



MITSUBISHI PENCIL COMPANY, LIMITED

Supplementary Material on Financial Results for the Nine Months Ended September 30, 2024

October 31, 2024

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2024

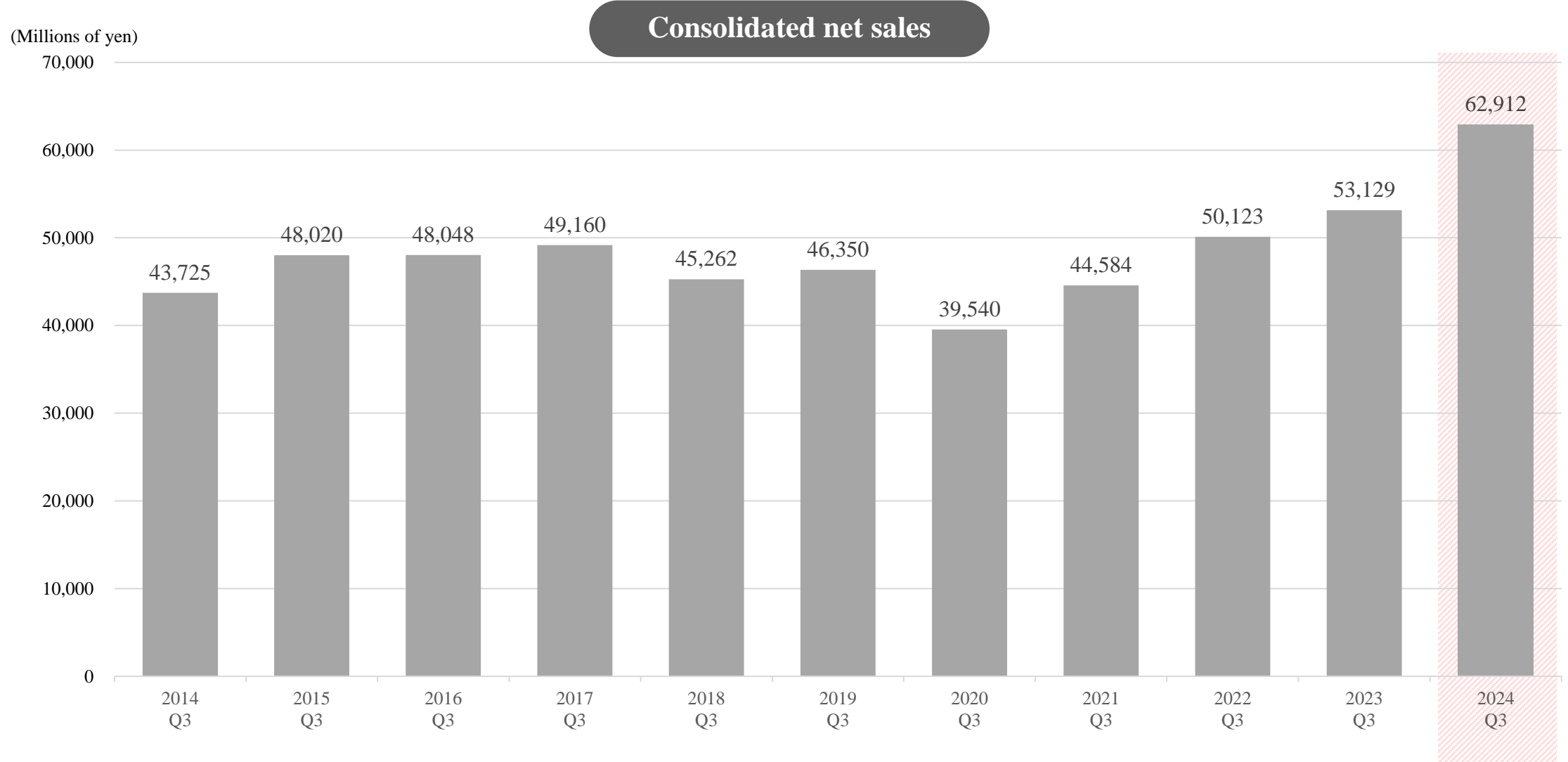
- ◆ Net sales increased by 18.4% from the same period of the previous year with robustness in the European and North American markets, the inclusion of C. Josef Lamy GmbH from the second quarter onward and a boosting effect from the weak yen in exchange rates.
- ◆ Gross profit was up 21.6% with increased sales margin from net sales growth, despite continued rise in raw material and energy costs.
- ◆ Although operating profit decreased by 2.6%, if one-time expenses of ¥733 million related to the acquisition of equity in C. Josef Lamy GmbH recorded in March are excluded, operating profit increased by 6.5%.

