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February 13, 2026

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)


Company name: PILOT CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 7846
URL: https://www.pilot.co.jp/
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Scheduled date of annual general meeting of shareholders: March 27, 2026
Scheduled date to commence dividend payments: March 30, 2026
Scheduled date to file annual securities report: March 26, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

## 1. Consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| December 31, 2025 | 126,391 | 0.2 | 16,649 | (6.5) | 17,855 | (11.2) | 12,064 | (20.5) |
| December 31, 2024 | 126,168 | 6.4 | 17,805 | (6.3) | 20,110 | (3.5) | 15,181 | 11.1 |

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥ 15,902 million [ (9.9) %]
For the fiscal year ended December 31, 2024: ¥ 17,644 million [ (1.9) %]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| December 31, 2025 | 317.02 | - | 8.5 | 10.0 | 13.2 |
| December 31, 2024 | 388.53 | - | 11.2 | 11.7 | 14.1 |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| December 31, 2025 | 179,906 | 146,079 | 80.8 | 3,909.89 |
| December 31, 2024 | 176,701 | 141,579 | 79.1 | 3,628.73 |

Reference: Equity
As of December 31, 2025: ¥ 145,444 million
As of December 31, 2024: ¥ 139,851 million

### (3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| December 31, 2025 | 16,999 | (11,125) | (8,015) | 38,581 |
| December 31, 2024 | 22,727 | (11,054) | (11,039) | 39,112 |

**2. Cash dividends**

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended December 31, 2024 | - | 53.00 | - | 64.00 | 117.00 | 4,548 | 30.1 | 3.4 |
| Fiscal year ended December 31, 2025 | - | 60.00 | - | 60.00 | 120.00 | 4,537 | 37.9 | 3.2 |
| Fiscal year ending December 31, 2026 (Forecast) | - | 63.00 | - | 21.00 | - | | 33.5 | |

Note: The annual dividends per share for the fiscal year ending December 31, 2026 (Forecast) reflects the stock split announced today in "Notice Concerning Stock Split and Partial Amendment to the Articles of Incorporation and Partial Changes to Shareholder Benefit Programs Associated with the Stock Split", under which each share of common stock will be split into three shares effective July 1, 2026. The year-end dividend per share for the fiscal year ending December 31, 2026 (forecast), assuming no stock split, is ¥63.00, and the annual dividend is ¥126.00.

**3. Consolidated financial result forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)**

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 133,000 | 5.2 | 18,000 | 8.1 | 18,500 | 3.6 | 14,000 | 16.0 | 125.45 |

Note: Forecast for the first half of fiscal year ending June 30, 2026 has not been made.
The basic earnings per share reflects the stock split whereby each share of common stock will be split into three shares effective July 1, 2026. The basic earnings per share, assuming no stock split, is ¥376.35.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company( PPIN Private Limited
The trade name changed to PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED on September 26, 2025. )

Excluded: - companies( - )

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|---|---|
| As of December 31, 2025 | 40,905,200 shares |
| As of December 31, 2024 | 40,905,200 shares |

(ii) Number of treasury shares at the end of the period

| | |
|---|---|
| As of December 31, 2025 | 3,706,049 shares |
| As of December 31, 2024 | 2,365,148 shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal Year ended December 31, 2025 | 38,054,443 shares |
| Fiscal Year ended December 31, 2024 | 39,073,965 shares |

Note: The number of treasury shares at the end of the period includes the Company's shares held by the BIP (Board Incentive Plan) trust (As of December 31,2025: 65,400 shares; As of December 31,2024: 18,827 shares). In addition, these Company's shares are included in the treasury shares deducted from the number of shares outstanding when calculating the average number of shares during the period (As of December 31,2025: 45,875 shares; As of December 31,2024: 18,827 shares).

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)**

**(1) Non-consolidated operating results** (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| December 31, 2025 | 80,570 | (1.6) | 9,849 | (21.7) | 12,547 | (24.1) | 9,438 | (23.6) |
| December 31, 2024 | 81,882 | 3.3 | 12,581 | (4.4) | 16,535 | (1.9) | 12,356 | 5.2 |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| December 31, 2025 | 248.03 | - |
| December 31, 2024 | 316.23 | - |

**(2) Non-consolidated financial position**

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| December 31, 2025 | 121,917 | 100,705 | 82.6 | 2,707.21 |
| December 31, 2024 | 124,126 | 101,731 | 82.0 | 2,639.64 |

Reference: Equity

As of December 31, 2025: ¥ 100,705 million
As of December 31, 2024: ¥ 101,731 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

-The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Overview of Operating Results (4) Future Outlook" on page 5 of this report.

