

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

April 25, 2024

Company name: Mitsubishi Pencil Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 7976 URL <https://www.mpuni.co.jp/>
 Representative: Representative Director, President Shigehiko Suhara
 General Manager of Financial Resources and
 Inquiries: Accounting Department Masataka Miyahara TEL 03-3458-6215
 Scheduled date to file Quarterly Securities Report: May 8, 2024
 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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	20,073	5.9	3,065	(8.4)	3,468	(0.5)	2,137	(10.8)
Three months ended March 31, 2023	18,955	4.7	3,345	4.4	3,487	0.2	2,396	(0.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	39.34	–
Three months ended March 31, 2023	43.85	–

(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, 2024	168,989	119,211	69.2	2,153.04
As of December 31, 2023	145,472	116,489	78.6	2,103.23

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	–	18.00	–	22.00	40.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecast)		21.00	–	21.00	42.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	87,000	16.3	12,500	5.5	13,000	0.9	11,300	11.1	207.94

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 March 31, 2024	63,286,292 shares	As of December 31, 2023	63,286,292 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	8,943,681 shares	As of December 31, 2023	8,943,669 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, 2024	54,342,617 shares	Three months ended March 31, 2023	54,650,441 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	57,914	49,148
Notes and accounts receivable - trade	17,270	19,911
Inventories	20,665	27,178
Other	2,645	3,923
Allowance for doubtful accounts	(214)	(212)
Total current assets	98,281	99,949
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,026	15,327
Other, net	8,522	13,724
Total property, plant and equipment	22,549	29,052
Intangible assets		
Goodwill	–	11,140
Other	1,089	1,194
Total intangible assets	1,089	12,334
Investments and other assets		
Investment securities	19,470	20,505
Investment property, net	–	2,340
Other	4,164	4,891
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	23,551	27,653
Total non-current assets	47,190	69,040
Total assets	145,472	168,989

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,298	9,968
Short-term borrowings	1,518	16,526
Income taxes payable	2,094	1,943
Provision for bonuses	666	1,275
Other	6,221	7,726
Total current liabilities	19,798	37,440
Non-current liabilities		
Long-term borrowings	1,857	1,677
Retirement benefit liability	3,115	5,501
Provision for retirement benefits for directors (and other officers)	61	71
Other	4,149	5,086
Total non-current liabilities	9,183	12,337
Total liabilities	28,982	49,778
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,978	3,978
Retained earnings	100,018	100,966
Treasury shares	(8,005)	(8,005)
Total shareholders' equity	100,490	101,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,527	9,161
Foreign currency translation adjustment	4,526	5,663
Remeasurements of defined benefit plans	750	738
Total accumulated other comprehensive income	13,804	15,564
Non-controlling interests	2,194	2,209
Total net assets	116,489	119,211
Total liabilities and net assets	145,472	168,989

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, 2023	Three months ended March 31, 2024
Net sales	18,955	20,073
Cost of sales	9,380	9,446
Gross profit	9,575	10,626
Selling, general and administrative expenses	6,229	7,560
Operating profit	3,345	3,065
Non-operating income		
Interest income	9	55
Dividend income	15	18
Rental income from land and buildings	16	31
Insurance claim income	12	16
Foreign exchange gains	85	305
Other	36	30
Total non-operating income	176	458
Non-operating expenses		
Interest expenses	5	7
Rental expenses	–	20
Commission for syndicated loans	8	8
administrative expenses for investment partnerships	18	–
Other	1	18
Total non-operating expenses	34	54
Ordinary profit	3,487	3,468
Extraordinary income		
Gain on sale of non-current assets	6	0
Gain on sale of investment securities	2	–
Total extraordinary income	8	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	16	28
Total extraordinary losses	16	28
Profit before income taxes	3,480	3,440
Income taxes	995	1,220
Profit	2,484	2,219
Profit attributable to non-controlling interests	88	81
Profit attributable to owners of parent	2,396	2,137

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	2,484	2,219
Other comprehensive income		
Valuation difference on available-for-sale securities	245	634
Foreign currency translation adjustment	262	1,147
Remeasurements of defined benefit plans, net of tax	(18)	(12)
Total other comprehensive income	489	1,768
Comprehensive income	2,973	3,988
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,904	3,877
Comprehensive income attributable to non-controlling interests	69	110