

MITSUBISHI PENCIL COMPANY, LIMITED

# Supplementary Material on Financial Results for the Nine Months Ended September 30, 2025

October 30, 2025

# Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2025

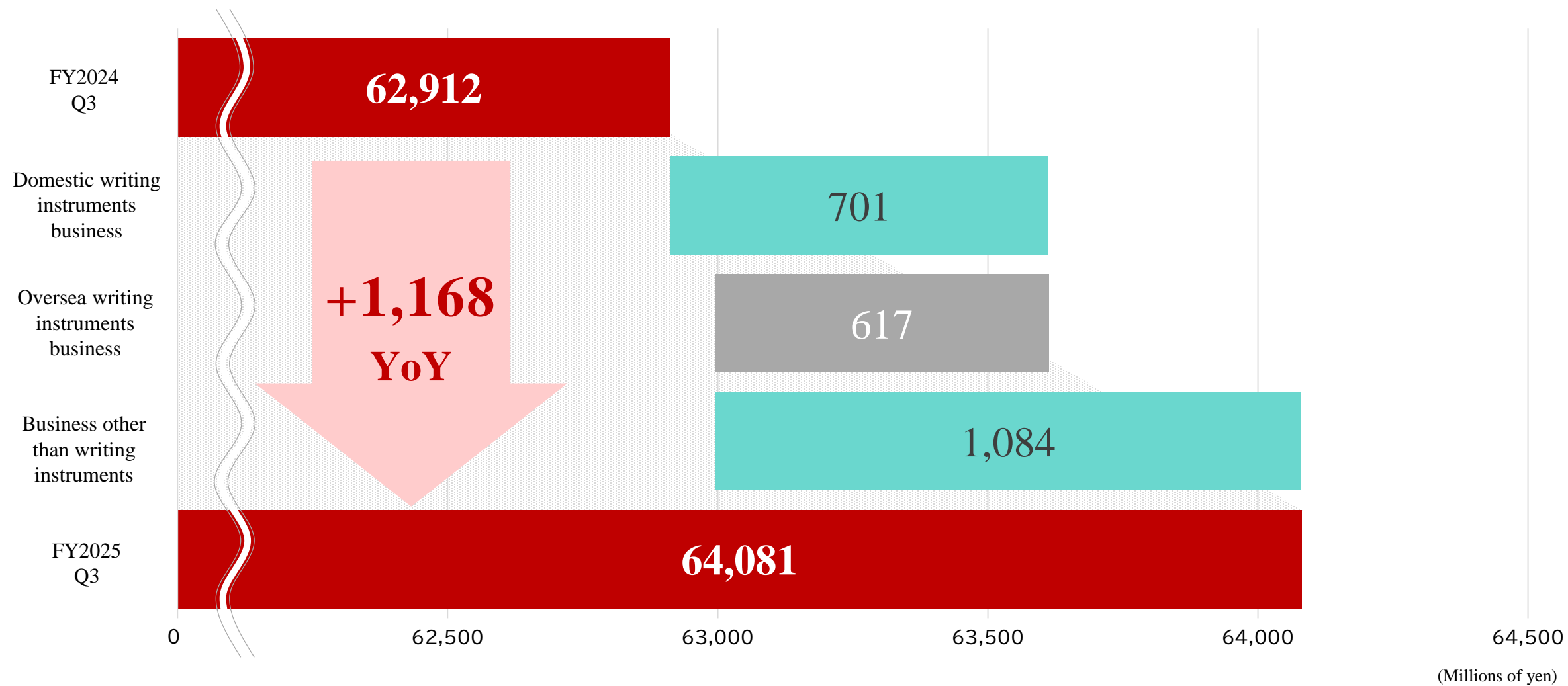
- ◆ Net sales increased due to mainly to strong sales of new products in the Japanese market with contributions by sales from businesses other than writing instruments such as the cosmetics business despite persisting adjustments in distributed inventory primarily for POSCA in Europe.
- ◆ Operating profit fell due to increased selling, general and administrative expenses, in addition to the reduction in sales margin from a change in sales for each product and a decrease in gross profit resulting from increased costs.
- ◆ At the end of the previous fiscal year, we finalized provisional accounting treatment pertaining to a business combination, and the figures for the third quarter of 2024 reflect the finalized content.

[Consolidated] Millions of yen	2021	2022	2023	2024	2025	YoY	
	Q3	Q3	Q3	Q3	Q3	Change	Change (%)
Net sales	44,584	50,123	53,129	62,912	64,081	1,168	1.9%
(Avg. USD exchange rate)	¥108.57	¥128.03	¥138.87	¥150.62	¥148.79	¥-1.83	-
(Avg. EUR exchange rate)	¥129.96	¥136.04	¥150.22	¥163.86	¥165.47	¥1.61	-
Gross profit	22,286	24,543	27,133	32,752	32,427	(324)	(1.0%)
(Gross profit margin)	50.0%	49.0%	51.1%	52.1%	50.6%	-1.5%	-
Selling, general and administrative expenses	16,815	18,079	19,040	25,040	25,880	840	3.4%
Operating profit	5,470	6,464	8,093	7,711	6,547	(1,164)	(15.1%)
Ordinary profit	6,049	7,525	9,112	8,129	6,740	(1,389)	(17.1%)
Profit*	4,213	5,120	6,222	7,625	3,992	(3,632)	(47.6%)

