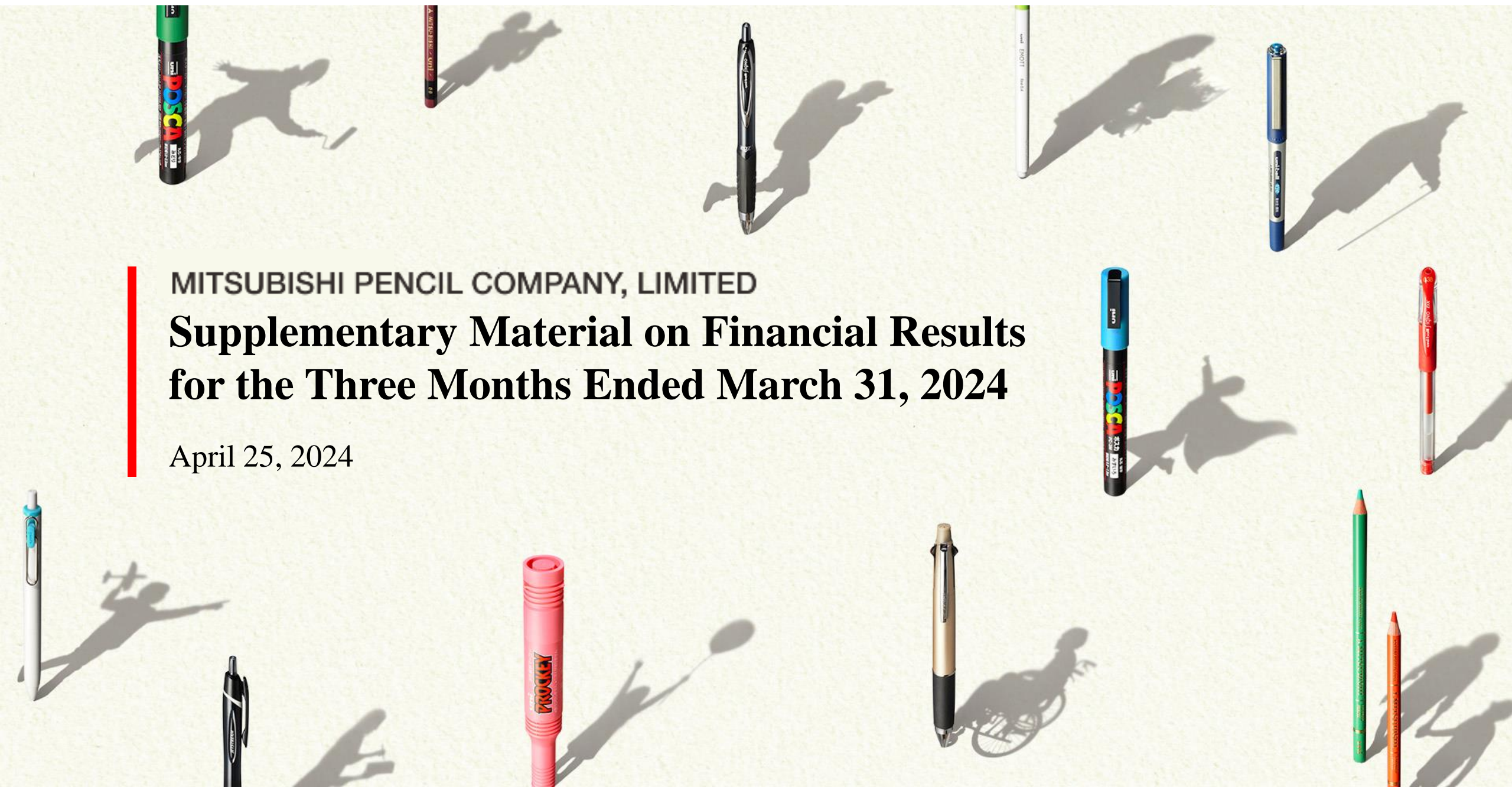


MITSUBISHI PENCIL COMPANY, LIMITED

Supplementary Material on Financial Results for the Three Months Ended March 31, 2024