[Consolidated] Millions of yen	2020	2021	2022	2023	2024	YoY	
	Q3	Q3	Q3	Q3	Q3	Change	Change (%)
Net sales	39,540	44,584	50,123	53,129	62,912	9,783	18.4%
(Avg. USD exchange rate)	¥107.46	¥108.57	¥128.03	¥138.87	¥150.62	¥11.75	-
Gross profit	19,899	22,286	24,543	27,133	33,003	5,870	21.6%
(Gross profit margin)	50.3%	50.0%	49.0%	51.1%	52.5%	1.4%	-
Selling, general and administrative expenses	16,173	16,815	18,079	19,040	25,120	6,080	31.9%
Operating profit	3,725	5,470	6,464	8,093	7,882	(210)	(2.6%)
Ordinary profit	4,080	6,049	7,525	9,112	8,300	(811)	(8.9%)
Profit*	2,640	4,213	5,120	6,222	7,679	1,457	23.4%

*Profit attributable to owners of parent

Trend in Consolidated Results of Net Sales

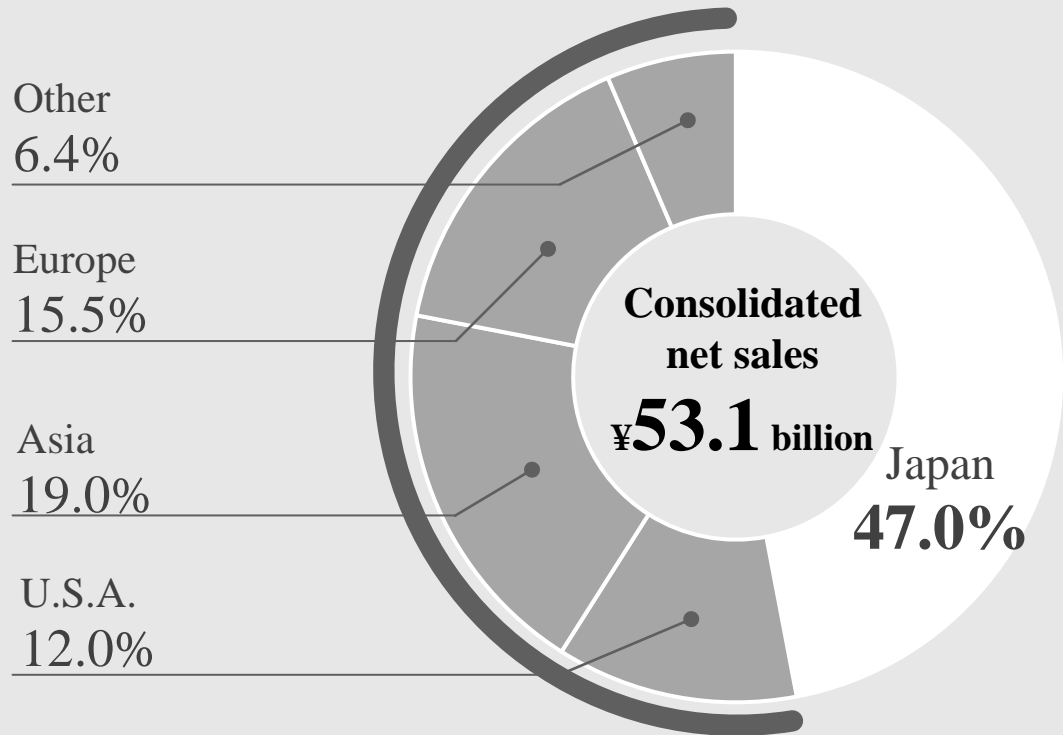
- ◆ Net sales for the third quarter of 2024 are on pace to exceed the record-high in 2023, even when the additional amount from the inclusion of C. Josef Lamy GmbH is excluded.