\*Profit attributable to owners of parent

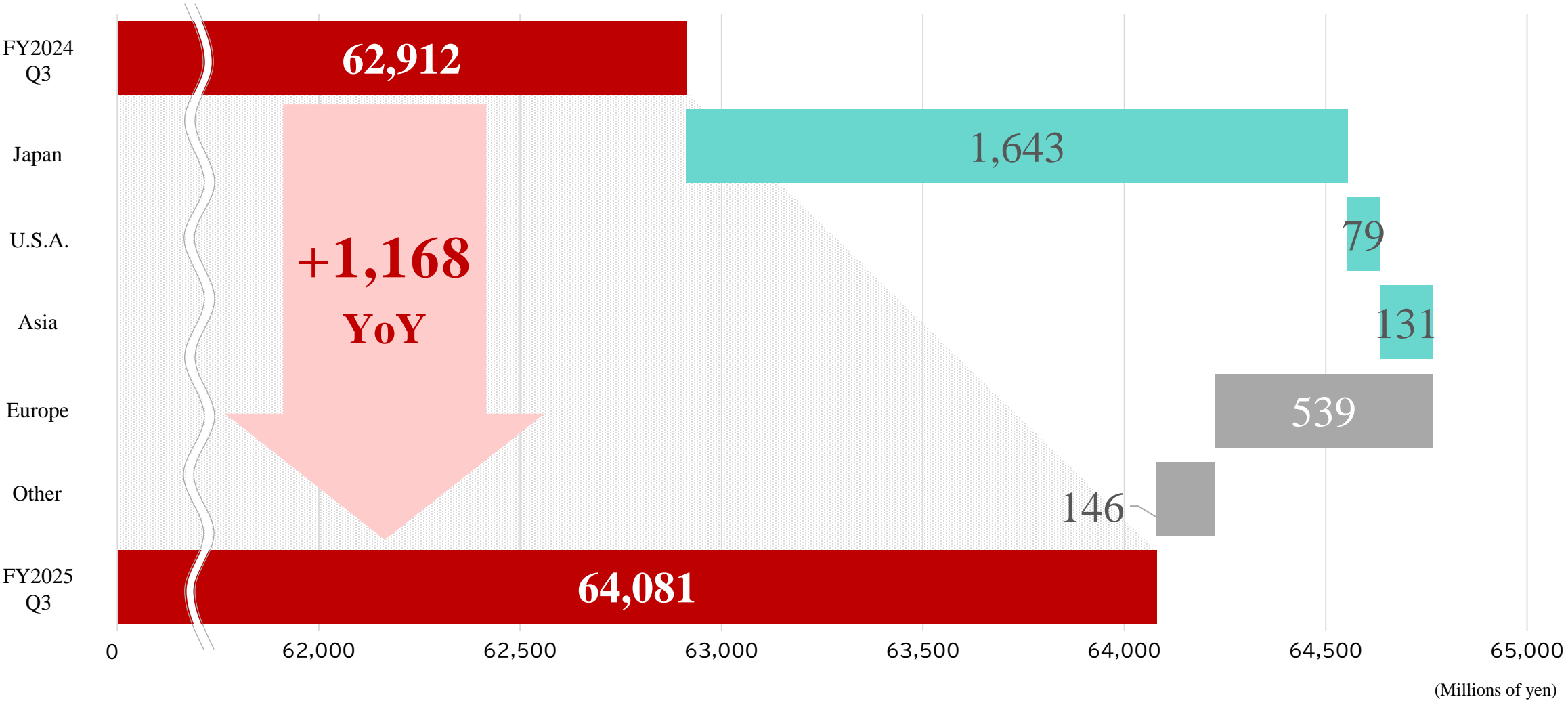
# Analysis of Changes in Consolidated Net Sales by Business Segment

- ◆ Writing instruments business: The overseas writing instruments business saw declined net sales due to the persisting impact of adjustments in distributed inventory in Europe. The domestic writing instruments business was robust, resulting in the writing instruments business increasing overall.
- ◆ Business other than writing instruments: The cosmetics business and industrial materials business saw increased net sales due to strong sales.



# Analysis of Changes in Consolidated Net Sales by Region

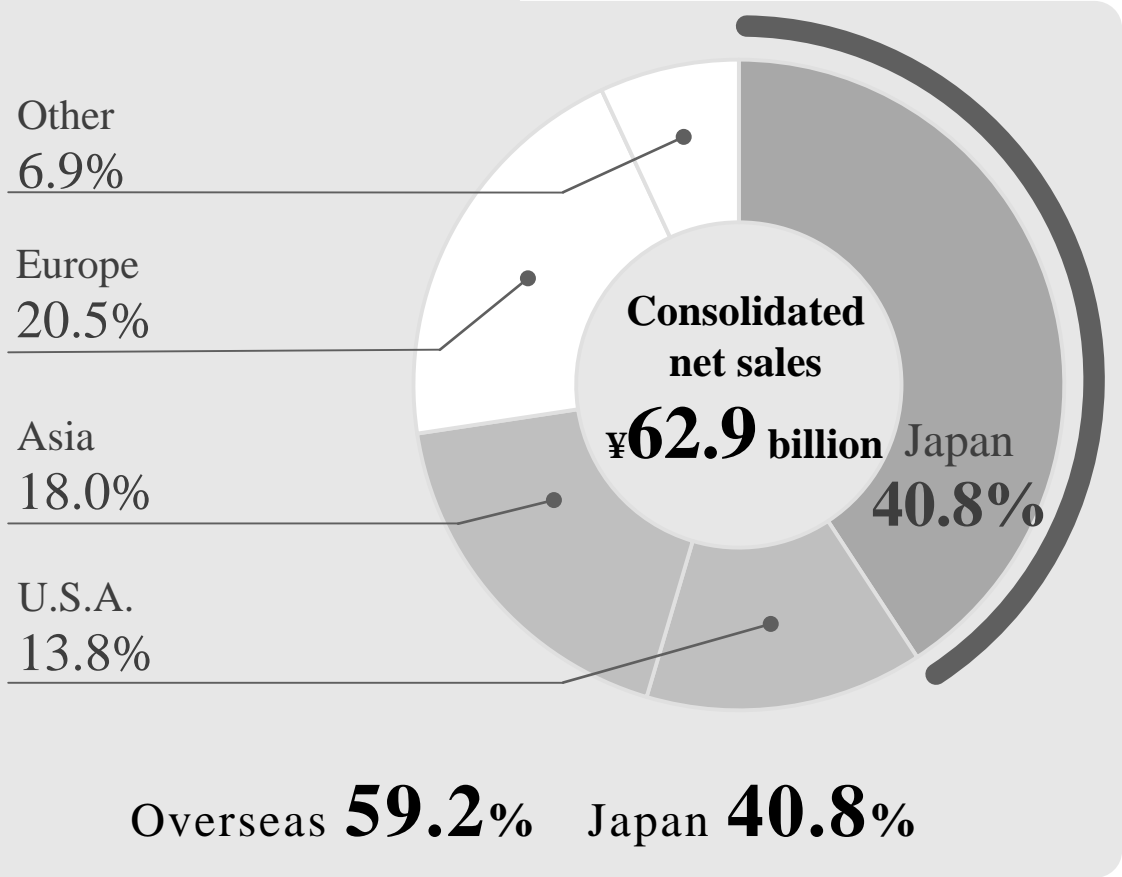
- ◆ Japanese market: Sales of new products such as uniball ZENTO and LAMY safari JETSTREAM INSIDE were favorable.
- ◆ Overseas market: In the U.S.A. and Asia, net sales increased due to the contribution of the introduction of new products and sales of the LAMY brand.  
In Europe, adjustments in distributed inventory primarily for POSCA are persisting.



