



MITSUBISHI PENCIL COMPANY, LIMITED

Supplementary Material on Financial Results for the Twelve Months Ended December 31, 2025

February 12, 2026



Supplementary Material on Financial Results for the Twelve Months Ended December 31, 2025 Index

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Overview of Financial Results for the Twelve Months Ended December 31, 2025



Summary of Consolidated Financial Results for the Twelve Months Ended December 31, 2025



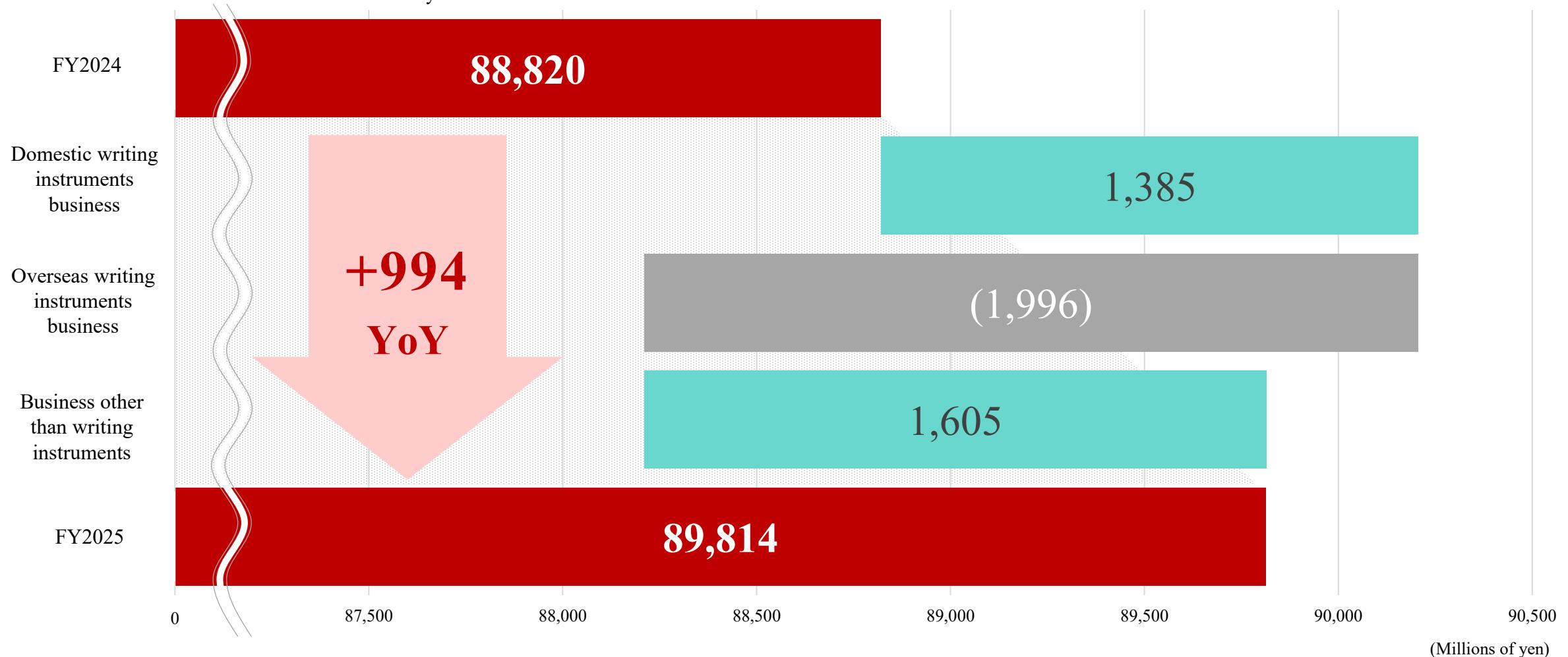
- Net sales increased due to steady sales in Japan and Asia, despite the impact of adjustments in distributed inventory overseas.
- Gross profit decreased due to the impact of a decline in sales margin from changes in product mix and profit squeeze from rising costs.
- Profit was affected by the absence of the gain on sale of non-current assets recorded as extraordinary income in the previous fiscal year.

[Consolidated] Millions of yen	2021	2022	2023	2024	2025	YoY	
						Change	Change (%)
Net sales	61,894	68,997	74,801	88,820	89,814	994	1.1%
(Avg. USD exchange rate)	30,667	33,953	38,446	46,840	44,522	(2,317)	(4.9%)
(Avg. EUR exchange rate)	49.5%	49.2%	51.4%	52.7%	49.6%	(3.2%)	-
Gross profit	23,146	24,709	26,594	34,650	34,830	179	0.5%
(Gross profit margin)	7,520	9,243	11,851	12,189	9,692	(2,496)	(20.5%)
Selling, general and administrative expenses	8,309	10,128	12,889	12,952	10,028	(2,924)	(22.6%)
Operating profit	5,658	6,951	10,166	11,272	6,235	(5,037)	(44.7%)
Ordinary profit	¥109.86	¥130.78	¥140.55	¥151.44	¥150.40	(¥1.04)	-
Profit*	¥130.11	¥137.93	¥152.27	¥163.79	¥169.14	¥5.35	-

*Profit attributable to owners of parent

Analysis of Changes in Consolidated Net Sales by Business Segment

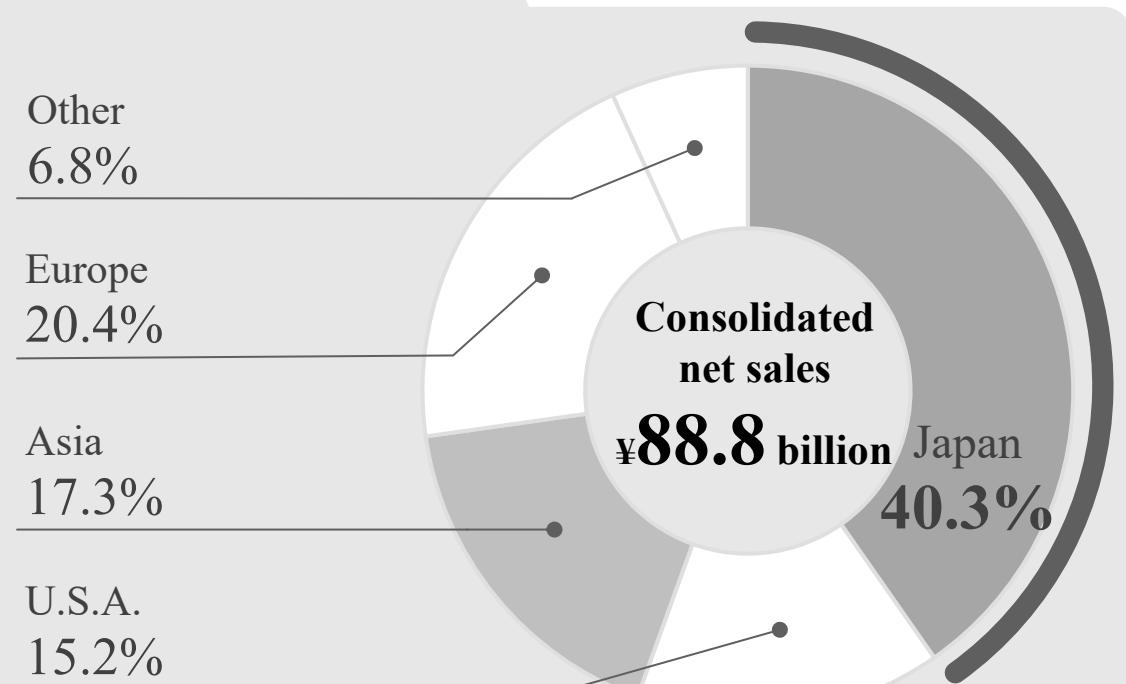
- ◆ Domestic writing instruments business: In addition to JETSTREAM, sales of new products such as uniball ZENTO, KURUTOGA Wood, and LAMY safari JETSTREAM INSIDE were favorable.
- ◆ Overseas writing instruments business: Sales were boosted by new products and LAMY brand, but net sales decreased due to adjustments in distributed inventory of POSCA, a big seller in previous fiscal year.
- ◆ Business other than writing instruments: The cosmetics business and industrial materials business performed well. In particular, the cosmetics business increased sales due to overlapping product renewals by OEM clients.



