

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, 2022 (Based on Japanese GAAP)

October 31, 2022

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: November 7, 2022  
 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

(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, 2022	50,123	12.4	6,464	18.2	7,525	24.4	5,120	21.5
Nine months ended September 30, 2021	44,584	12.8	5,470	46.8	6,049	48.2	4,213	59.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	92.47		–	
Nine months ended September 30, 2021	75.15		–	

(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, 2022	127,907	102,492	78.7	1,830.67
As of December 31, 2021	123,792	97,673	77.5	1,715.15

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, 2021	–	16.00	–	16.00	32.00
Year ending December 31, 2022	–	16.50	–		
Year ending December 31, 2022 (Forecast)				16.50	33.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	67,000	8.2	9,000	19.7	10,000	20.3	6,800	20.2	123.01

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022  
(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: Yes
- 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, 2022	63,286,292 shares	As of December 31, 2021	64,286,292 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	8,305,522 shares	As of December 31, 2021	8,382,346 shares
--------------------------	------------------	-------------------------	------------------

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

Nine months ended September 30, 2022	55,380,682 shares	Nine months ended September 30, 2021	56,068,748 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	44,931	47,660
Notes and accounts receivable - trade	16,567	16,059
Inventories	18,831	21,697
Other	2,483	1,817
Allowance for doubtful accounts	(1,400)	(1,645)
Total current assets	81,413	85,588
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,850	14,614
Other, net	9,782	9,650
Total property, plant and equipment	24,633	24,264
Intangible assets	1,395	1,339
Investments and other assets		
Investment securities	14,175	14,636
Other	2,175	2,078
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	16,350	16,714
Total non-current assets	42,379	42,318
Total assets	123,792	127,907

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,314	7,944
Short-term borrowings	1,516	1,516
Income taxes payable	1,849	1,317
Provision for bonuses	564	1,238
Reserve for returned goods	41	–
Other	5,345	5,362
Total current liabilities	17,631	17,379
Non-current liabilities		
Long-term borrowings	3,298	2,757
Retirement benefit liability	3,817	3,858
Provision for retirement benefits for directors (and other officers)	101	89
Other	1,270	1,329
Total non-current liabilities	8,487	8,035
Total liabilities	26,119	25,415
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,497	4,497
Capital surplus	3,976	3,964
Retained earnings	87,708	90,019
Treasury shares	(6,953)	(7,104)
Total shareholders' equity	89,229	91,377
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,557	4,874
Foreign currency translation adjustment	1,793	4,143
Remeasurements of defined benefit plans	303	256
Total accumulated other comprehensive income	6,654	9,274
Non-controlling interests	1,789	1,840
Total net assets	97,673	102,492
Total liabilities and net assets	123,792	127,907

## 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, 2021	Nine months ended September 30, 2022
Net sales	44,584	50,123
Cost of sales	22,298	25,579
Gross profit	22,286	24,543
Selling, general and administrative expenses	16,815	18,079
Operating profit	5,470	6,464
Non-operating income		
Interest income	13	20
Dividend income	183	203
Rental income from land and buildings	45	50
Insurance claim income	33	9
Subsidy income	77	11
Foreign exchange gains	285	782
Other	49	59
Total non-operating income	688	1,136
Non-operating expenses		
Interest expenses	24	19
Commission for syndicated loans	28	29
Sales discounts	46	–
Other	9	26
Total non-operating expenses	109	75
Ordinary profit	6,049	7,525
Extraordinary income		
Gain on sale of non-current assets	99	68
Gain on sale of investment securities	195	–
Compensation income	83	–
Gain on liquidation of subsidiaries and associates	–	33
Total extraordinary income	378	102
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	35
Factory restructuring loss	306	–
Other	31	–
Total extraordinary losses	344	35
Profit before income taxes	6,082	7,592
Income taxes	1,687	2,383
Profit	4,395	5,208
Profit attributable to non-controlling interests	181	87
Profit attributable to owners of parent	4,213	5,120

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	4,395	5,208
Other comprehensive income		
Valuation difference on available-for-sale securities	754	316
Foreign currency translation adjustment	893	2,420
Remeasurements of defined benefit plans, net of tax	(17)	(47)
Total other comprehensive income	1,630	2,690
Comprehensive income	6,025	7,898
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,835	7,740
Comprehensive income attributable to non-controlling interests	190	158