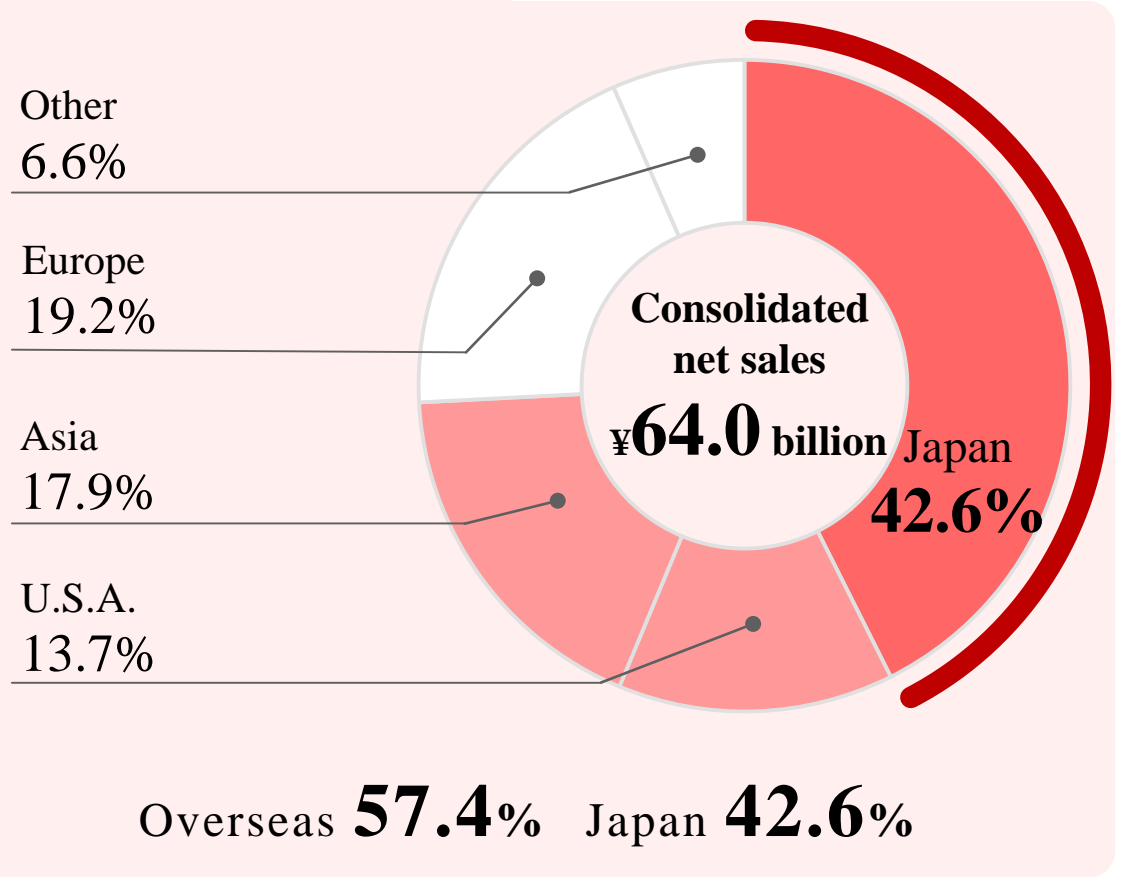
# Composition of Consolidated Net Sales by Region

◆ In the U.S.A. and Asia, net sales increased. However, the ratio of domestic sales has increased due to growth in the Japanese market.