Composition of Consolidated Net Sales by Region

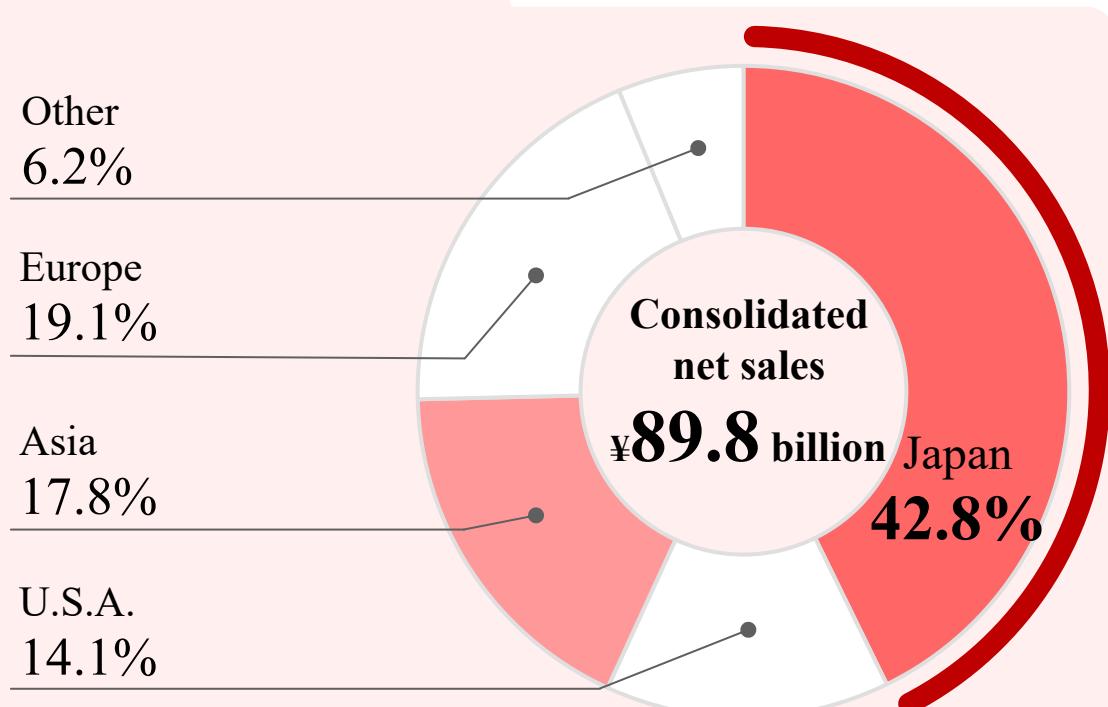
- ◆ The ratio of domestic sales has risen due to growth in the Japanese market.
- ◆ In overseas, the Asian region saw increased net sales, leading to a higher ratio.

2024



Overseas **59.7%** Japan **40.3%**

2025

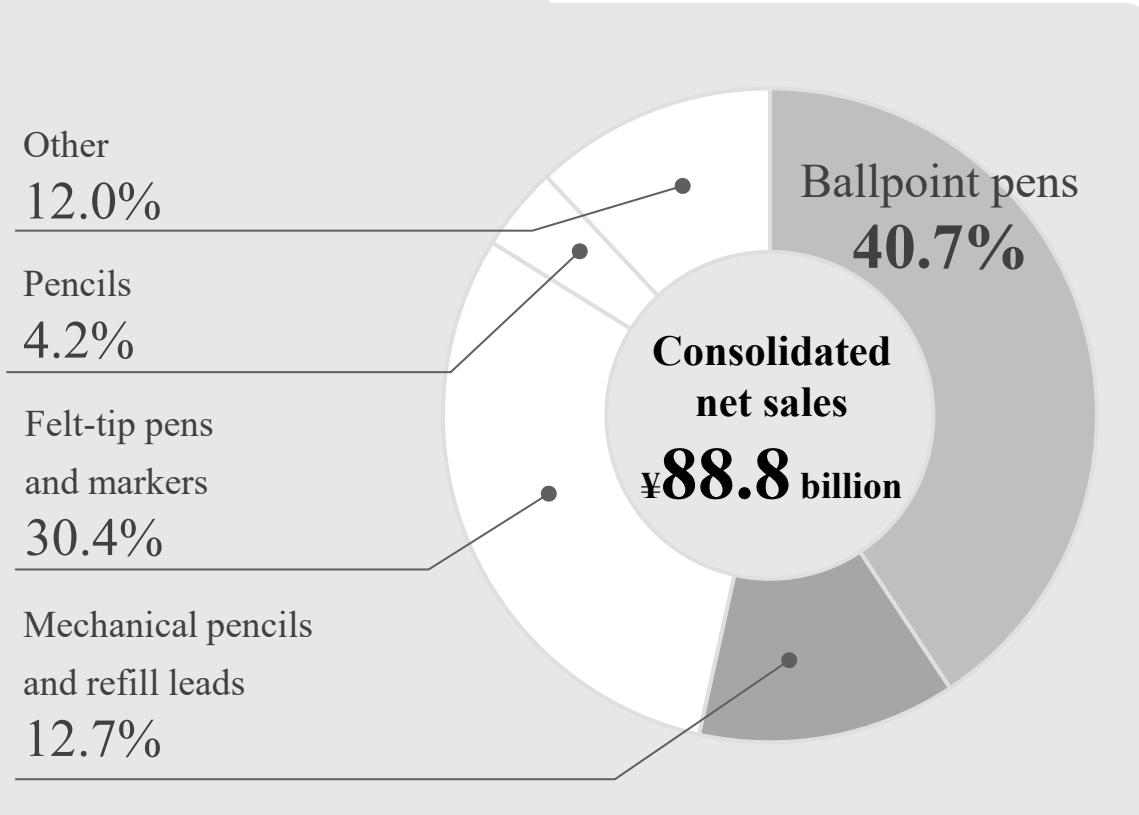


Overseas **57.2%** Japan **42.8%**

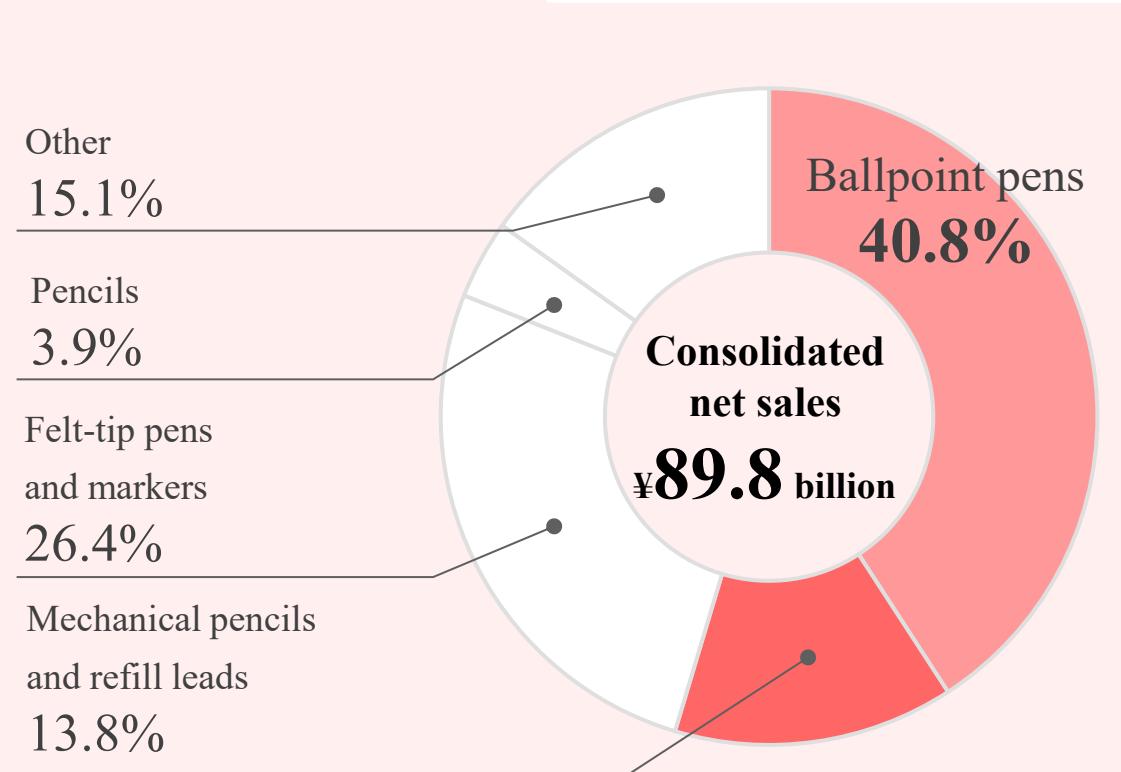
Composition of Consolidated Net Sales by Product Type

- ◆ Ballpoint pens: The new product, uniball ZENTO, and JETSTREAM contributed to sales.
- ◆ Mechanical pencils: JETSTREAM 4&1 and KURUTOGA continued to perform well.
- ◆ Felt-tip pens and markers: Affected by the adjustments in distributed inventory of POSCA in Europe.