Composition of Consolidated Net Sales by Region

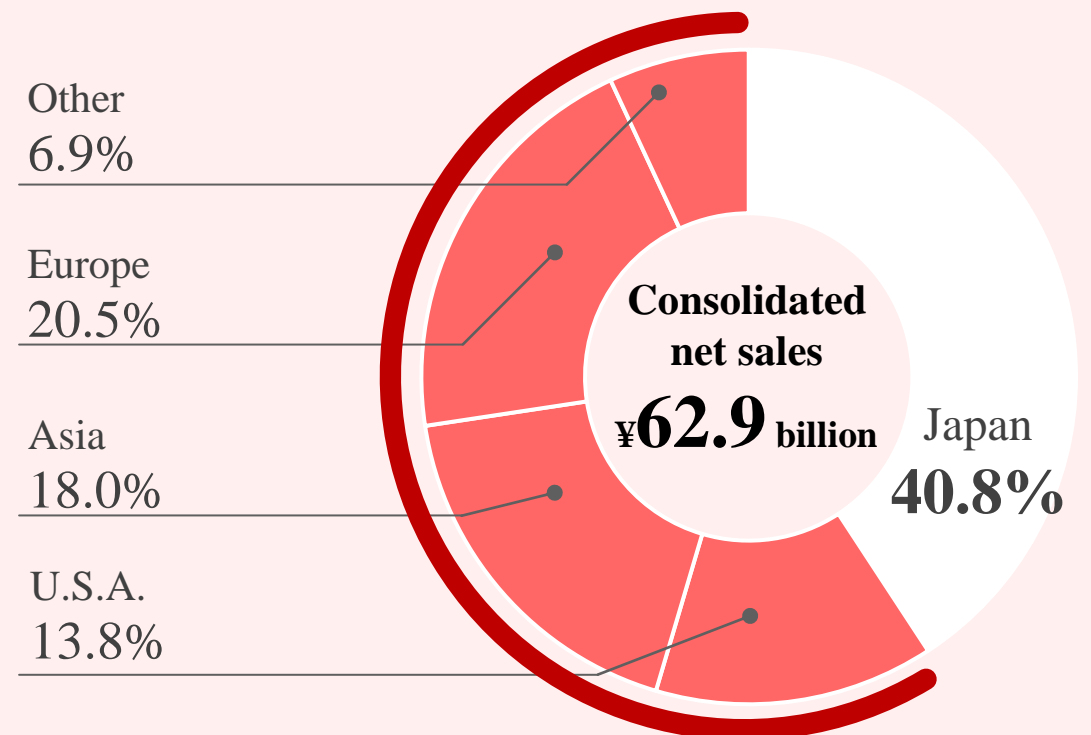
◆ Growth in net sales was driven by the U.S.A. and Europe, and sales by C. Josef Lamy GmbH made a significant contribution in Europe.