2024 Q3



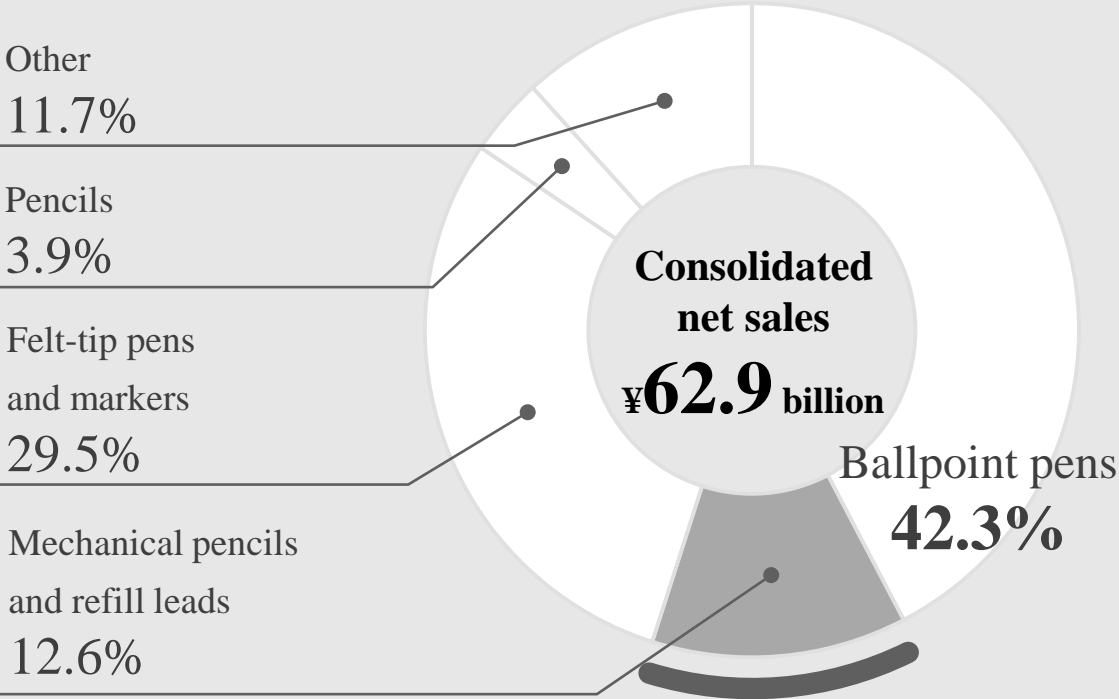
2025 Q3



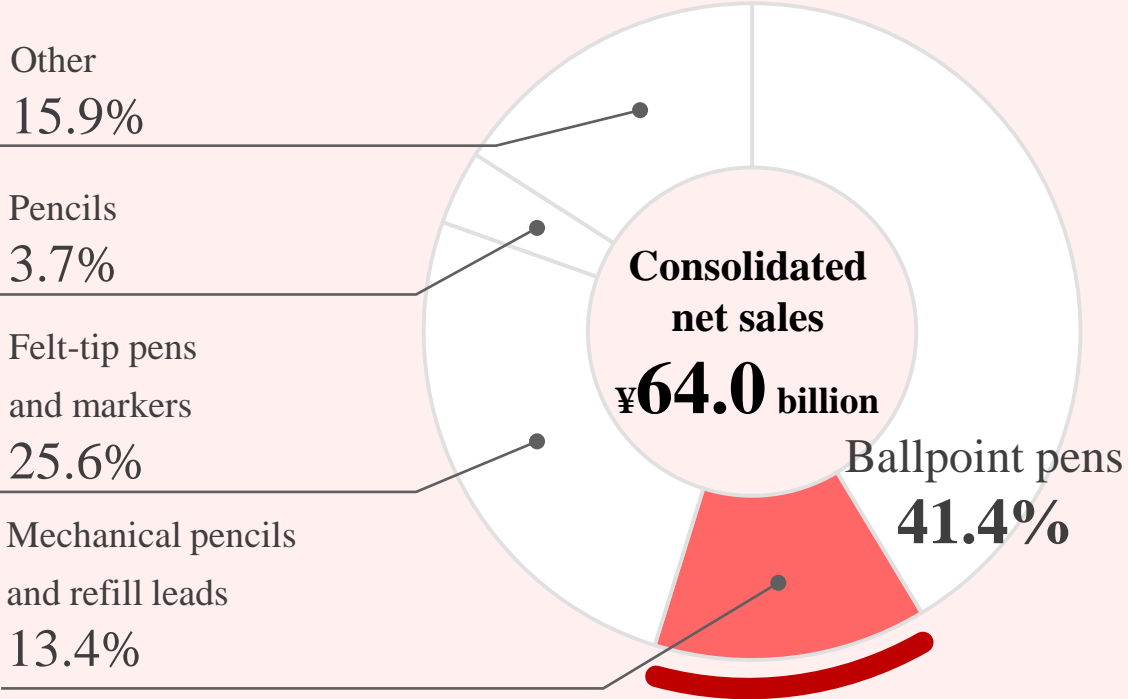
# Composition of Consolidated Net Sales by Product Type

- ◆ 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 primarily for KURUTOGA, with other including fountain pens.