2024

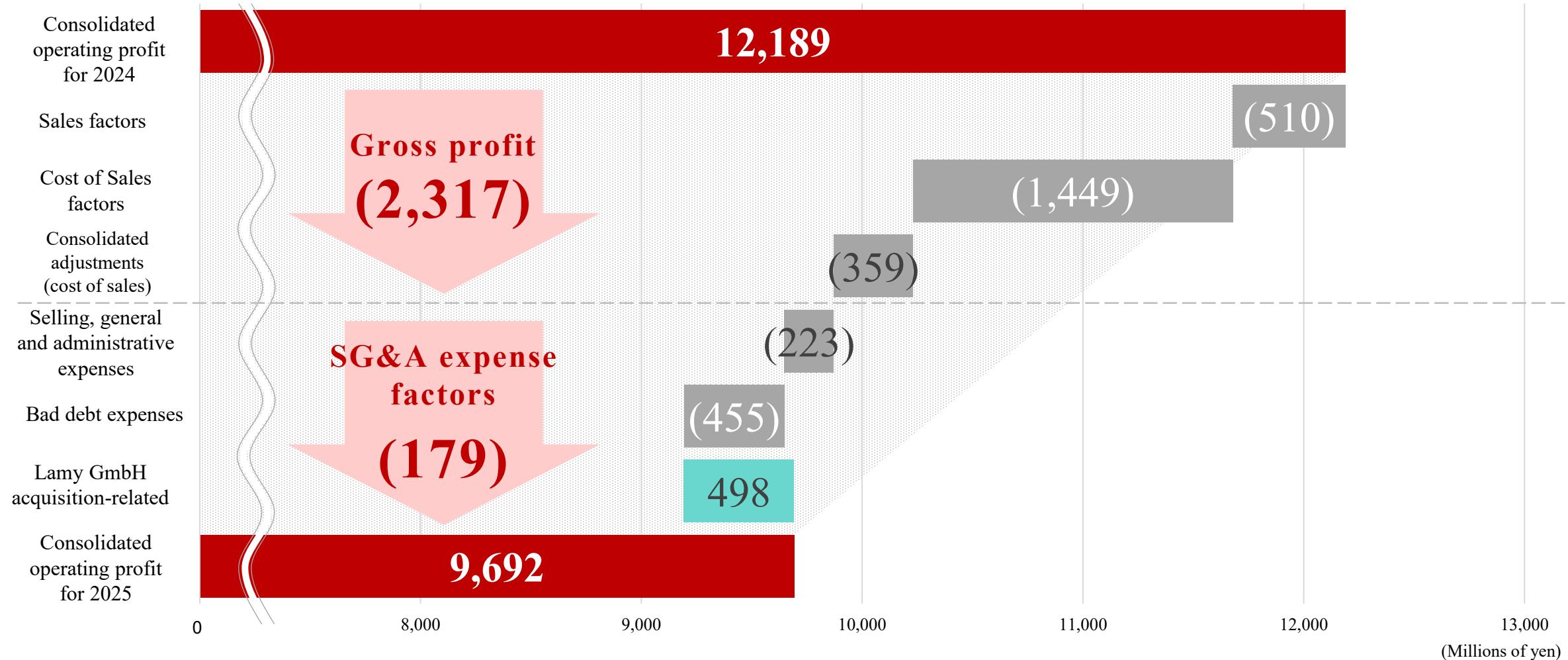


2025



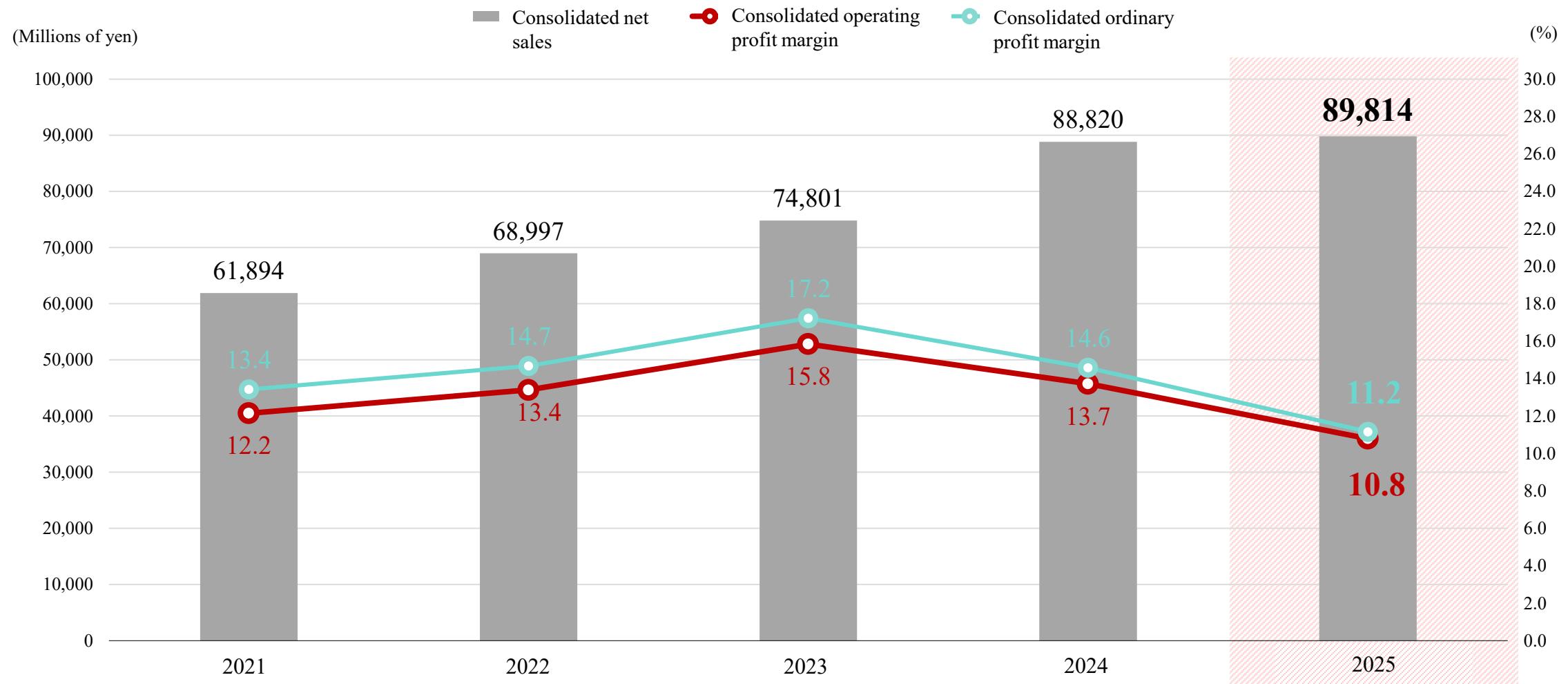
Analysis of Changes in Consolidated Operating Profit

- ◆ Sales factors: Although net sales increased, the change in product mix led to a decrease in sales margin.
- ◆ Cost of sales: In addition to production adjustments having impact, raw material prices and outsourcing processing costs increased, and depreciation increased.
- ◆ Selling, general and administrative expenses: Mainly due to initiatives for future growth such as IT investment and human capital investment, selling, general and administrative expenses increased.



Consolidated Net Sales, Operating Profit Margin and Ordinary Profit Margin

- ◆ Although net sales increased, gross profit decreased and selling, general and administrative expenses increased, leading to a decrease in profit.
- ◆ As a result, operating profit margin and ordinary profit margin declined.



Consolidated Balance Sheet

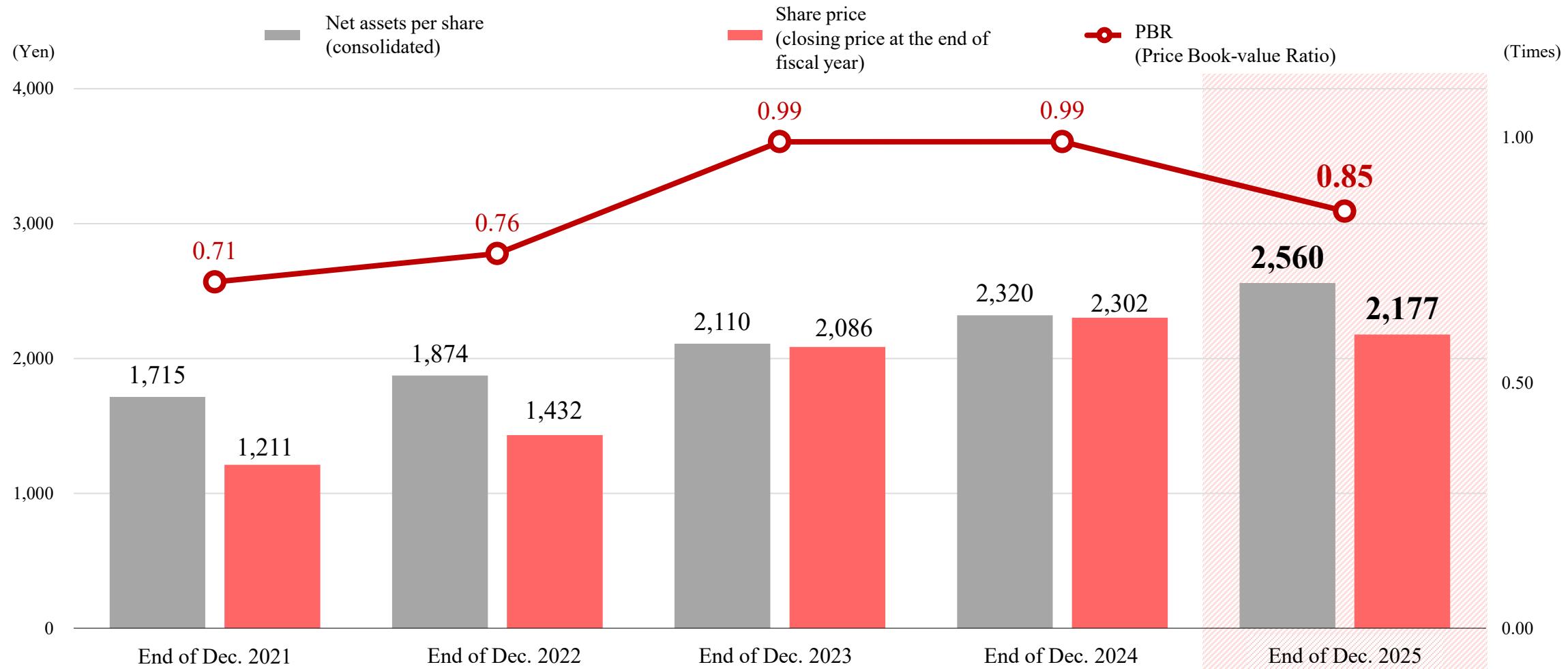
- ◆ The increase in assets was mainly due to increases in investment securities and retirement benefit asset.
- ◆ The increase in net assets was mainly due to increases in retained earnings, valuation difference on available-for-sale securities and foreign currency translation adjustment.

