

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Based on Japanese GAAP)

October 31, 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 commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 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	%
Nine months ended September 30, 2024	62,912	18.4	7,882	(2.6)	8,300	(8.9)	7,679	23.4
Nine months ended September 30, 2023	53,129	6.0	8,093	25.2	9,112	21.1	6,222	21.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	139.76	–
Nine months ended September 30, 2023	114.24	–

(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, 2024	170,050	123,728	71.4	2,183.31
As of December 31, 2023	146,007	116,860	78.5	2,110.06

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	–	21.00	–		
Year ending December 31, 2024 (Forecast)				23.00	44.00

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	11,500	(3.0)	12,000	(6.9)	10,800	6.2	195.95

4. Notes

- (1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: 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 September 30, 2024	61,686,292 shares	As of December 31, 2023	63,286,292 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2024	6,051,269 shares	As of December 31, 2023	8,943,669 shares
--------------------------	------------------	-------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2024	54,944,430 shares	Nine months ended September 30, 2023	54,463,545 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	57,914	43,870
Notes and accounts receivable - trade	17,270	16,487
Inventories	20,665	30,065
Other	2,645	4,251
Allowance for doubtful accounts	(214)	(173)
Total current assets	98,281	94,501
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,026	15,152
Other, net	8,522	14,285
Total property, plant and equipment	22,549	29,438
Intangible assets		
Goodwill	–	10,520
Other	1,089	1,029
Total intangible assets	1,089	11,549
Investments and other assets		
Investment securities	20,004	23,872
Investment property, net	–	5,941
Other	4,164	4,832
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	24,086	34,562
Total non-current assets	47,725	75,549
Total assets	146,007	170,050

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,298	10,050
Short-term borrowings	1,518	2,631
Income taxes payable	2,094	2,666
Provision for bonuses	666	1,539
Other	6,221	7,220
Total current liabilities	19,798	24,108
Non-current liabilities		
Long-term borrowings	1,857	10,317
Retirement benefit liability	3,115	5,481
Provision for retirement benefits for directors (and other officers)	61	57
Other	4,313	6,357
Total non-current liabilities	9,347	22,214
Total liabilities	29,146	46,322
Net assets		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,978	3,964
Retained earnings	100,018	101,853
Treasury shares	(8,005)	(5,214)
Total shareholders' equity	100,490	105,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,898	11,027
Foreign currency translation adjustment	4,526	4,626
Remeasurements of defined benefit plans	750	713
Total accumulated other comprehensive income	14,175	16,368
Non-controlling interests	2,194	2,260
Total net assets	116,860	123,728
Total liabilities and net assets	146,007	170,050

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, 2023	Nine months ended September 30, 2024
Net sales	53,129	62,912
Cost of sales	25,995	29,909
Gross profit	27,133	33,003
Selling, general and administrative expenses	19,040	25,120
Operating profit	8,093	7,882
Non-operating income		
Interest income	52	142
Dividend income	236	281
Rental income from land and buildings	39	196
Insurance claim income	16	28
Subsidy income	18	–
Foreign exchange gains	684	110
Other	76	71
Total non-operating income	1,124	831
Non-operating expenses		
Interest expenses	17	57
Rental expenses	–	155
Commission for syndicated loans	25	115
administrative expenses for investment partnerships	45	39
Other	16	47
Total non-operating expenses	105	414
Ordinary profit	9,112	8,300
Extraordinary income		
Gain on sale of non-current assets	8	3,624
Gain on sale of investment securities	2	110
Compensation income	–	173
Total extraordinary income	10	3,908
Extraordinary losses		
Loss on sale and retirement of non-current assets	44	37
Total extraordinary losses	44	37
Profit before income taxes	9,079	12,171
Income taxes	2,595	4,303
Profit	6,483	7,868
Profit attributable to non-controlling interests	261	189
Profit attributable to owners of parent	6,222	7,679

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	6,483	7,868
Other comprehensive income		
Valuation difference on available-for-sale securities	3,417	2,129
Foreign currency translation adjustment	1,980	96
Remeasurements of defined benefit plans, net of tax	(56)	(37)
Total other comprehensive income	5,341	2,187
Comprehensive income	11,825	10,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,487	9,871
Comprehensive income attributable to non-controlling interests	337	184