April 25, 2024



Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023

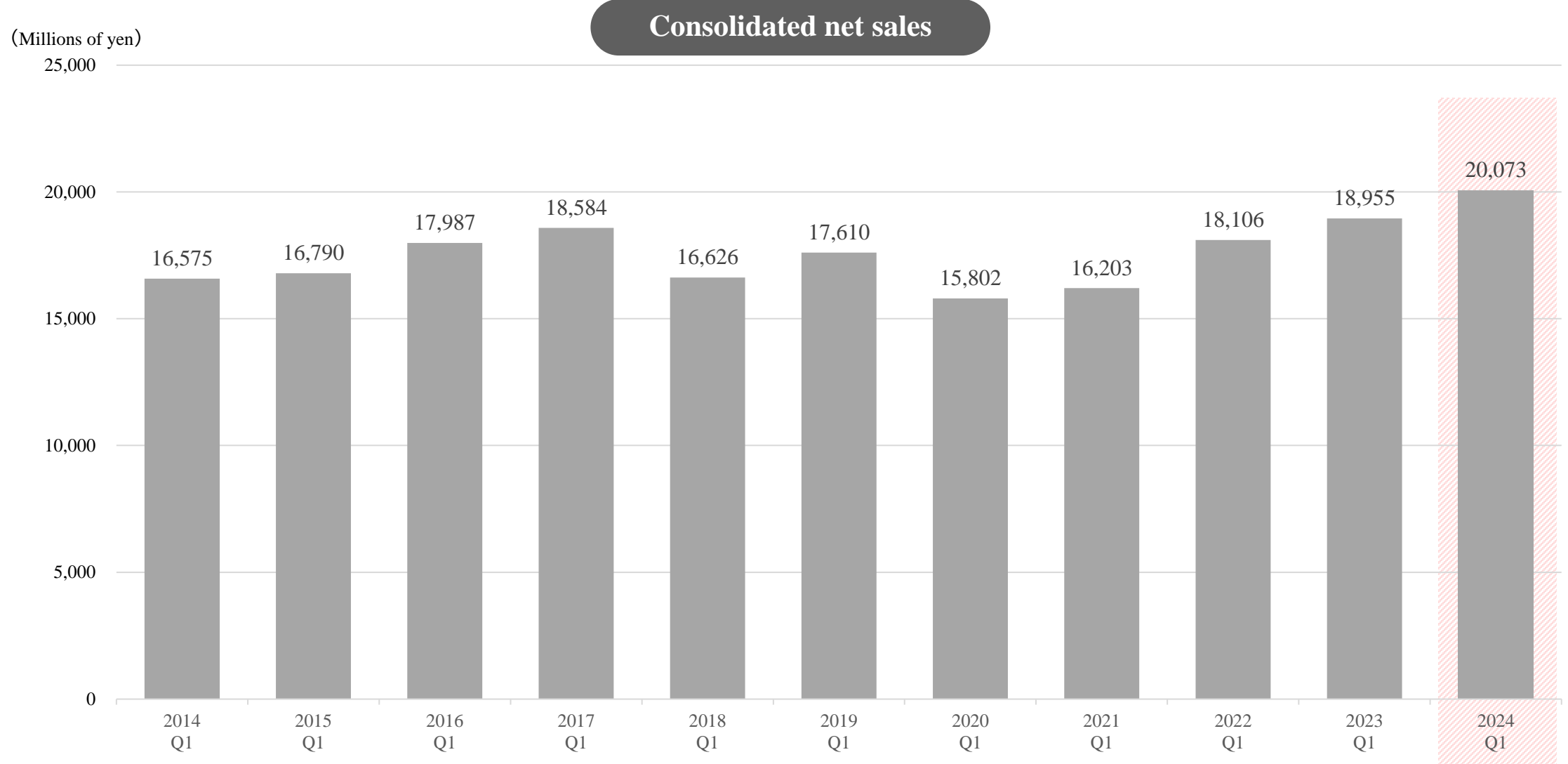
- ◆ Net sales increased by 5.9% from the same period of the previous year with robustness in overseas markets and a boosting effect from the weak yen in exchange rates.
- ◆ Gross profit was up 11.0% with increased sales margin from net sales growth, despite continued rise in raw material and energy costs.
- ◆ Operating profit decreased by 8.4% due to recording ¥733 million in one-time expenses related to acquisition of equity in C. Josef Lamy GmbH. Excluding this, operating profit increased 13.5% and ordinary profit 20.4%.

[Consolidated] Millions of yen	2020	2021	2022	2023	2024	YoY	
	Q1	Q1	Q1	Q1	Q1	Change	Change (%)
Net sales	15,802	16,203	18,106	18,955	20,073	1,117	5.9%
(Avg. USD exchange rate)	¥109.20	¥106.24	¥117.12	¥133.26	¥147.86	¥14.60	-
Gross profit	8,426	8,113	8,987	9,575	10,626	1,051	11.0%
(Gross profit margin)	53.3%	50.1%	49.6%	50.5%	52.9%	2.4%	-
Selling, general and administrative expenses	6,127	5,732	5,783	6,229	7,560	1,331	21.4%
Operating profit	2,298	2,380	3,204	3,345	3,065	(280)	(8.4%)
Ordinary profit	2,314	2,815	3,482	3,487	3,468	(18)	(0.5%)
Profit*	1,433	1,983	2,413	2,396	2,137	(258)	(10.8%)