Millions of yen	As of December 31, 2024	As of December 31, 2025	Change
Assets	176,881	183,005	6,123
Current assets	95,205	91,793	(3,411)
Non-current assets	81,676	91,212	9,536
Liabilities	46,173	42,573	(3,599)
Net assets	130,708	140,432	9,723
Total liabilities and net assets	176,881	183,005	6,123
(Equity-to-asset ratio)	72.6%	75.7%	3.1%

*Profit attributable to owners of parent

Net Assets per Share / Price Book-value Ratio

- Net assets per share was ¥2,561 due to the increase in net assets.
- While PBR* increased to approximately 1x by the end of December 2023 and December 2024, it declined to 0.85x at the end of December 2025.



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

Consolidated Cash Flows

- ◆ Cash flows from operating activities decreased year on year due to a decrease in trade payables from shortening of bill payment period for trade notes, etc.
- ◆ As a result of aggressive investment in growth and infrastructure, free cash flow turned negative.
- ◆ Cash flow from financing activities was affected by an increase in outflows due to dividend payments and purchase of treasury shares, along with a decrease in inflows from long-term borrowing.

Cash and cash
equivalents at end
of Dec. 2024

Cash flows from
operating activities

Cash flows from
investing activities

Cash flows from
financing activities

Effect
of
exchange rate
change on cash

Cash and cash
equivalents at end
of Dec. 2025

39,587

2,413

(7,920)

(1,874)

602

(6,779)
From the end
of previous
fiscal year

32,807

0

28,000

30,000

32,000

34,000

36,000

38,000

40,000

42,000

44,000

(Millions of yen)

(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.

Initiatives for Achieving Management Attuned to Cost of Capital and Share Price



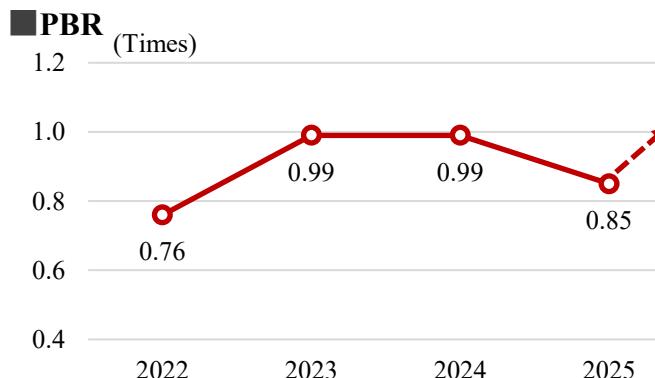
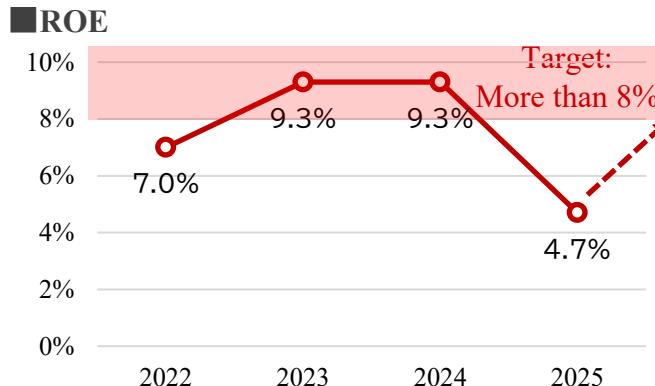
Initiatives for Achieving Management Attuned to Cost of Capital and Share Price

Targets

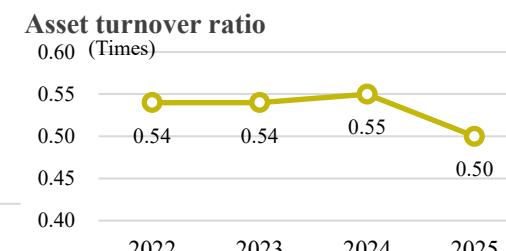
Analysis

ROE: More than 8%, PBR: More than 1x

- ROE was above target in 2023 and 2024 due to a one-time sale of fixed assets, but declined to 4.7% in 2025.
- PBR stands at 0.85x, still below 1x.
⇒ Issues remain in addressing low ROE and demonstrating business growth.



ROE broken down into its three components



Efforts to improve ROE

We have broken down ROE into its three components and are specifically targeting each one

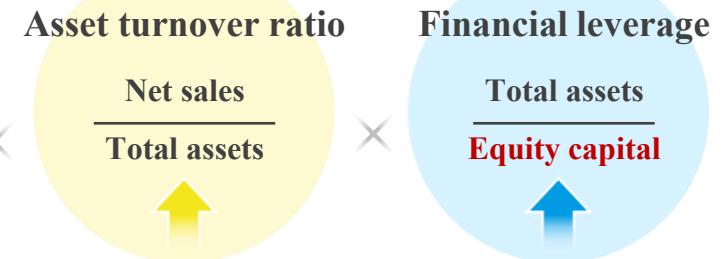
Net profit margin

$$\frac{\text{Net income}}{\text{Net sales}} \times$$



Asset turnover ratio

$$\frac{\text{Net sales}}{\text{Total assets}} \times$$



Financial leverage

$$\frac{\text{Total assets}}{\text{Equity capital}} \times$$

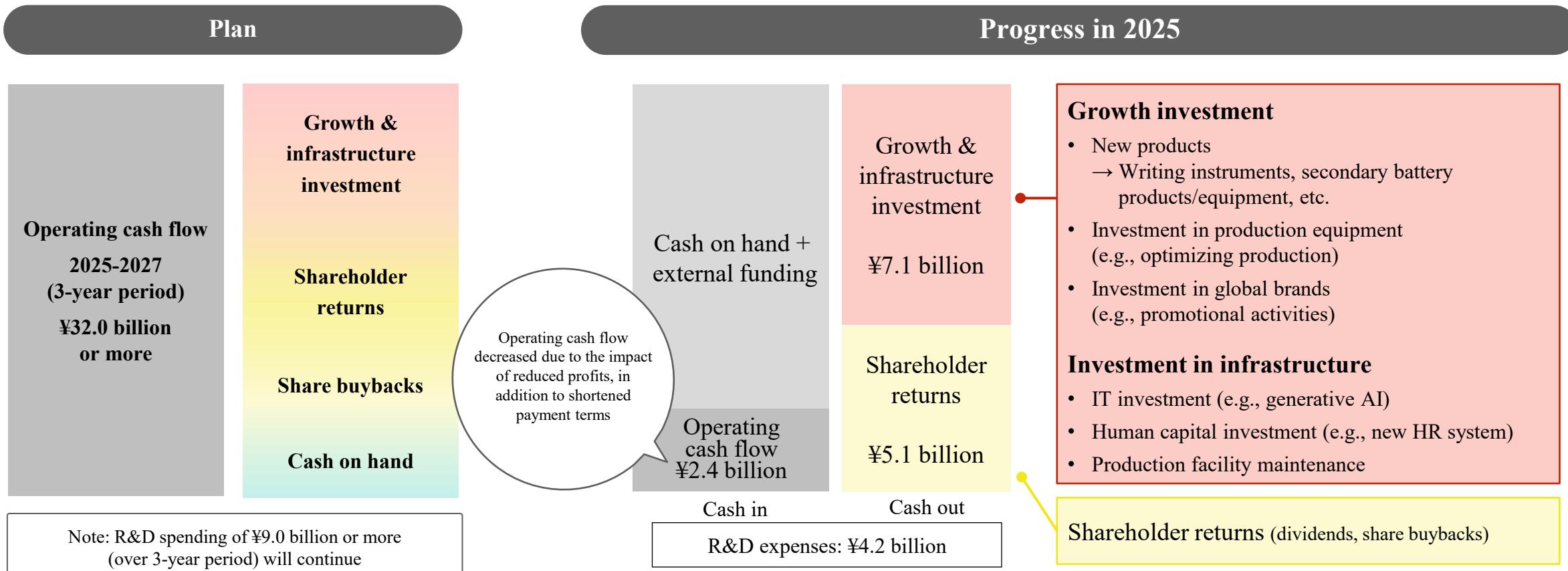
- Improve profitability by executing the Medium-term Business Plan
- Invest sustainably in growth and infrastructure
- Improve the health of our balance sheet by continuously reducing inventory and other related assets
- Shareholder returns through dividends (Continue progressive dividends and aim for a consolidated dividend payout ratio of 40%)
- Buy own shares with flexibility

We will work to restore profitability and enhance corporate value over the medium to long term

Initiatives for Achieving Management Attuned to Cost of Capital and Share Price

- ◆ Operating cash flow lagged behind the plan, but growth investments and shareholder returns were executed as planned.
- ◆ We will continue to proactively invest in growth and return capital to shareholders as planned.