2024 Q3

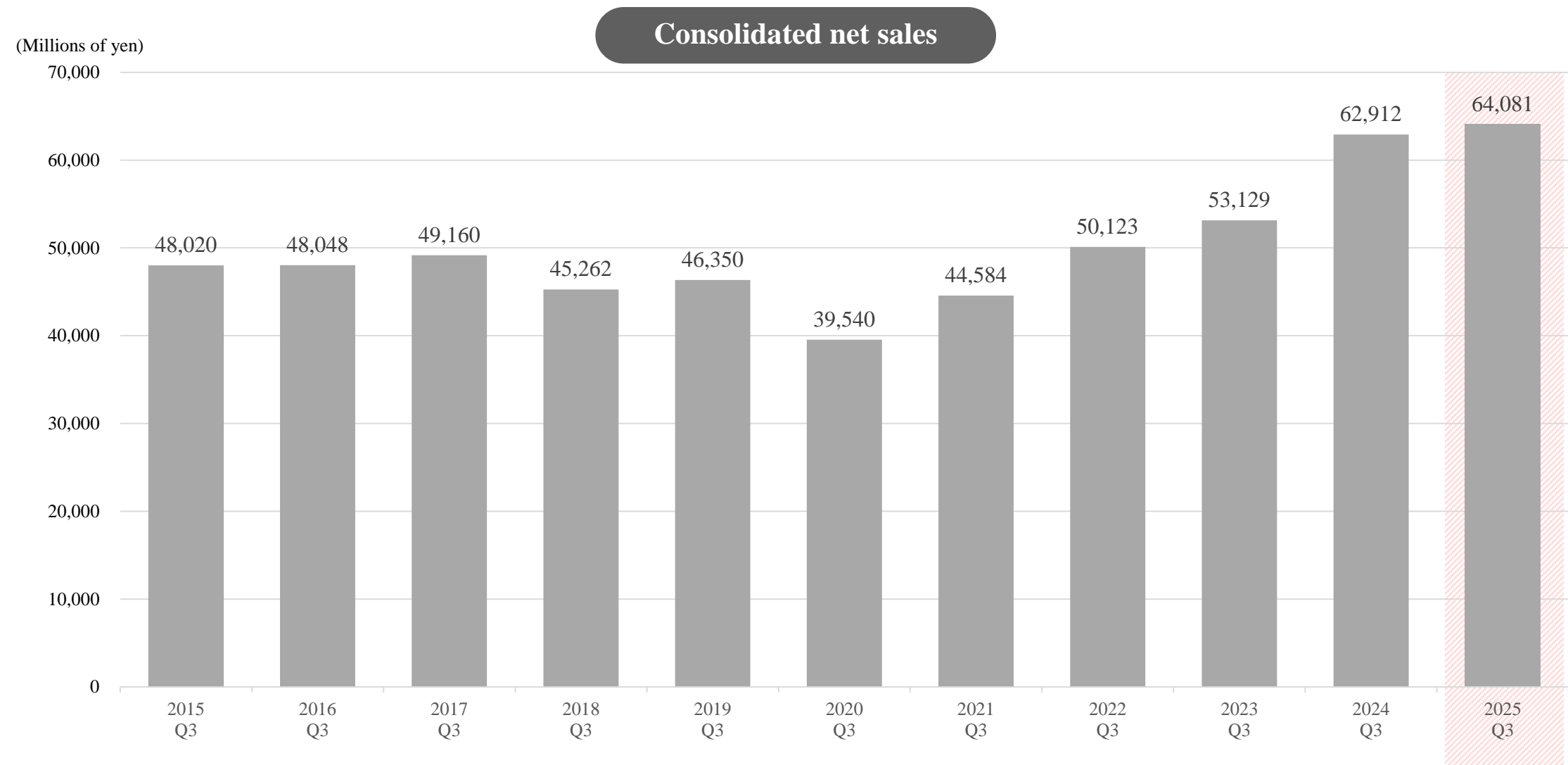


2025 Q3



# Trend in Consolidated Results of Net Sales

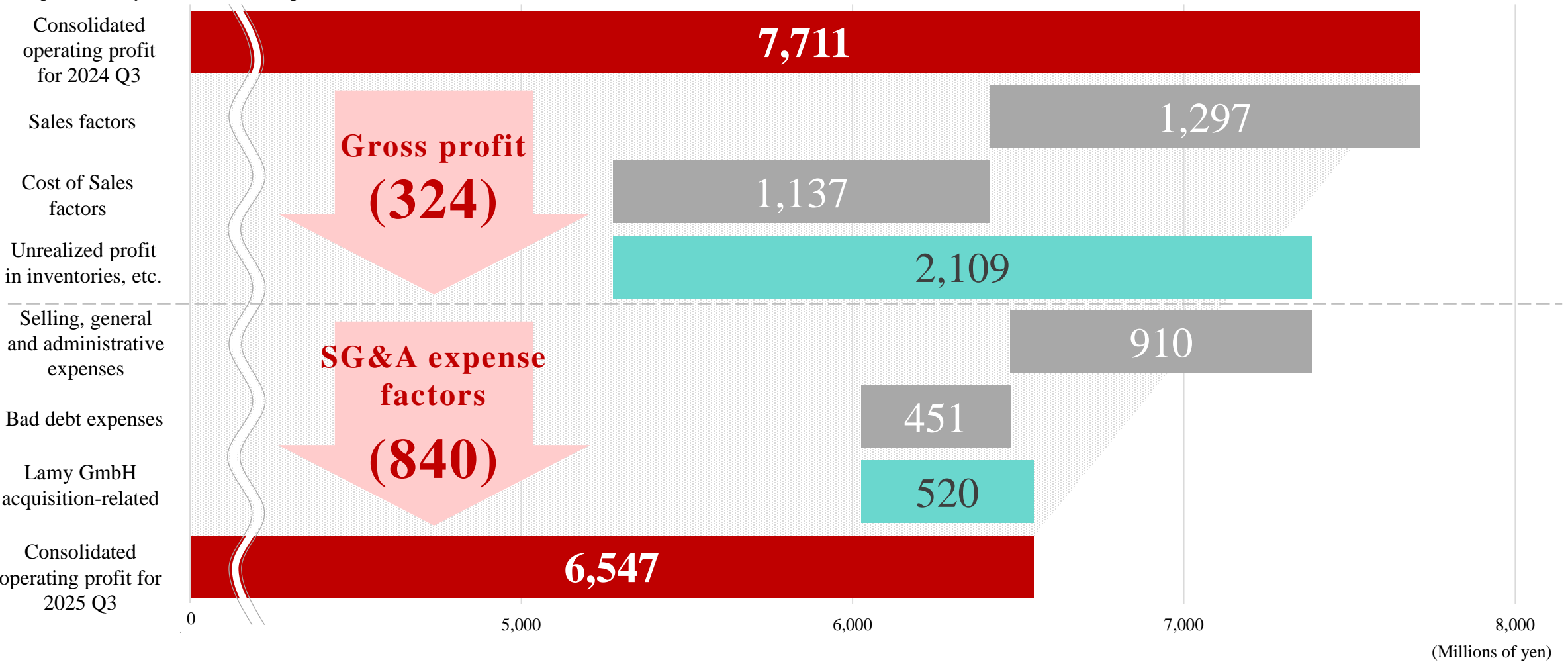
◆ Net sales for the third quarter of 2025 saw a record-high compared to past third quarter net sales.