Q3 2023



Overseas **53.0%** Japan **47.0%**

Q3 2024

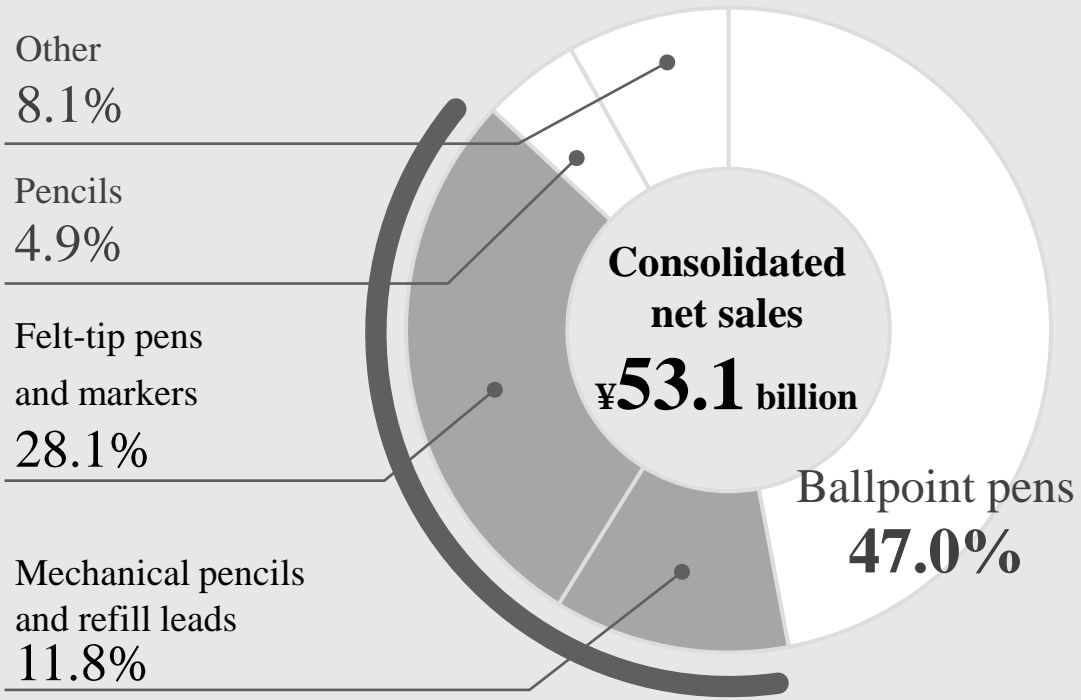


Overseas **59.2%** Japan **40.8%**

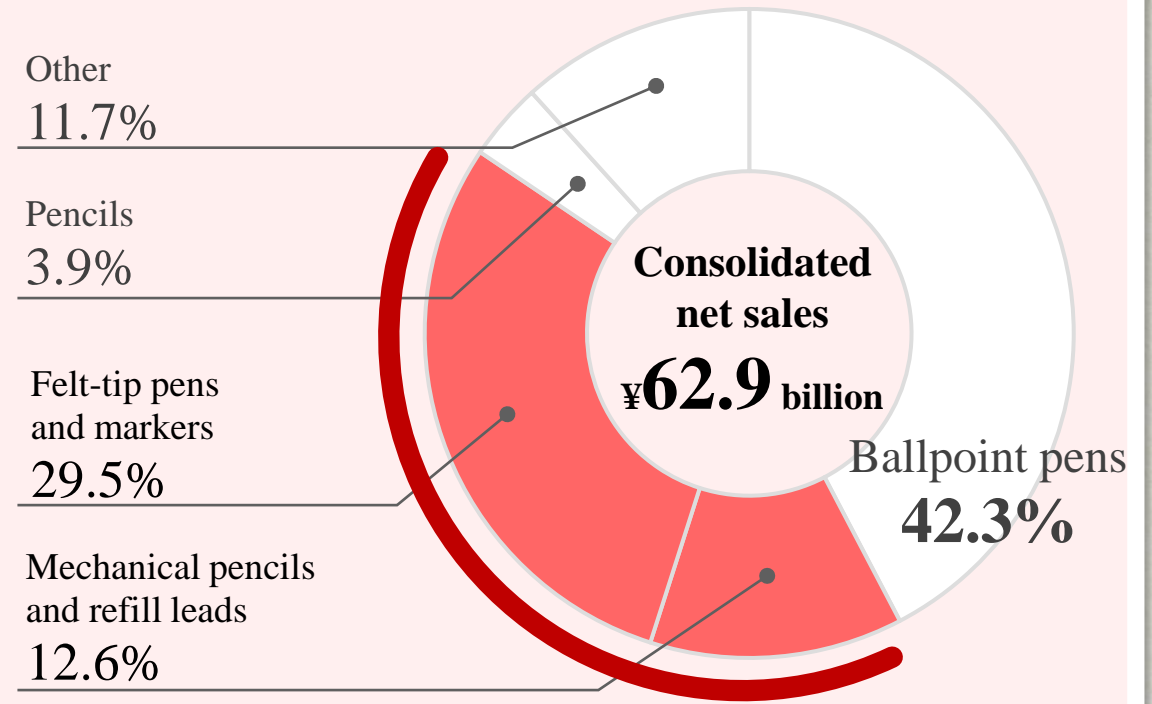
Composition of Consolidated Net Sales by Product Type

- ◆ Net sales grew for mechanical pencils in Japan and for felt-tip pens and markers overseas. In addition, the ratio of other (fountain pens) rose due to the inclusion of C. Josef Lamy GmbH.