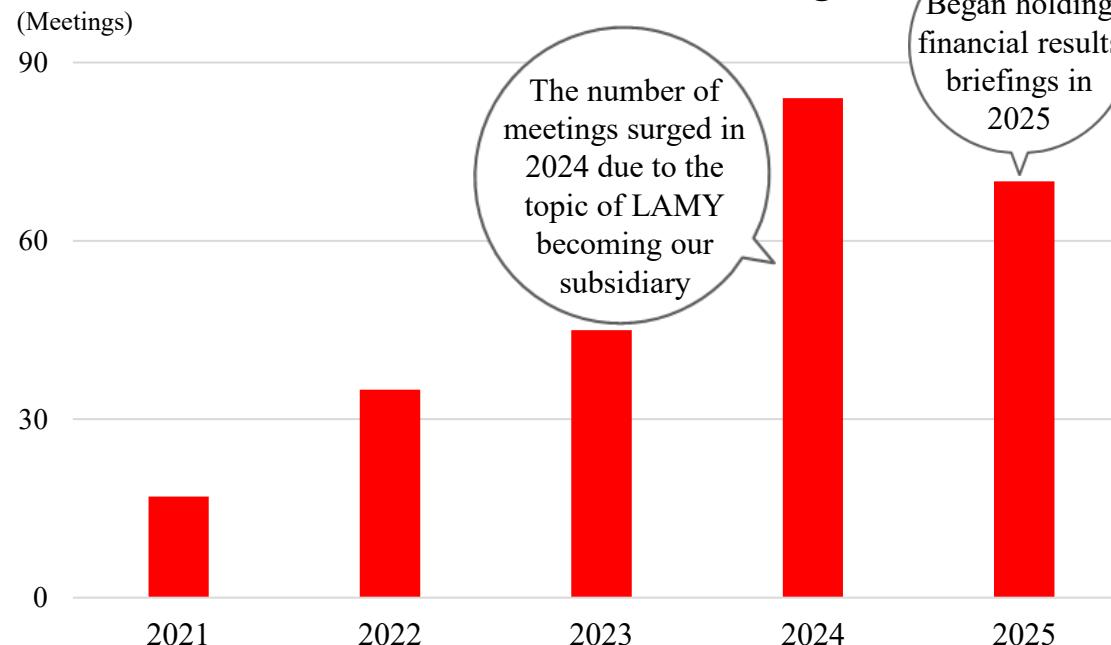
Cash Allocation



Meetings held

Financial results briefings: 2 sessions (February & August 2025)
Individual IR/SR meetings: 70 sessions

Number of individual IR/SR meetings



Responding to investor and shareholder feedback

Opinions shared by investors and shareholders are reported to the Board of Directors



Key opinions

Strengthening shareholder returns

In addition to continuing progressive dividends, set a new 40% target for our consolidated dividend payout ratio.
(July 31, 2025 press release)

Management attuned to share price

Introduced a new stock-based compensation system for managerial positions. This fosters a sense of ownership among managers and encourages business execution attuned to share price.
(Nov. 27, 2025 press release)

Expanding opportunities for dialogue

Held our first-ever financial results briefings (for institutional investors and analysts; online).

We will continue to disclose our management strategies and financial status in a timely manner by emphasizing dialogue with shareholders and appropriate information disclosure

Financial Results Forecasts for the Twelve Months Ending December 31, 2026



Financial Results Forecasts for the Twelve Months Ending December 31, 2026

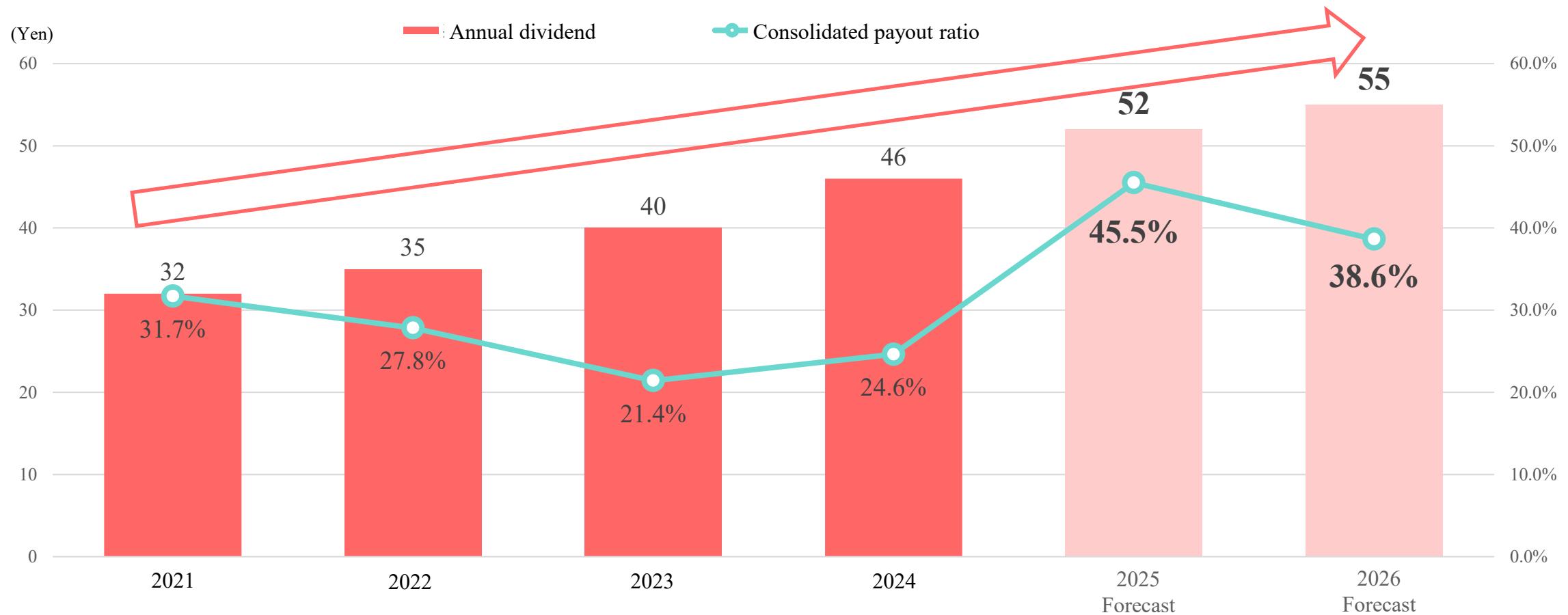


- Net sales are expected to increase due to the resolution of distributed inventory adjustments in overseas markets, the regrowth of uniball brand, and the strengthening of sales structure in various overseas regions.
- Operating profit is expected to increase overall, despite anticipating higher selling, general and administrative expenses due to growth investments for the future, such as IT investment, human capital investment, and production facility maintenance.

[Consolidated]	Millions of yen	2025	2026	YoY	
		Full-year result	Full-year forecast	Change	Change (%)
Net sales		89,814	94,000	4,186	4.7%
Domestic writing instruments business		30,499	30,600	101	0.3%
Oversea writing instruments business		51,000	55,300	4,300	8.4%
Business other than writing instruments		8,316	8,100	(216)	(2.6%)
Operating profit		9,692	10,500	808	8.3%
(Operating profit margin)		10.8%	11.2%	0.4%	-
Ordinary profit		10,028	11,000	972	9.7%
Profit attributable to owners of parent		6,235	7,700	1,465	23.5%
(Avg. USD exchange rate)		¥150.40	¥150.00	(¥0.40)	-
(Avg. EUR exchange rate)		¥169.14	¥175.00	¥5.86	-
Earnings Per Share		¥114.27	¥142.35	¥28.08	-

Shareholder Returns

- ◆ In addition to continuing progressive dividends, set a 40% target for our consolidated dividend payout ratio. (July 31, 2025 press release)
- ◆ The year-end dividend and annual dividend forecasts for FY2025 are ¥26 and ¥52, respectively. The consolidated dividend payout ratio will be 45.5%.
- ◆ The annual dividend forecast for FY2026 is ¥55 (both interim and year-end dividends are ¥27.5), an increase of ¥3. Planning to achieve an increase in dividends for 24 consecutive fiscal years.