*Profit attributable to owners of parent

Trend in Consolidated Results of Net Sales

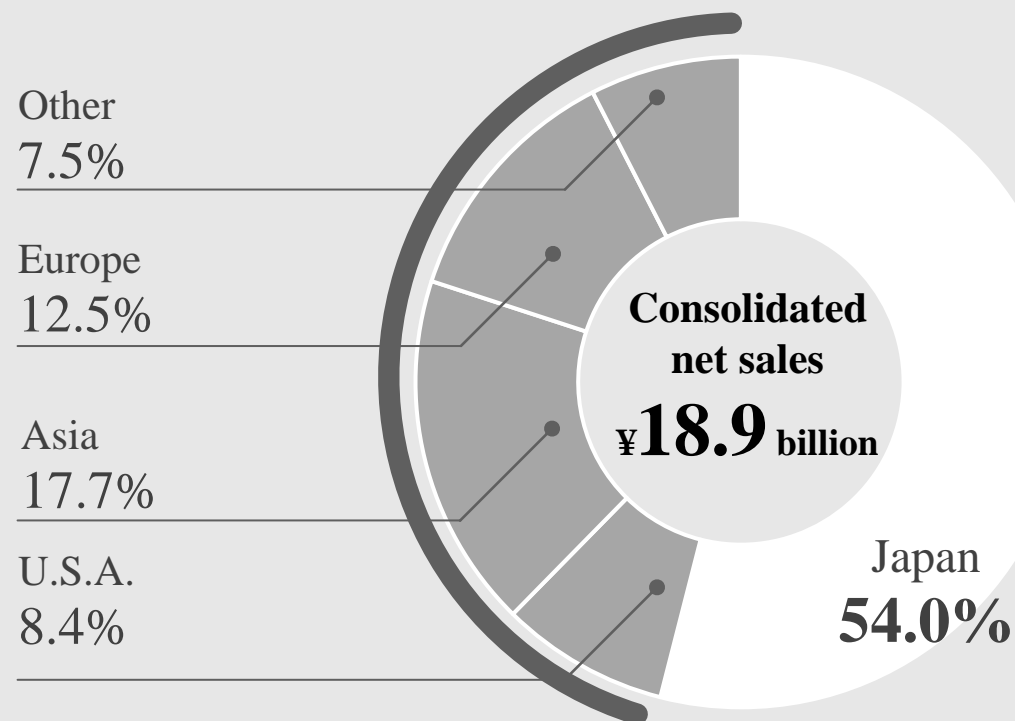
◆ Net sales for the first quarter of 2024 exceeded the record-high level marked in 2023, making a strong start.



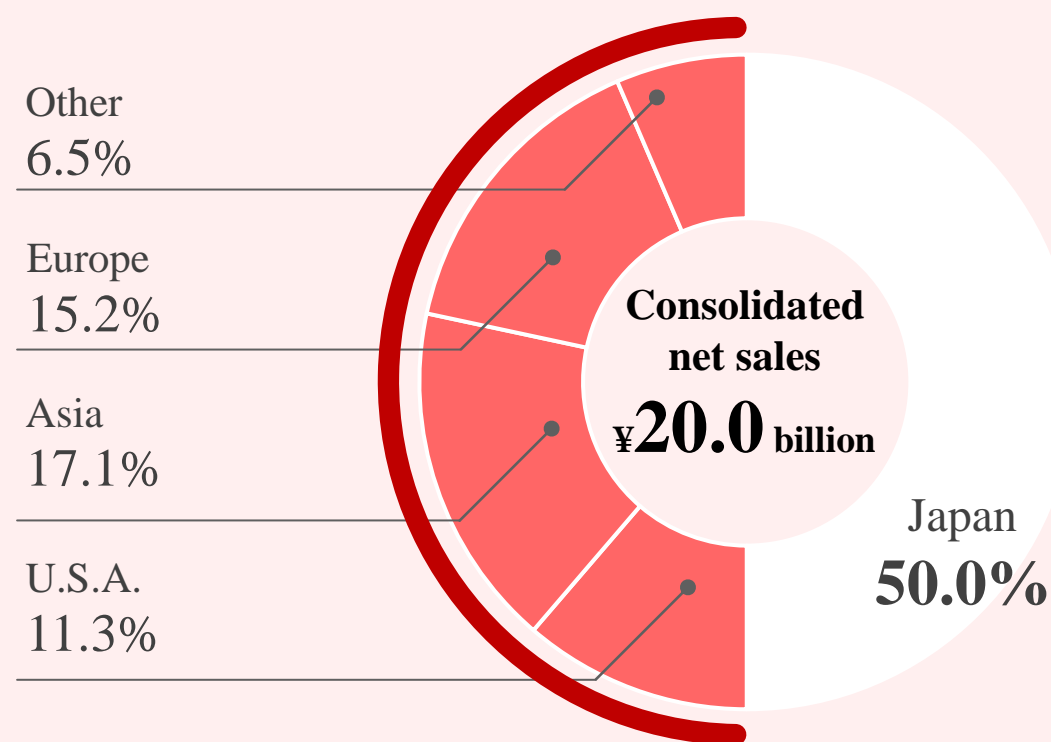
Composition of Consolidated Net Sales by Region

- ◆ Sales in the overseas markets, mainly in Europe and the U.S.A., significantly increased, bringing the ratio of domestic to overseas sales to 50/50 for Q1.