Q3 2023

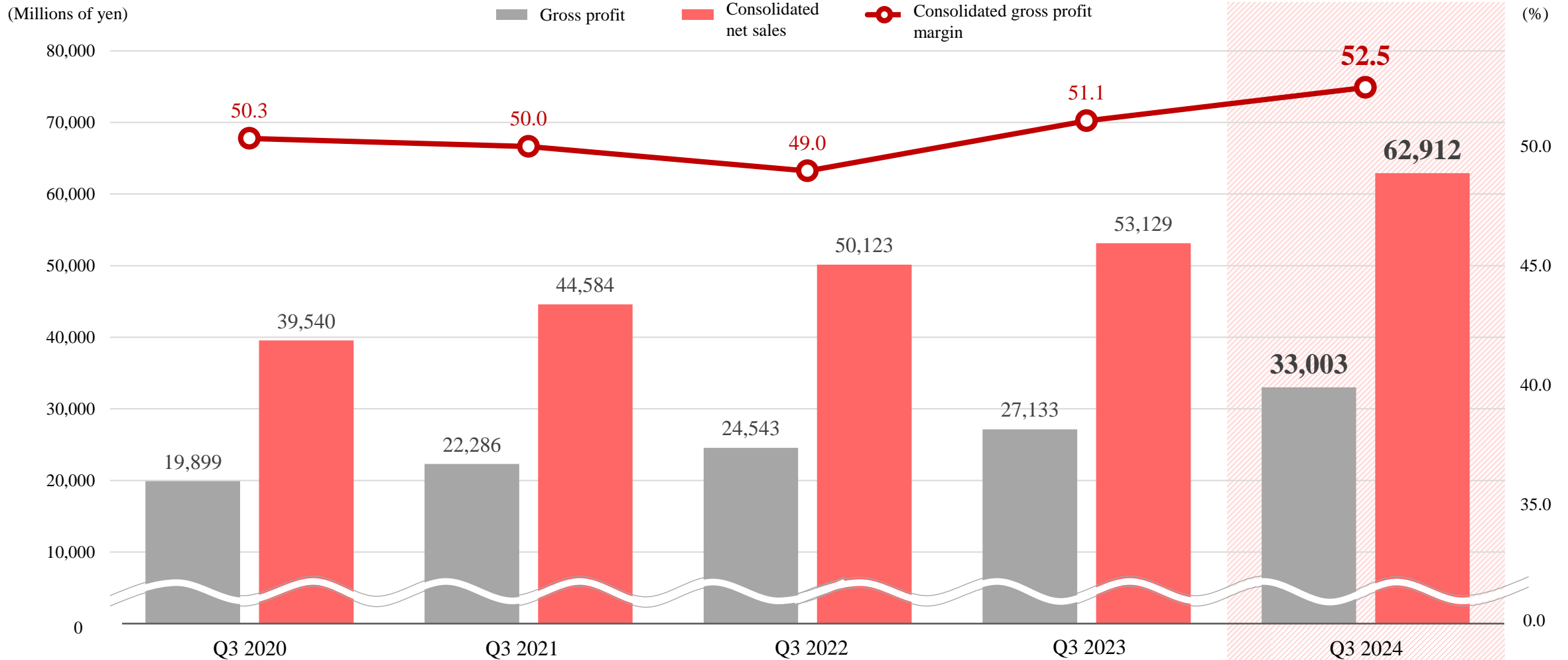


Q3 2024



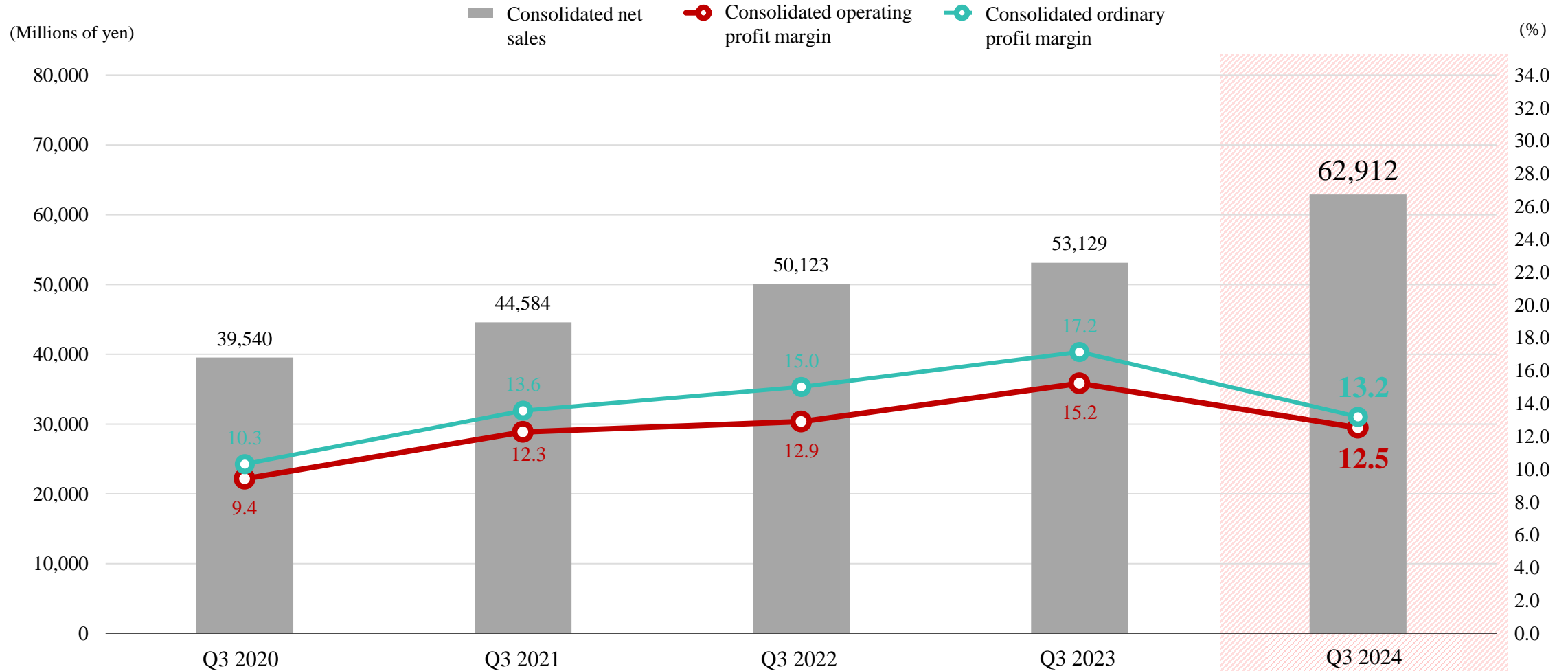
Consolidated Gross Profit Margin

◆ Gain in gross profit