# Analysis of Changes in Consolidated Operating Profit

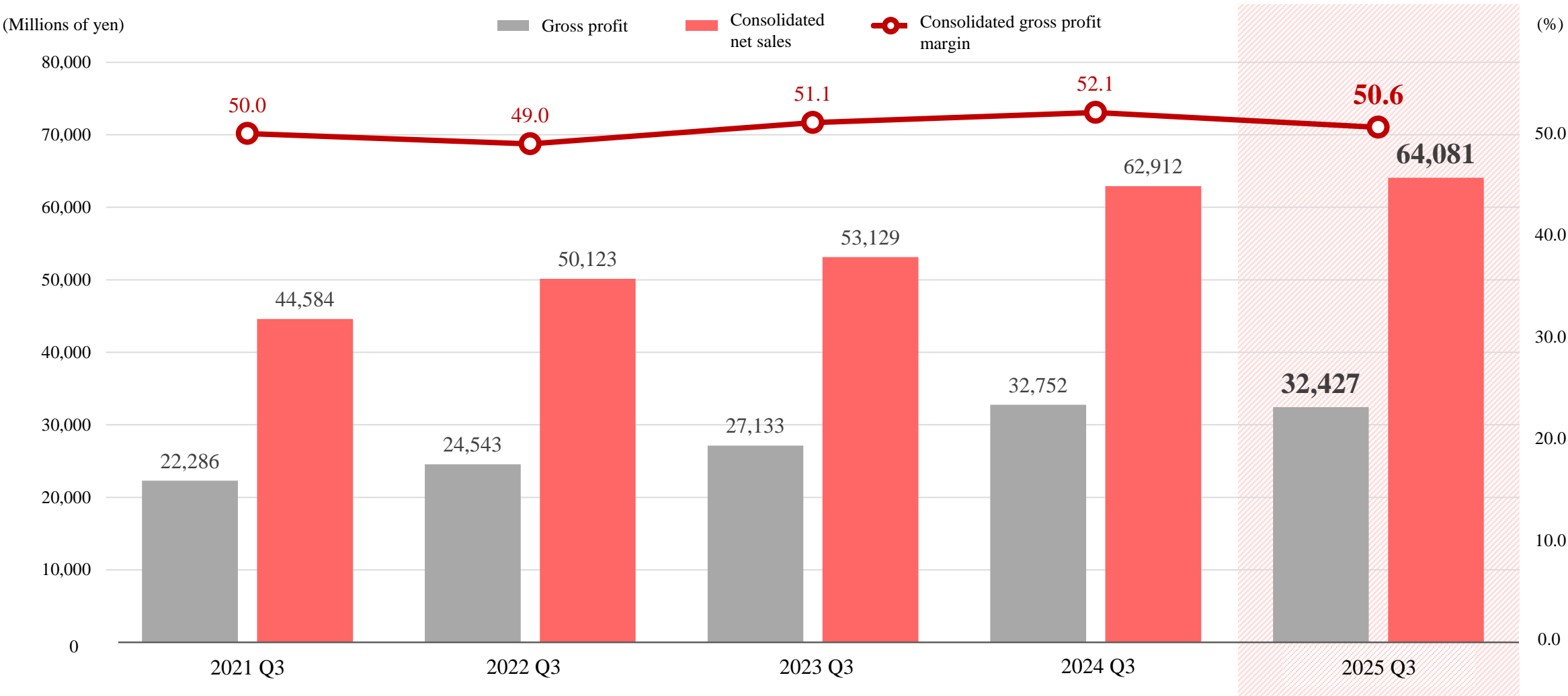
- Gross profit decreased despite the profit boost from the decrease in unrealized profit in inventories due to the reduction in sales margin from a change in sales for each product, production adjustments, and rising costs.
- Selling, general and administrative expenses increased due to the rise in labor costs, research and development expenses, and other factors despite efforts being made to improve productivity and streamline operations.





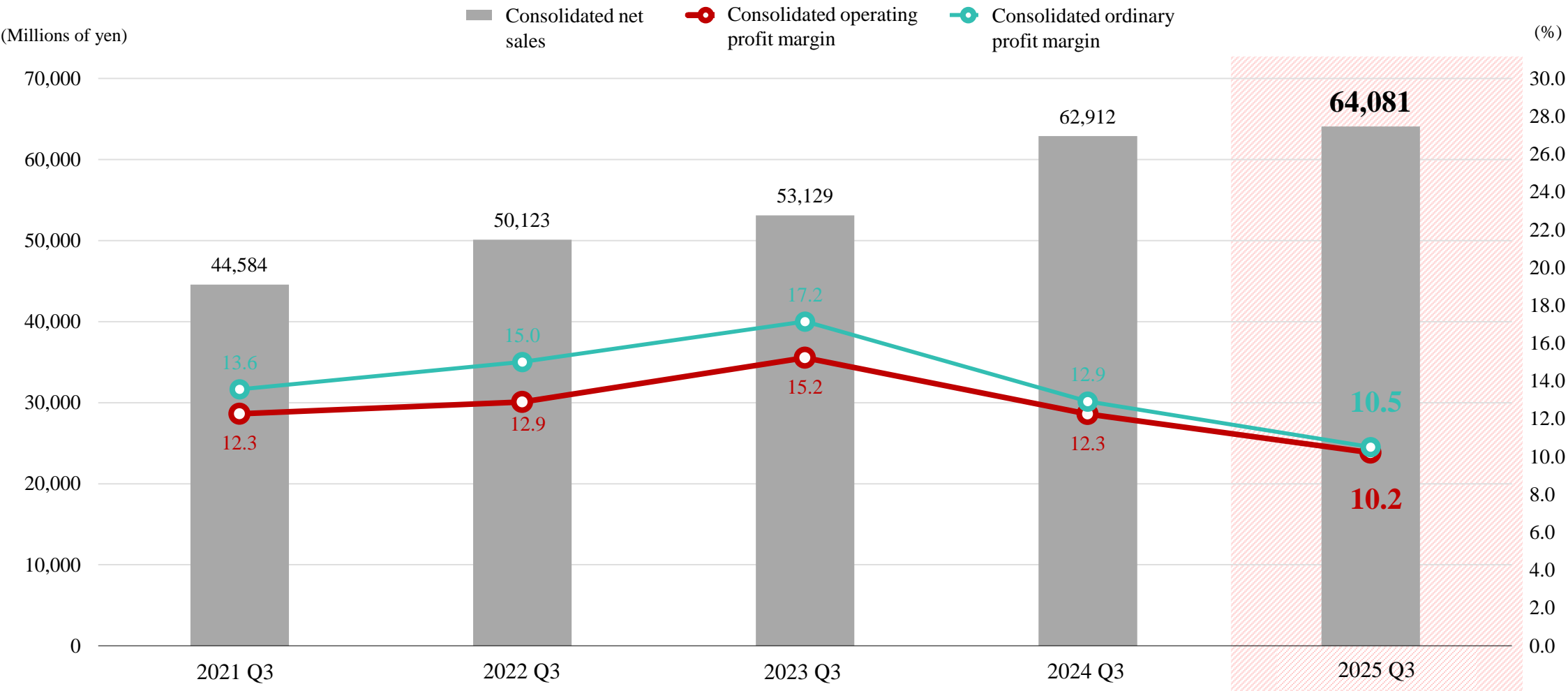
# Consolidated Gross Profit Margin

Gross profit margin declined year on year despite being at a level exceeding 50%.