Q1 2023



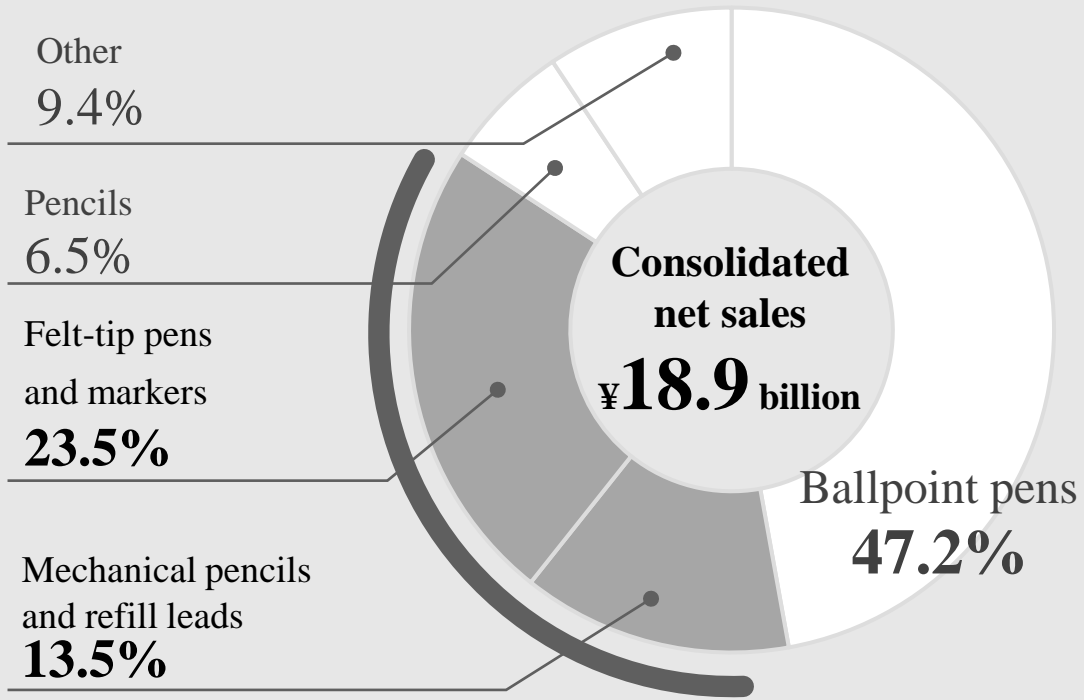
Q1 2024



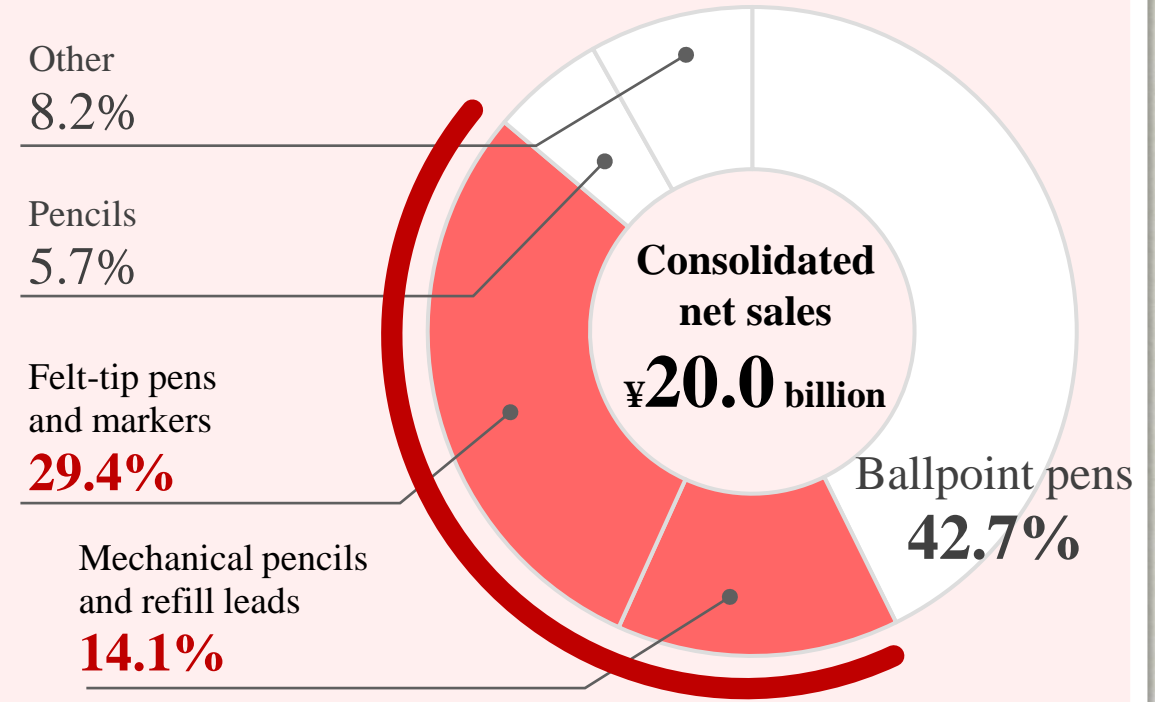
Composition of Consolidated Net Sales by Product Type