Toward Vision 2036: Progress on the Medium-term Business Plan 2025-2027

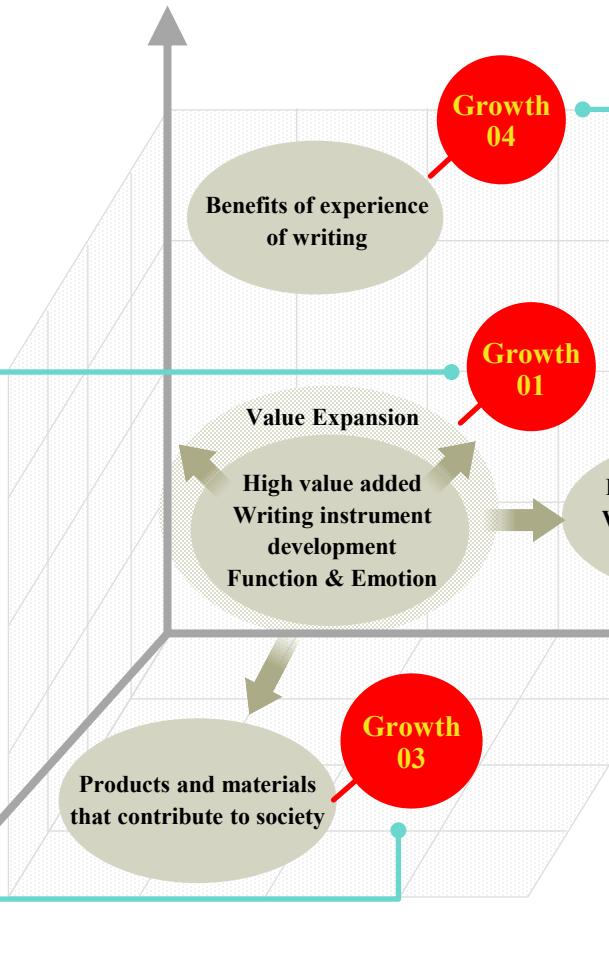


Stories about Business Domains and Growth toward Achieving Vision 2036

»» Growth Story (1)

- Securing earnings by continuing to enhance the value of long-selling brands and providing products that continue to be supported by consumers.
- Creating new demand by continuing to evolve and utilize writing instrument technologies cultivated to date and launching new brands with new proposals for uses.
- Enhancing competitiveness by optimizing supply chains, thereby improving responsiveness to market changes, reducing costs and environmental impacts.
- Expanding the value provided by writing instruments and pursuing new business opportunities through various partnerships, including business alliances and M&A.

Expansion of Distribution Methods



»» Growth Story (3)

- Contributing to the realization of a prosperous society by evolving the core technologies developed in the writing instruments business, and helping to solve social issues in other industries.
- Acquiring knowledge and technologies from other industries, and assuming the role of feeding them back into the Company, thereby driving the evolution of the entire group.
- Maintaining and expanding technology leadership in the writing instrument industry through the development and patenting of new technologies.

»» Growth Story (4)

- Contributing to improved quality of life through the overall experience by incorporating not only the time spent “writing” itself, but also the pre-writing thought process and post-writing transmission activities into the business domains.
- Creating new business models and revenue sources by taking advantage of the benefits of “writing and drawing” (organization of thoughts, communication, refreshment, expression of creativity, etc.).
- Advancing the fusion of digital and analog to further enrich the user’s writing experience.

Area Expansion

»» Growth Story (2)

- Strengthening our expansion into emerging markets and contributing to the expressive experience of more people than ever before.
- Utilizing overseas manufacturing bases to provide products that meet the price and quality needs of users in emerging countries.
- Expanding market share through collaboration with local partners and localization strategies.

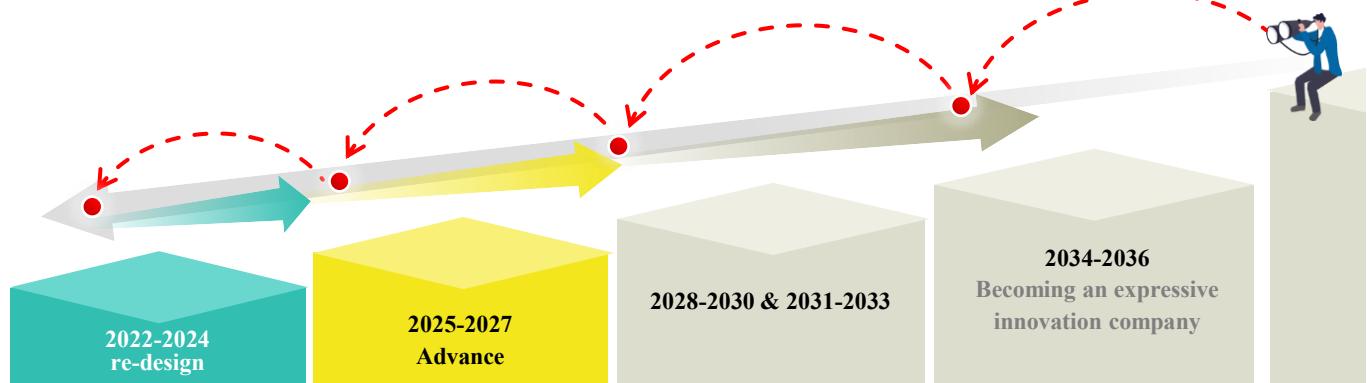
Industry Expansion



Reposted

uni MITSUBISHI PENCIL

Positioning, Basic Policies, and Priority Policies of the Medium-term Business Plan 2025-2027



Basic policy

2022-2024 re-design

The planning stage, in which we change our perspective and way of thinking to restructure the way we do business toward achieving the vision.

With the new plans and activities that have been promoted during the re-design stage serving as the foundation, further develop and accelerate them to bring about corporate transformation and innovation.



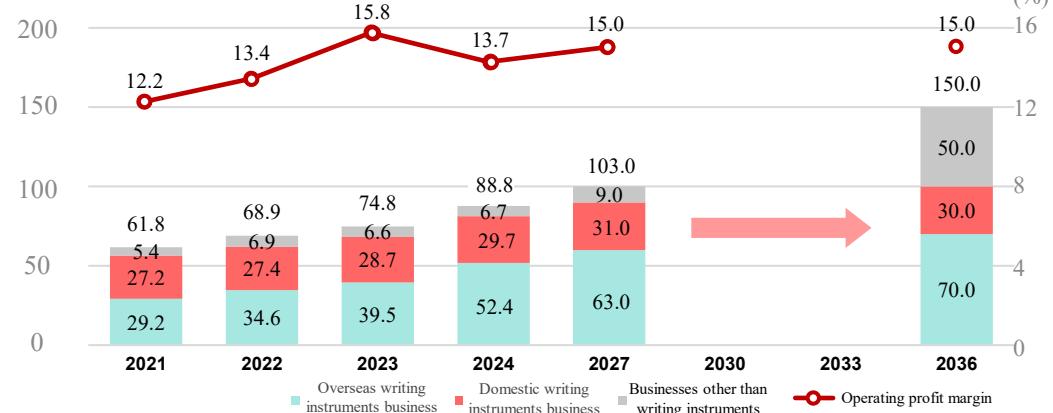
Growth Story (1)

Continued growth and diversification of the writing instruments business

- Proactively creating new demand, in addition to creating high value-added writing instruments
- Global supply chain optimization

Concept of activities at each stage

Net sales (Billions of yen)



ROE: More than 8%, PBR: More than 1x

2025-2027 Advance



Growth Story (2)

Expanding the scale of the businesses other than writing instruments and driving the realization of the Group's vision

- Balancing business pillarization and social contribution
- Driving innovation and knowledge/skill acquisition through cross-industry co-creation



Management Foundation

Strengthening management foundation in cooperation with stakeholders

- Promoting relationship with stakeholders
- Strengthening management foundation to support medium- and long-term growth

Changes in the External Environment Surrounding Our Company

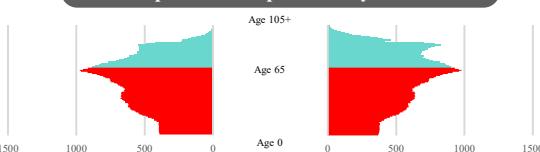
- Changes in the business environment have led to shifts in distribution and increased costs

- Changes in the external environment that are expected to continue**

1 Demographic changes

- Developed countries:** Demand for conventional writing is decreasing due to the declining birthrate and aging population. On the other hand, the increase in the number of elderly people is creating the potential for new demand for writing.
- Emerging countries:** Population growth and economic growth are underway. Fertility rates are high in many countries and the education market is expanding.

Japan 2035 Population Pyramid



3 Diversifying values

- Interest in sustainability:** Increased demand for eco-friendly products, increased avoidance of disposable products, and increased interest in recycled materials.
- Emphasis on individuality and style:** Diversification is promoted by introduction of products and services that suit individual tastes.



2 Evolution of digital technologies

- Device evolution:** Tablets and other devices are becoming more prevalent as educational tools, and the demand for writing is being supplanted by digital tools.
- Advances in AI:** Speech recognition technology is becoming more sophisticated, so the demand for writing such as taking memos is shifting to digital technologies, and opportunities for writing itself are decreasing.



4 Increased competition in the writing instruments industry

- Increased competition:** Product quality and cost competition is intensifying globally in a shrinking market. The entry of new companies is also a factor.
- Market realignment:** Brand reorganizations, M&As, and other capital alliances are becoming more common in the industry.