margin accompanying increase in sales margin



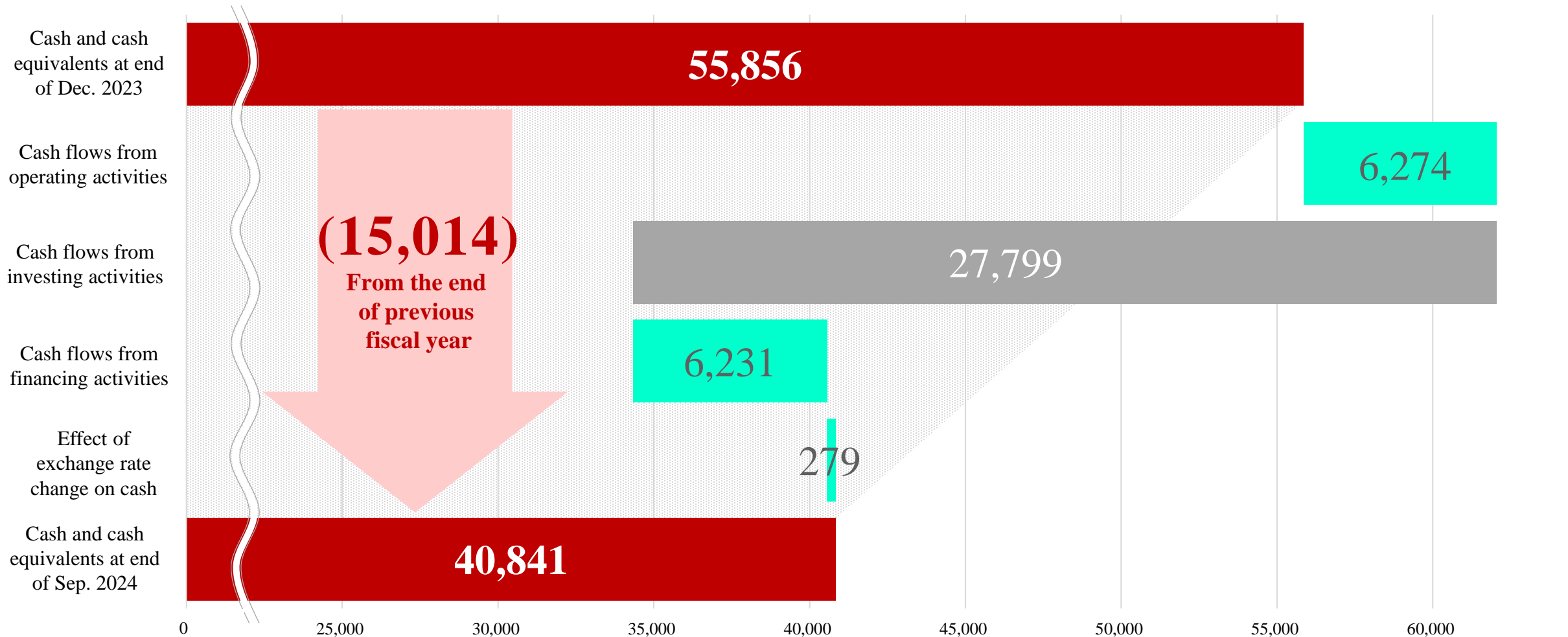
Consolidated Net Sales, Operating Profit Margin and Ordinary Profit Margin