◆ Net sales driven by market development for mechanical pencils in Japan and felt-tip pens and markers overseas.

Q1 2023

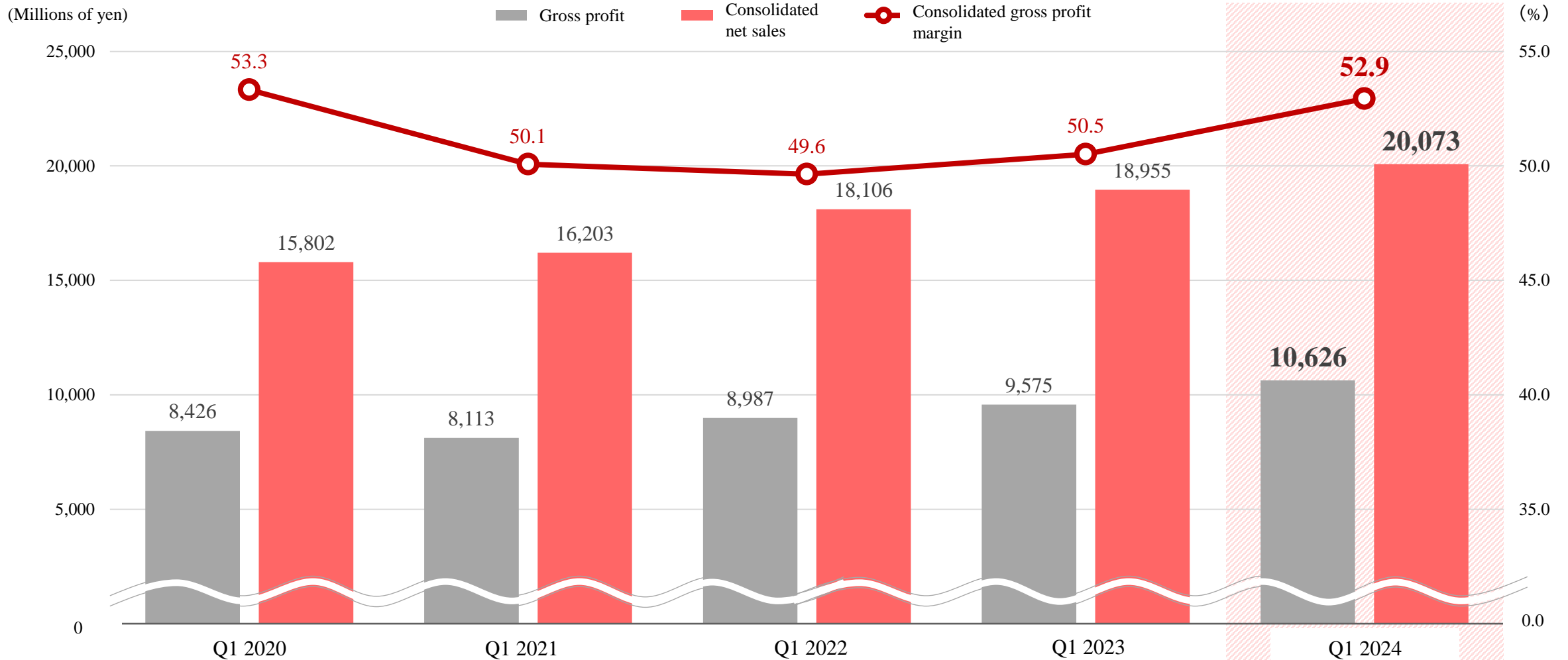


Q1 2024



Consolidated Gross Profit Margin

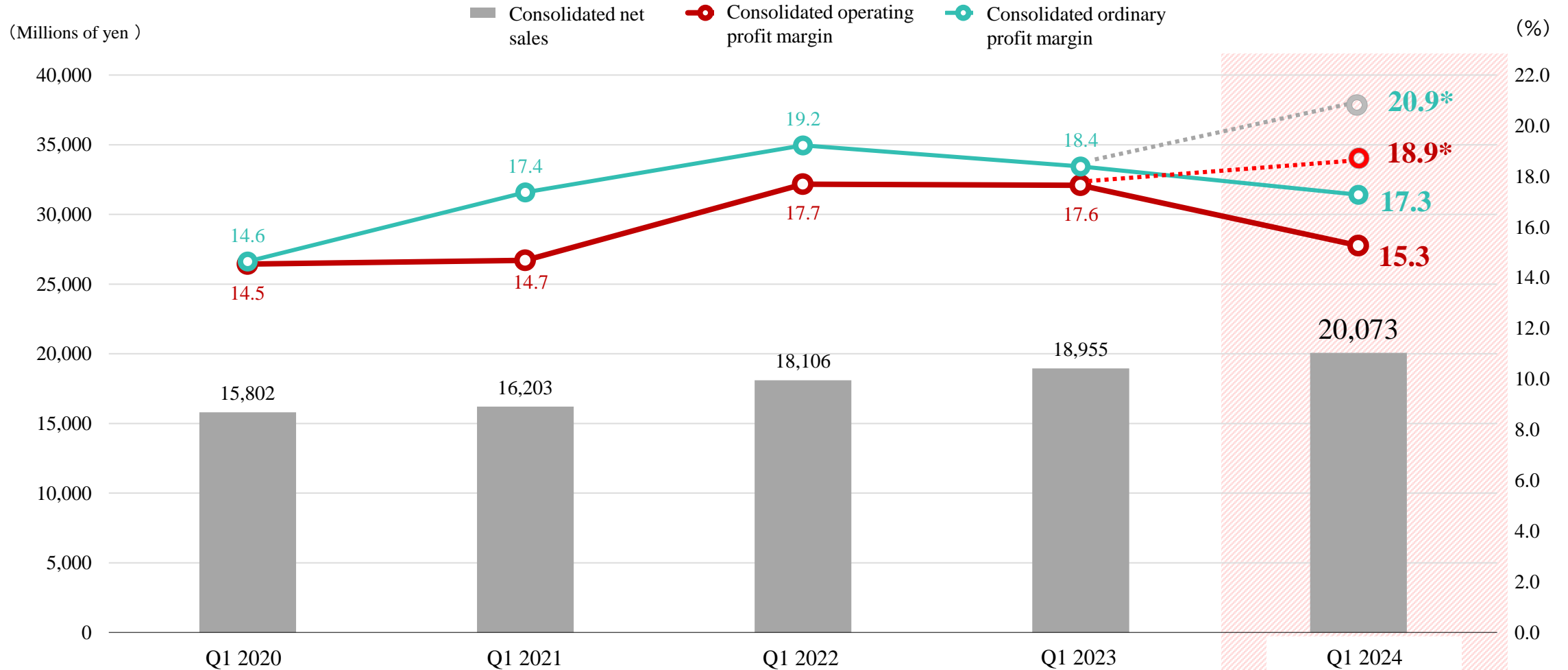
◆ Gain in gross profit margin accompanying increase in sales margin