- Significant changes in the external environment**

U.S. reciprocal tariffs



Slowdown in China's economic growth rate



Accelerating inflation

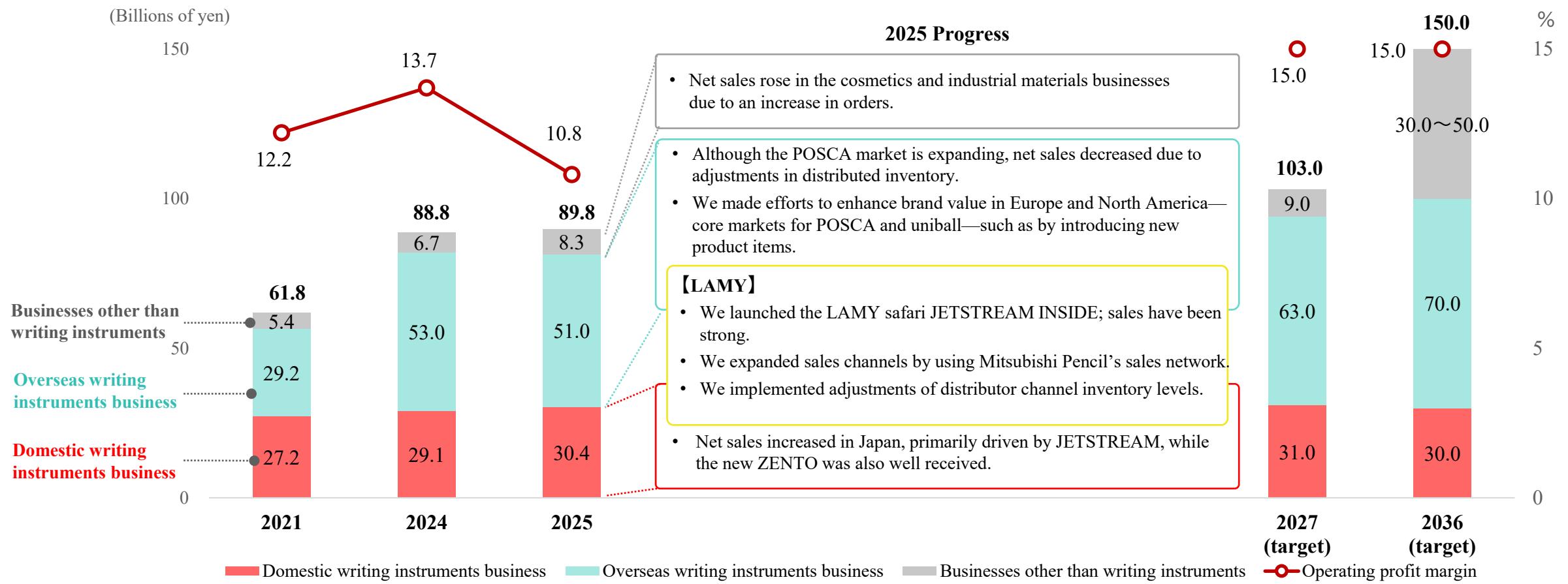


The writing instruments industry saw global shifts in its competitive landscape, including an accelerated influx of low-cost products into Europe as a result of U.S. reciprocal tariffs and a slowdown in China's economic growth.

Raw material, processing, and related costs rose due to inflation.

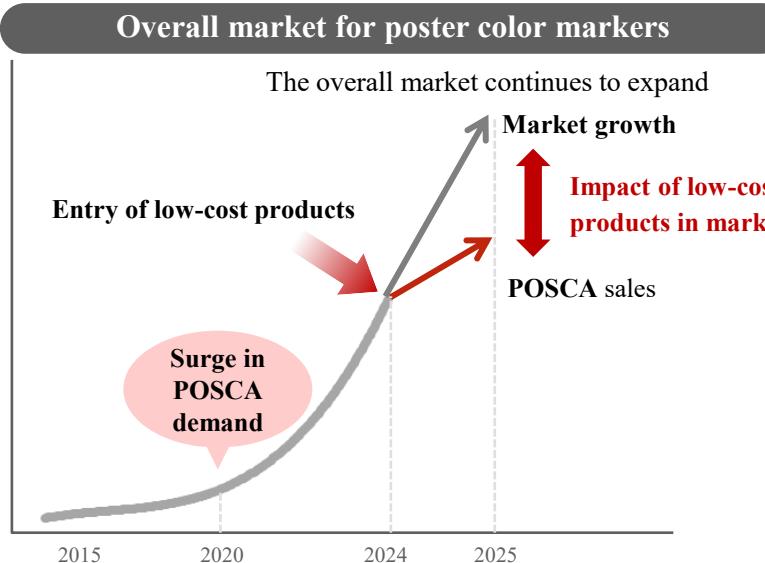
Consolidated net sales and operating profit margin by business segment

- Despite executing measures as planned, operating profit margin decreased while net sales increased due to external environmental factors
- Our Medium-term Business Plan targets remain unchanged, as we intend to take swift action to achieve them

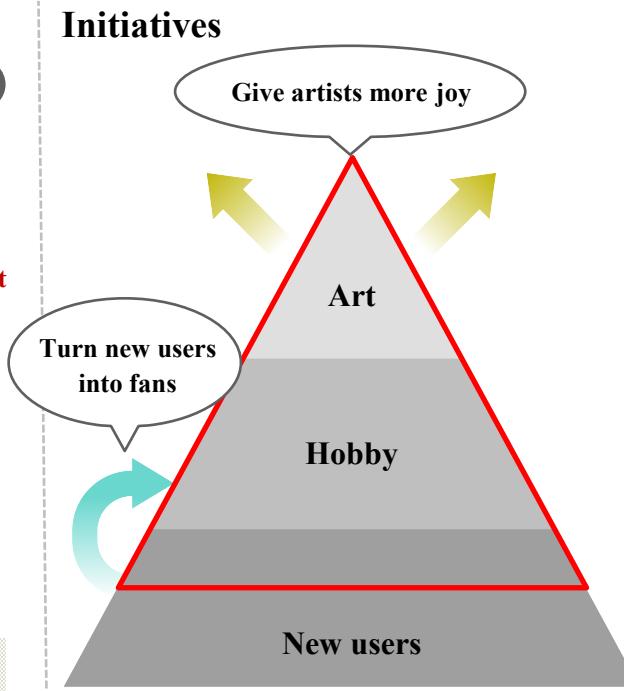


- ◆ Although the market is growing, net sales decreased due to prolonged adjustments in distributed inventory in Europe.
- ◆ Going forward, we will carry out initiatives to grow our community of artists and new fans.

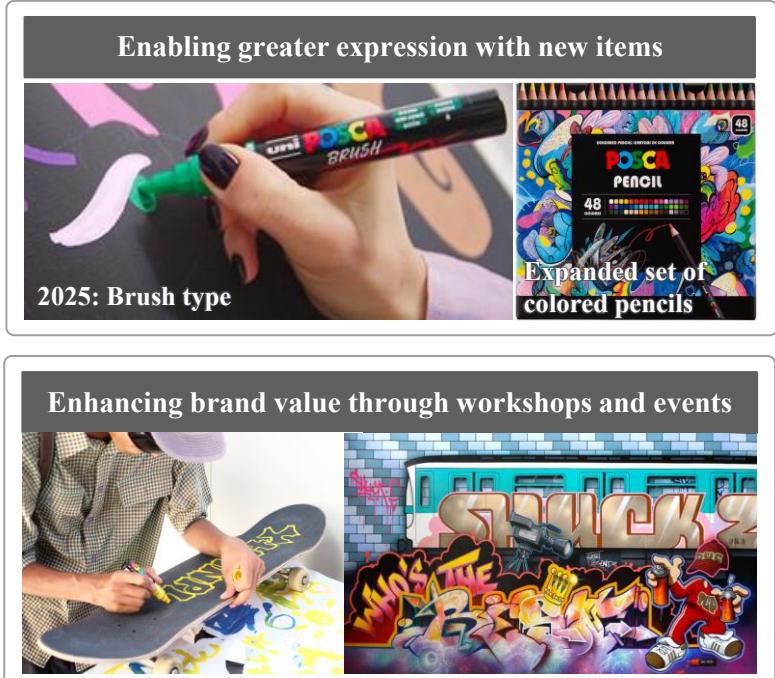
Market Trends



The POSCA market continues to grow. Retail sales, however, did not increase as much as anticipated due to low-cost products entering the market.



We will enhance brand value by strengthening product appeal and hosting events as part of our efforts to create experiential value.