- ◆ Operating profit margin declined due to C. Josef Lamy GmbH equity acquisition-related one-time expenses and others, despite increases in net sales and gross profit.
- ◆ Ordinary profit margin declined from the same period of the previous year as a result of a reduction in foreign exchange gains due to the fair market valuation of foreign-currency denominated receivables, etc.



Consolidated Cash Flows

◆ Negative free cash flow due to investments

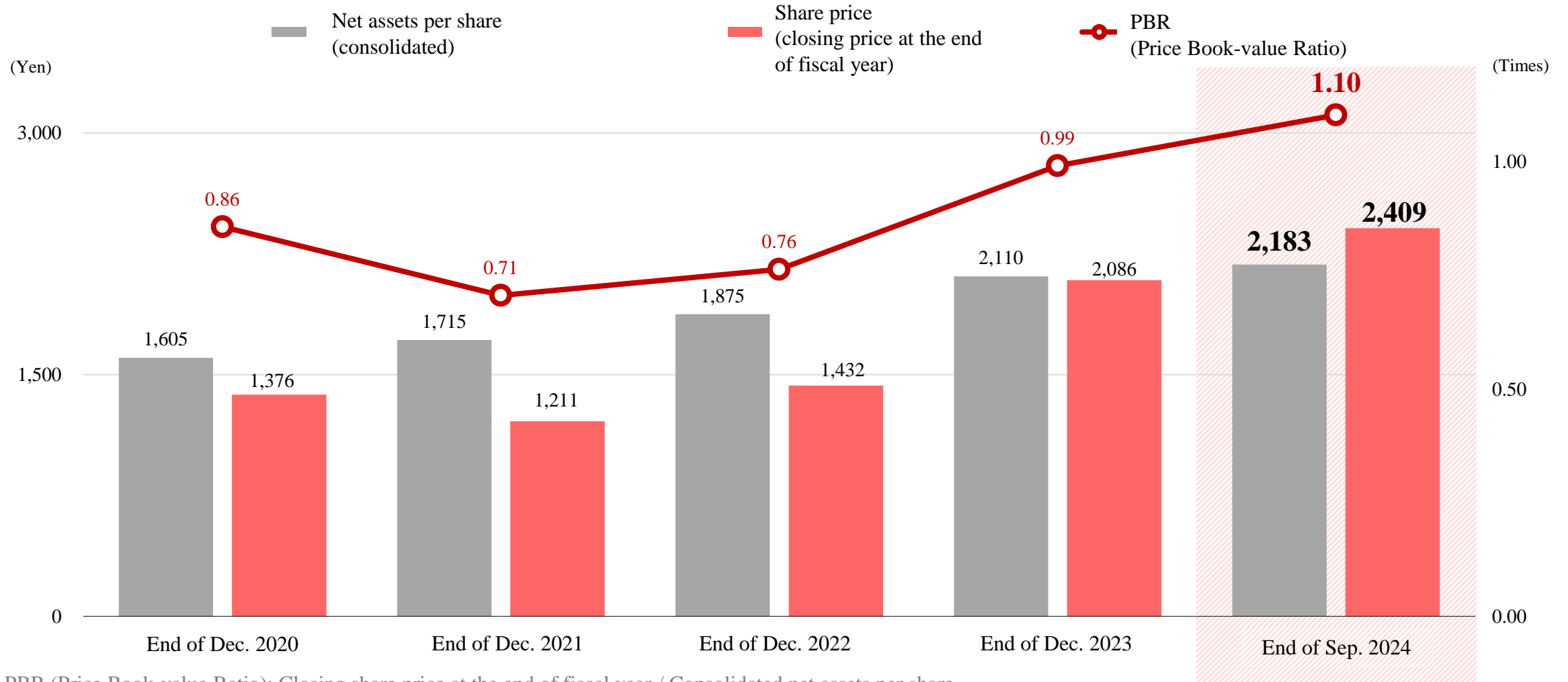


(Note) Figures do not align with cash and deposits presented on the balance sheets given that the balance of time deposits is not presented on the statements of cash flows.