Consolidated Net Sales, Operating Profit Margin and Ordinary Profit Margin

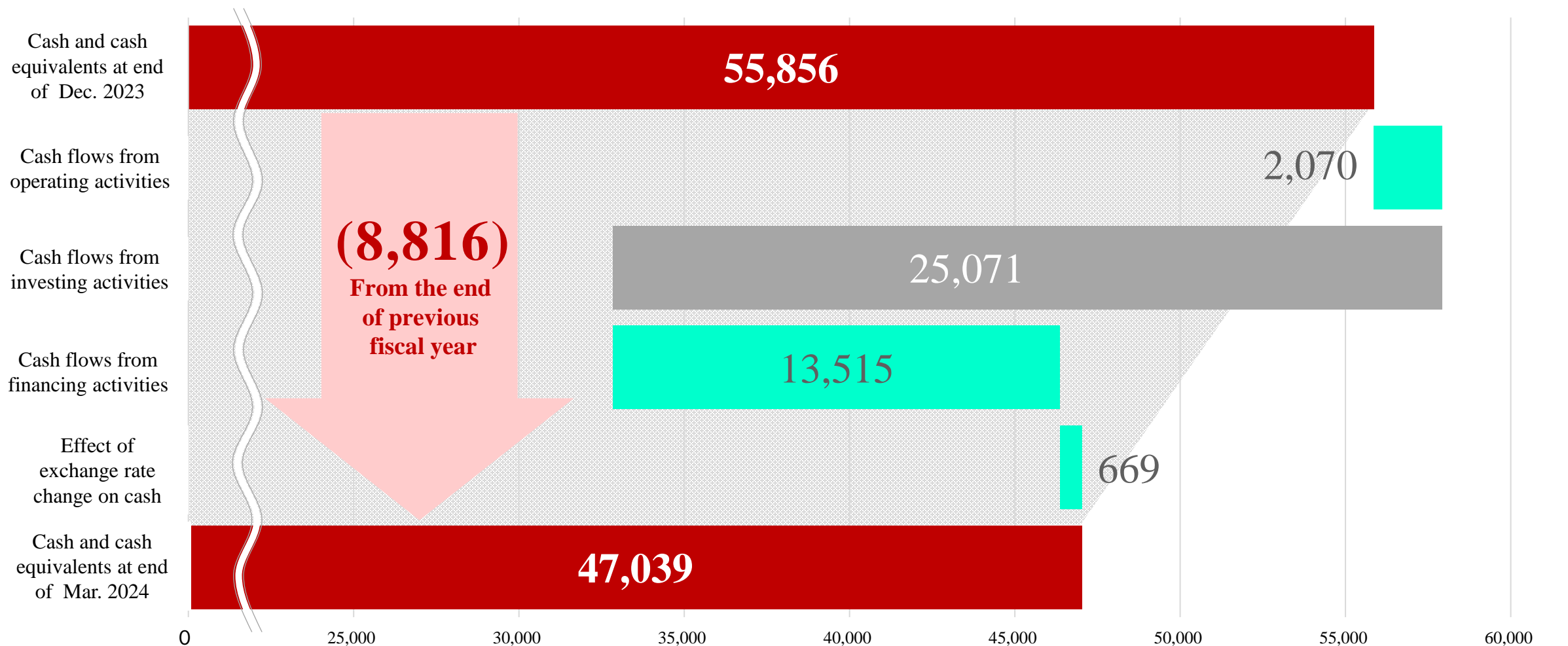
◆ Operating profit margin and ordinary profit margin declined due to C. Josef Lamy GmbH equity acquisition-related expenses, despite increases in net sales and gross profit.

* Broken lines show operating profit margin and ordinary profit margin excluding C. Josef Lamy GmbH equity acquisition-related expenses.



