

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 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: May 9, 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 three months ended March 31, 2023 (from January 1, 2023 to March 31, 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	%
Three months ended March 31, 2023	18,955	4.7	3,345	4.4	3,487	0.2	2,396	(0.7)
Three months ended March 31, 2022	18,106	11.7	3,204	34.6	3,482	23.7	2,413	21.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	43.85		–	
Three months ended March 31, 2022	43.34		–	

(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, 2023	131,960	106,018	78.8	1,915.25
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	–	–	–	–	–
Year ending December 31, 2023 (Forecast)	–	18.00	–	18.00	36.00

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	70,500	2.2	9,500	2.8	10,400	2.7	7,100	2.1	130.51

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 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 March 31, 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 March 31, 2023	8,966,238 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)

Three months ended March 31, 2023	54,650,441 shares	Three months ended March 31, 2022	55,675,996 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	48,074	48,637
Notes and accounts receivable - trade	16,309	17,127
Inventories	20,354	19,978
Other	1,916	2,327
Allowance for doubtful accounts	(281)	(295)
Total current assets	86,373	87,775
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,481	14,327
Other, net	9,498	9,466
Total property, plant and equipment	23,980	23,793
Intangible assets	1,224	1,179
Investments and other assets		
Investment securities	16,497	16,365
Other	4,006	4,126
Allowance for doubtful accounts	(1,281)	(1,281)
Total investments and other assets	19,222	19,211
Total non-current assets	44,427	44,184
Total assets	130,801	131,960

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,070	8,672
Short-term borrowings	1,516	1,526
Income taxes payable	1,207	1,159
Provision for bonuses	612	1,165
Other	5,924	5,204
Total current liabilities	17,330	17,729
Non-current liabilities		
Long-term borrowings	2,577	2,397
Retirement benefit liability	3,312	3,340
Provision for retirement benefits for directors (and other officers)	92	85
Other	2,484	2,389
Total non-current liabilities	8,467	8,212
Total liabilities	25,798	25,942
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,964	3,964
Retained earnings	91,838	93,222
Treasury shares	(7,104)	(8,029)
Total shareholders' equity	93,195	93,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,205	6,451
Foreign currency translation adjustment	3,197	3,479
Remeasurements of defined benefit plans	488	451
Total accumulated other comprehensive income	9,892	10,381
Non-controlling interests	1,914	1,981
Total net assets	105,002	106,018
Total liabilities and net assets	130,801	131,960

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, 2022	Three months ended March 31, 2023
Net sales	18,106	18,955
Cost of sales	9,119	9,380
Gross profit	8,987	9,575
Selling, general and administrative expenses	5,783	6,229
Operating profit	3,204	3,345
Non-operating income		
Interest income	4	9
Dividend income	14	15
Rental income from land and buildings	16	16
Insurance claim income	9	12
Foreign exchange gains	243	85
Other	11	36
Total non-operating income	300	176
Non-operating expenses		
Interest expenses	6	5
Commission for syndicated loans	9	8
administrative expenses for investment partnerships	–	18
Other	5	1
Total non-operating expenses	22	34
Ordinary profit	3,482	3,487
Extraordinary income		
Gain on sale of non-current assets	0	6
Gain on sale of investment securities	–	2
Gain on liquidation of subsidiaries and associates	33	–
Total extraordinary income	33	8
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	16
Total extraordinary losses	0	16
Profit before income taxes	3,516	3,480
Income taxes	1,021	995
Profit	2,494	2,484
Profit attributable to non-controlling interests	81	88
Profit attributable to owners of parent	2,413	2,396

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	2,494	2,484
Other comprehensive income		
Valuation difference on available-for-sale securities	287	245
Foreign currency translation adjustment	910	262
Remeasurements of defined benefit plans, net of tax	(15)	(18)
Total other comprehensive income	1,181	489
Comprehensive income	3,676	2,973
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,535	2,904
Comprehensive income attributable to non-controlling interests	140	69