(Millions of yen)

Net Assets per Share / Price Book-value Ratio

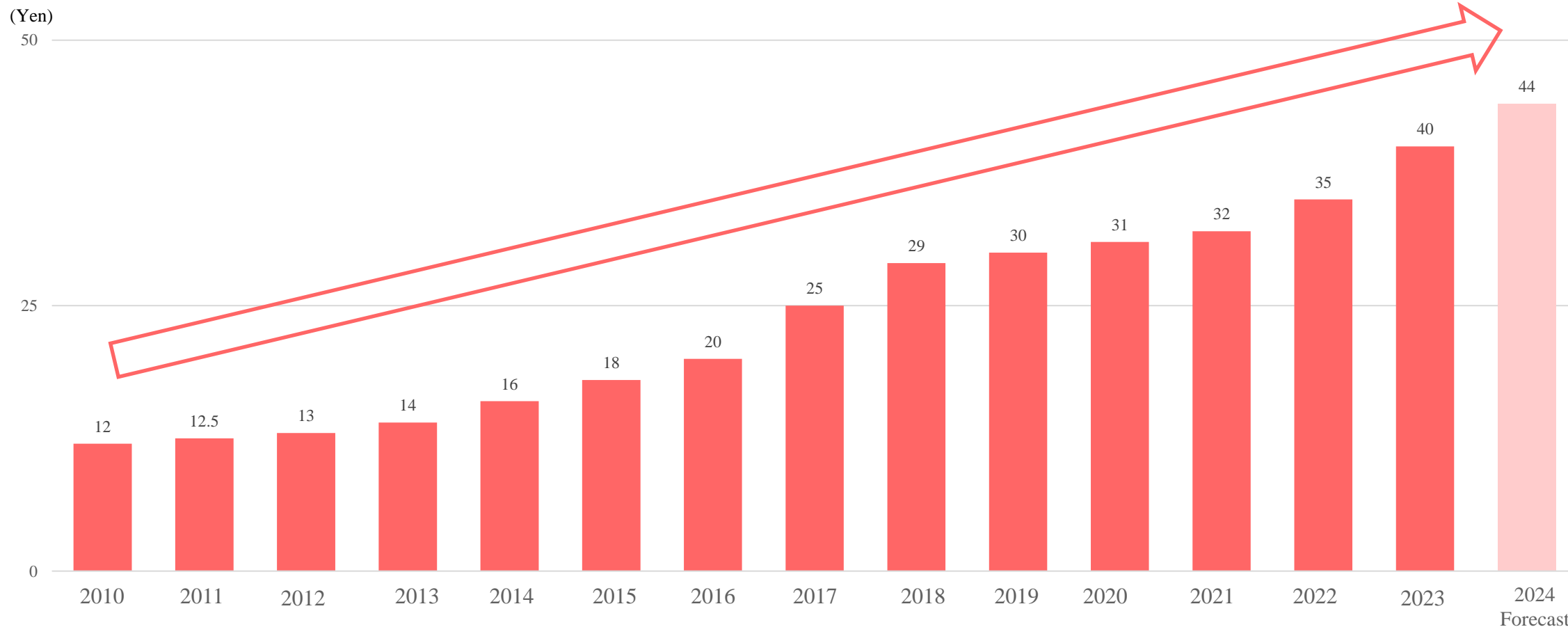
◆ PBR* exceeded 1x, increasing to 1.10x. Continue initiatives aimed at achieving PBR of 1x or more.



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

Dividends

- ◆ We plan to achieve an increase in dividends for 15 consecutive fiscal years
- ◆ A special dividend is planned to be paid continuously for ten years from FY2023
- ◆ For this year-end dividend, we plan to pay a dividend of ¥23 per share (annual dividends of ¥44), an increase of ¥2 from the previous forecast of ¥21, as we expect to exceed the targets of the Medium-term Business Plan 2022-2024 according to the forecast of financial results if the expenses, etc. related to the acquisition of equity in C. Josef Lamy GmbH are excluded.



(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 2010.

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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