Consolidated Cash Flows

◆ Negative free cash flow due to investments

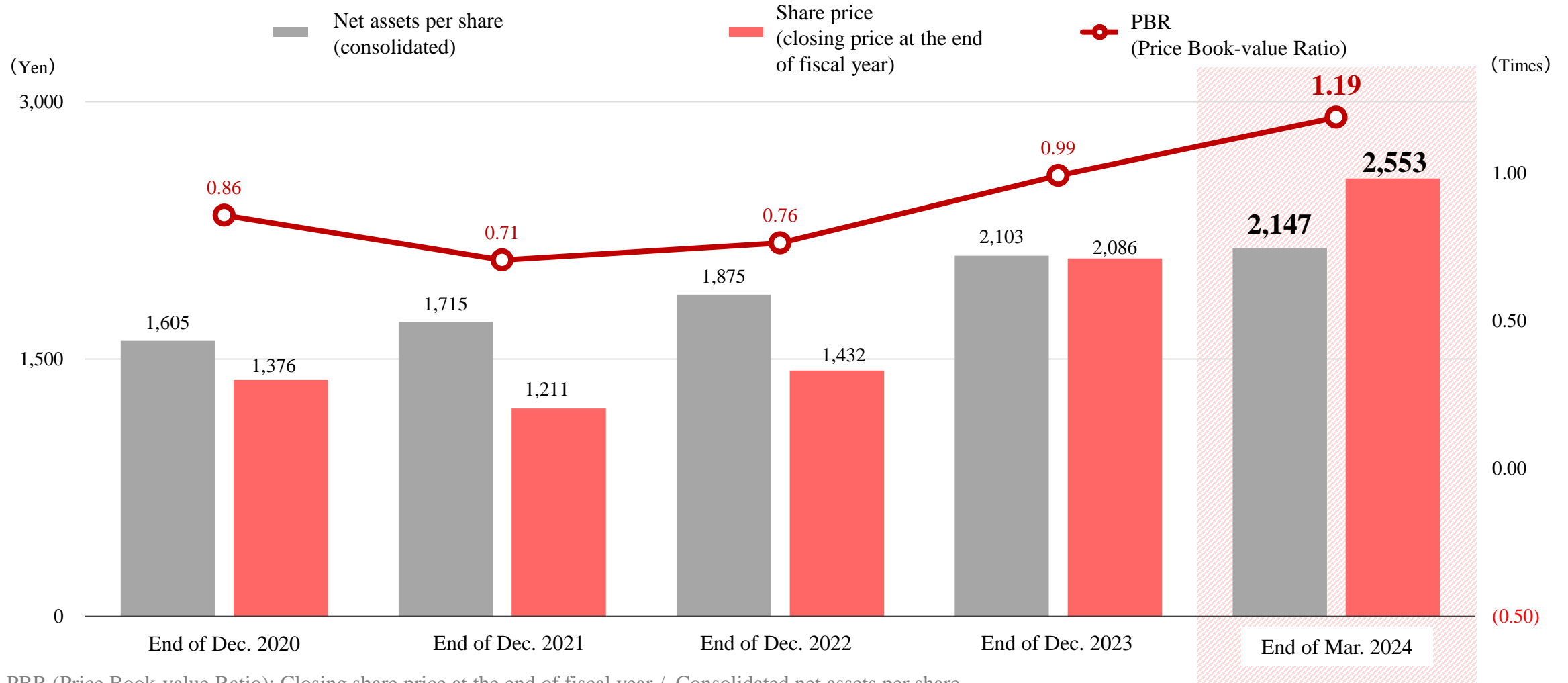


(Note) Figures do not align with cash and deposits presented on the balance sheets given that the balance of time deposits is not presented on the statements of cash flows.

(Millions of yen)