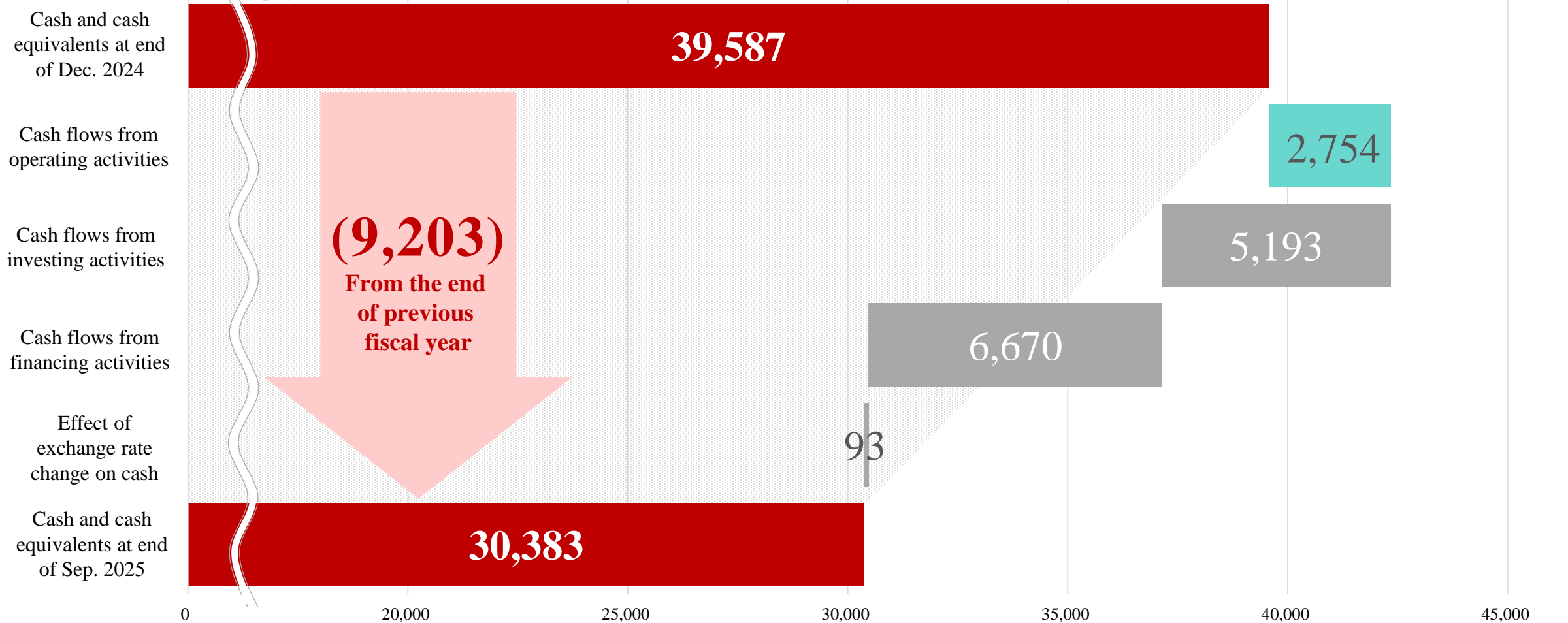
# Consolidated Net Sales, Operating Profit Margin and Ordinary Profit Margin

- ◆ Operating profit margin declined due to increased selling, general and administrative expenses resulting from an increase in labor costs due to growth-oriented human resource investment and bad debt expenses (transferred from the provision of allowance for doubtful accounts recorded 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