- ◆ uniball: Strong sales for ZENTO, the soft-writing water-based ballpoint pen, and AIR, which features an advanced pen tip
- ◆ JETSTREAM: Net sales increased in Japanese and overseas markets thanks to brand enhancement efforts

uniball

ZENTO

Water-based ballpoint pen featuring a smooth writing flow and clean, smudge-free lines

- Strong sales in Japan and overseas by adapting to shifting consumer needs
- Strengthened our production capacity to meet greater demand
- We will further expand sales regions to boost sales



AIR

Water-based ballpoint pen that creates variable line width depending on writing angle and pressure

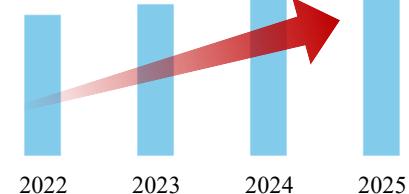
- With uniquely expressive lines, this pen enjoys robust sales, primarily in the Chinese market



JETSTREAM

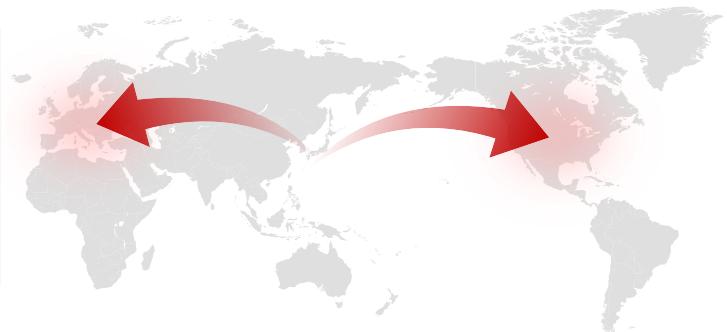
Net sales increased following brand enhancement efforts, including a renewed lineup of 4&1 Ballpoint Pens. We will continue to grow sales in the Japanese and overseas markets.

Net sales



Updated lineup of 4&1 Ballpoint Pens with new standard colors

Products for overseas markets





- ◆ We aim to further grow by leveraging LAMY's design expertise and our technical expertise for new product development—a strength of both companies—and by using our Group's sales network. We will also carry out initiatives that create synergies.

Sales network

Sales through Mitsubishi Pencil's sales network have begun in Japan, the US, the UK, and France.

We will further expand into other countries and regions.

We implemented adjustments of distributor channel inventory levels.

Mitsubishi Pencil Group bases

● Mitsubishi Pencil Head Office ● LAMY ● Mitsubishi Pencil overseas sales companies



Flagship store in Heidelberg, Germany

Products

LAMY safari JETSTREAM INSIDE launched first in the Japanese market; sales have been strong.



**LAMY safari's timeless design
fused with the JETSTREAM's functionality**

Writing Instruments Business: Expansion into Emerging Markets

- ◆ UNI LINC INDIA PRIVATE LIMITED, our joint venture in India, has begun operations.
- ◆ We will accelerate expansion into emerging markets to increase market share and brand penetration in India and abroad.
- ◆ This joint venture will serve as a base within our global supply chain for procurement and other needs.

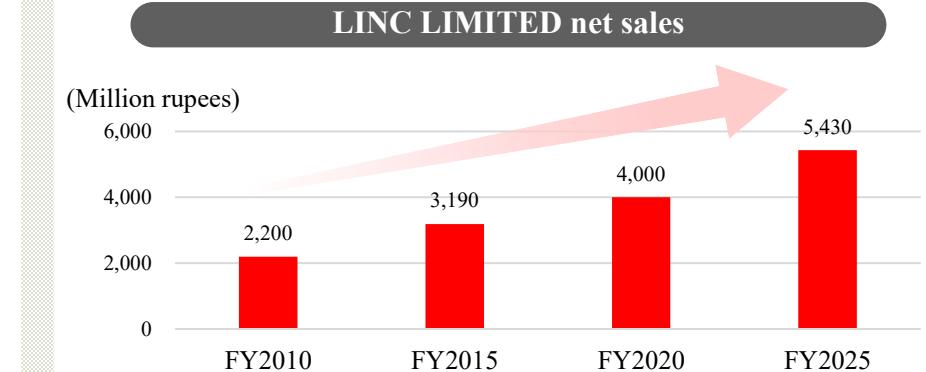


(View of entire facility)

Began production and shipment of ballpoint pens in September 2025

We will gradually expand our product portfolio and roll out higher value-added writing instruments alongside LINC LIMITED, who possess extensive knowledge and distribution networks in India, thereby broadening user choices and strengthening our local position.

Reference



Data excerpted from LINC LIMITED's website

Businesses Other Than Writing Instruments (using core technologies of writing instruments)

- ◆ We will evolve our core technologies cultivated in the writing instruments business to drive growth in businesses other than writing instruments.

Cosmetics business



Mitsubishi Pencil technologies

Ink design

Dispensing mechanism design*

Packaging design

Color lead design

Liquid eyeliner



Pencil eyeliner



Our Strengths

- We can offer both liquid and pencil (solid) types
- We can create products with improved functionality through development of inks and dispensing mechanisms

*A mechanism that dispenses liquids accurately and in precise quantities

Industrial materials business (conductive slurry for secondary batteries)



Mitsubishi Pencil technologies

Ink design

- Dispersion technology
- Mixing technology

Conductive slurry



Used in batteries

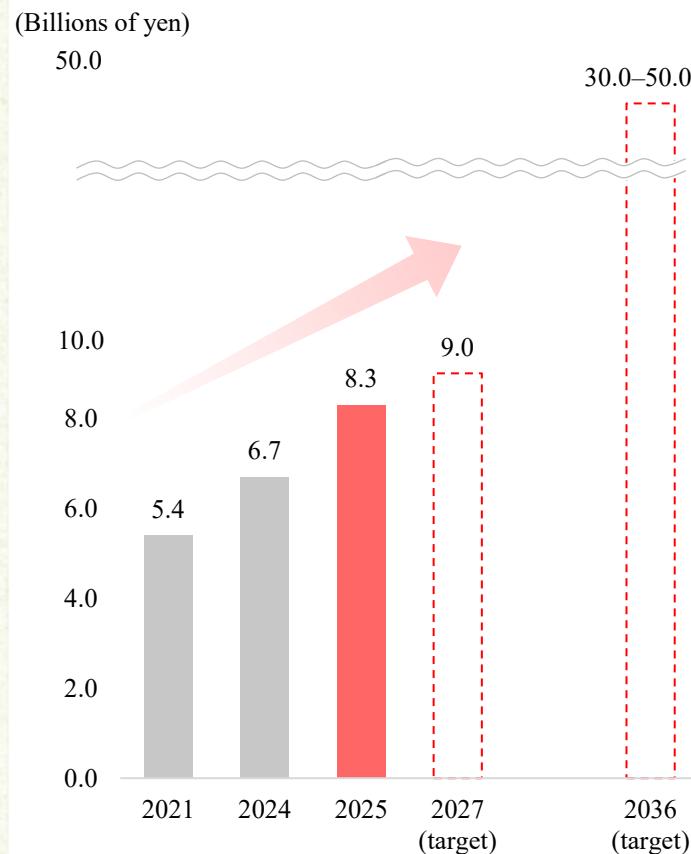


Our Strengths

- We can propose solutions tailored to customer needs by possessing dispersion technology that improves performance of conductive materials such as carbon nanotubes

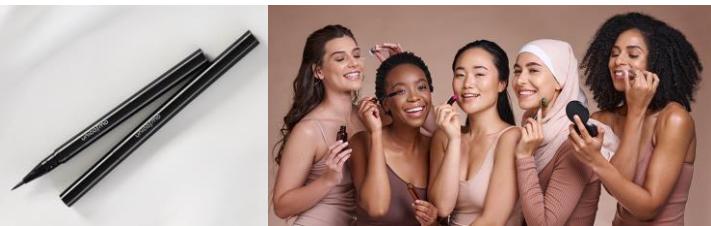
- Net sales increased in businesses other than writing instruments. We will keep pursuing further growth and realize Vision 2036.

Net sales of businesses other than writing instruments



Cosmetics business

- Net sales of eyeliner products increased, mainly in the Japanese market, thanks to our technology aligning with market needs.
- We will keep working to scale up, primarily in Europe and North America, by offering new pen-type cosmetics tailored to diverse cultures and needs in overseas markets.



Industrial materials business

- Net sales growth driven by sales of conductive slurries for smartphone batteries.
- Publicized research findings on dry electrodes after sustained technical development.
- We will continue R&D of solid-state batteries and other next-generation secondary batteries to drive further advancement.



Sustainability System

We are working to reduce our environmental impact by reducing CO₂ emissions and by promoting upcycled products.



- Plastic materials



- Thinned and scrap woods



Strengthening Human Capital

Working toward Vision 2036 by enhancing the value of our human capital

Initiatives

	New personnel system	Establish a personnel system to comprehensively support career development
Newly introduced	New employee education system	Establish an educational framework, starting with training programs that develop self-reliant employees
	New HR system	Centralize information management and organize human resources portfolio
	In-progress: Improvements to the work environment	<p>Facilitating the active participation of diverse human resources</p> <ul style="list-style-type: none"> • Establish a Human Rights Policy • Promote the active participation of female employees • Promote the active participation of employees with disabilities • Conduct engagement surveys • Help employees maintain and improve their physical and mental health

Strengthen Corporate Brand

uni

Sustaining our efforts to enhance
brand value

Unifying and promoting the brand globally



uniball **POSCA** **LAMY**



We produced and released a new movie about
our brands so our Group vision can be
understood on a deeper level.

Strengthening the Technology Base

Develop new technologies to keep
creating next-generation products

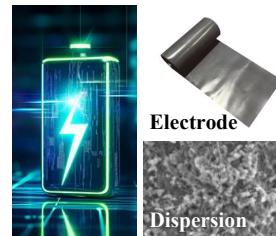
Writing instruments field



Cosmetics field



Industrial materials field



IT Investment

Keep making aggressive and
protective investments in IT

- Expand and promote adoption of
generative AI
- Advance DX



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.

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.