liabilities		
Long-term borrowings	2,577	2,037
Retirement benefit liability	3,312	3,291
Provision for retirement benefits for directors (and other officers)	92	58
Other	2,484	3,808
Total non-current liabilities	8,467	9,195
Total liabilities	25,798	27,709
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,964	3,978
Retained earnings	91,838	96,074
Treasury shares	(7,104)	(8,004)
Total shareholders' equity	93,195	96,545
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,205	9,623
Foreign currency translation adjustment	3,197	5,101
Remeasurements of defined benefit plans	488	432
Total accumulated other comprehensive income	9,892	15,157
Non-controlling interests	1,914	2,183
Total net assets	105,002	113,886
Total liabilities and net assets	130,801	141,596

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	50,123	53,129
Cost of sales	25,579	25,995
Gross profit	24,543	27,133
Selling, general and administrative expenses	18,079	19,040
Operating profit	6,464	8,093
Non-operating income		
Interest income	20	52
Dividend income	203	236
Rental income from land and buildings	50	39
Insurance claim income	9	16
Subsidy income	11	18
Foreign exchange gains	782	684
Other	59	76
Total non-operating income	1,136	1,124
Non-operating expenses		
Interest expenses	19	17
Commission for syndicated loans	29	25
administrative expenses for investment partnerships	–	45
Other	26	16
Total non-operating expenses	75	105
Ordinary profit	7,525	9,112
Extraordinary income		
Gain on sale of non-current assets	68	8
Gain on sale of investment securities	–	2
Gain on liquidation of subsidiaries and associates	33	–
Total extraordinary income	102	10
Extraordinary losses		
Loss on sale and retirement of non-current assets	35	44
Total extraordinary losses	35	44
Profit before income taxes	7,592	9,079
Income taxes	2,383	2,595
Profit	5,208	6,483
Profit attributable to non-controlling interests	87	261
Profit attributable to owners of parent	5,120	6,222

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	5,208	6,483
Other comprehensive income		
Valuation difference on available-for-sale securities	316	3,417
Foreign currency translation adjustment	2,420	1,980
Remeasurements of defined benefit plans, net of tax	(47)	(56)
Total other comprehensive income	2,690	5,341
Comprehensive income	7,898	11,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,740	11,487
Comprehensive income attributable to non-controlling interests	158	337