Net Assets per Share / Price Book-value Ratio

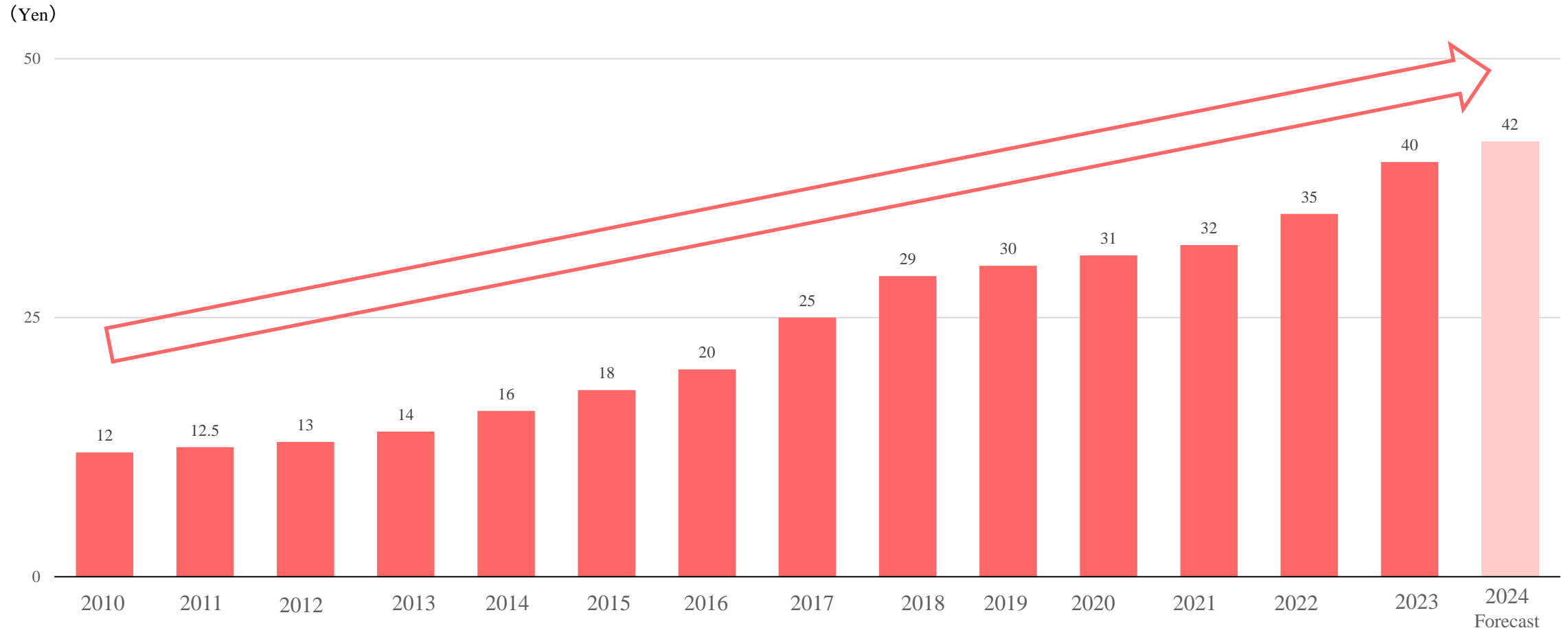
◆ Improved PBR* and ongoing initiatives to achieve PBR of 1x or more



* 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



(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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