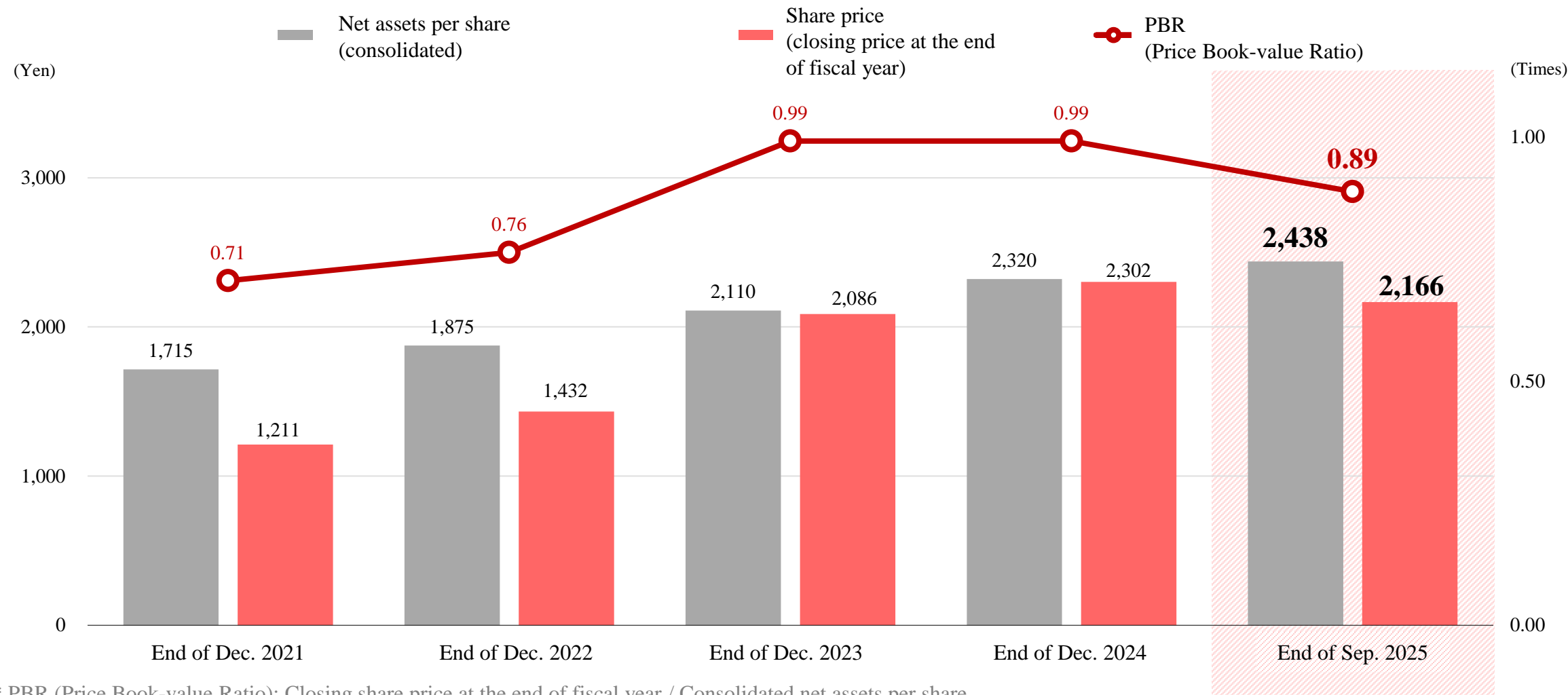
- ◆ The increase in cash flows from operating activities was limited due to a decrease in trade payables due to shortening of bill payment period for trade notes, etc.
- ◆ Free cash flow decreased after the purchase of non-current assets and the implementation of shareholder return measures, such as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

# Net Assets per Share / Price Book-value Ratio

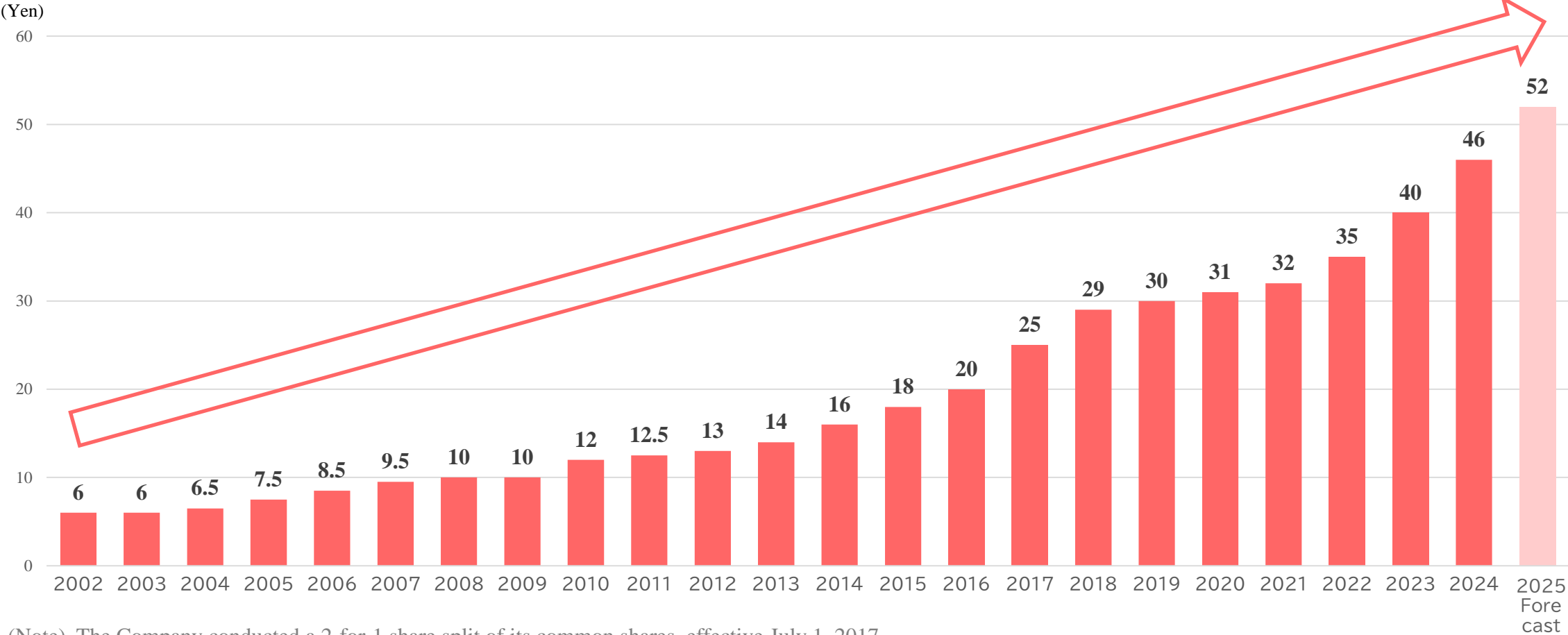
◆ While PBR\* increased to approximately 1x due to profit expansion in 2024, it recently declined to 0.89x. We will strive to improve PBR through the implementation of Medium-term Business Plan.



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

# Shareholder Returns

- ◆ Setting a target of progressive dividends and a consolidated payout ratio of 40%, we plan to achieve an increase in dividends for 23 consecutive fiscal years.
- ◆ A special dividend is planned to be paid continuously for ten years from FY2023.
- ◆ The FY2025 year-end dividend forecast is ¥26 (annual dividend of ¥52) \*Includes special dividend



(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.

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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