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1. Overview of Operating Results

(1) Result of Operations

Through the 2025-2027 medium-term management plan covering the three years from the fiscal year ended December 31, 2025, we aim to grow writing instruments, which is our mainstay business, in the global market, and create new businesses. We positioned the term as a phase in which we will reinforce the Group's management foundation for adapting to changes with the purpose of realizing the Group's "2030 Vision", and strive for ceaseless evolution.

During the current fiscal year (January 1 to December 31, 2025), the economic environment in Japan saw a gradual recovery due to improvements in the income environment, although inflation caused personal consumption to stall.

Overseas, the outlook for the global economy remains uncertain due to factors such as continued inflation in Europe and the U.S., the prolonged slowdown in the Chinese economy, and the effects of the U.S. tariff policies.

In this economic environment, consolidated net sales for the fiscal year totaled 126,391 million yen, up 0.2% year on year (YoY). Net sales in the Japanese market came to 29,353 million yen, down 3.2% YoY. Net sales in overseas markets were 97,037 million yen, up 1.2% YoY.

In terms of profit, the Group recorded operating profit of 16,649 million yen, down 6.5% YoY, and ordinary profit of 17,855 million yen, down 11.2% YoY. Profit attributable to owners of parent stood at 12,064 million yen, down 20.5% YoY.

Details of each segment are as follows.

Segment operating profit is profit before the elimination of intersegment transactions.

(Japan segment)

In the stationery business, sales of gel ink ballpoint pen Juice up series remained strong in Japan. In addition, sales of whiteboard markers and other products performed well, particularly through e-commerce channels. The highlighter pen KIRE-NA also gained strong market acceptance, and its sales significantly exceeded the annual plan. However, domestic sales were down YoY mainly due to a decline in OEM sales of writing instruments.

Furthermore, export sales have also decreased. This is mainly due to the inclusion of Pilot Pen (Malaysia) Sdn. Bhd. and PPIN Private Limited (the trade name changed to PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED on September 26, 2025) within the scope of consolidation, as a result of which, sales for Malaysia and India, which were previously included in the Japan segment, are now included in the Asia segment.

In the toys business, sales decreased due to the continued impact of price increases implemented in April 2025 despite the solid performance of Mellchan doll series, our mainstay product.

In the industrial materials and other businesses, sales increased thanks to an increase in orders received for ceramics products, the mainstay of the industrial materials business.

A breakdown of net sales in this segment by major business is as follows: 29,896 million yen, down 7.2% YoY in the stationery business, 4,009 million yen, down 3.9% YoY in the toys business, and 3,550 million yen, up 12.8% YoY in the industrial materials and other businesses. In the stationery business, net sales of writing instruments stood at 26,173 million yen, down 8.1% YoY, and net sales of other stationery came to 3,723 million yen, down 0.5% YoY.

Segment operating profit decreased primarily due to increases in personnel, depreciation, and other expenses.

As a result, net sales to external customers in this segment totaled 37,456 million yen, down 5.3% YoY. Segment operating profit came to 11,815 million yen, down 13.0% YoY.

(Americas segment)

In the Americas, sales volume remained strong for G-2, our mainstay product that continues to hold the top share in the gel ink pen market in the U.S. However, net sales in this segment fell due to a decrease in sales in Mexico amid a sluggish economic environment, as well as the impact of the yen's appreciation. Segment operating profit increased mainly due to decreases in cost of sales and advertising expenses.

As a result, net sales to external customers in this segment totaled 38,080 million yen, down 2.1% YoY. Segment operating profit came to 2,518 million yen, up 31.2% YoY.

(Europe segment)

In Europe, although personal consumption has yet to fully recover, sales increased primarily due to the solid growth in sales volume of FRIXION ball+, which uses recycled plastic, and the multi-color ballpoint pen FRIXION ball 4, particularly in France, as well as the impact of yen's depreciation. Segment operating profit declined primarily due to an increase in cost of sales, personnel and other expenses.

As a result, net sales to external customers in this segment totaled 27,431 million yen, up 1.9% YoY. Segment operating profit came to 1,292 million yen, down 27.5% YoY.

(Asia segment)

In Asia, although China's economy remains weak, the Juice series of gel ink pens, our mainstay product in the Chinese market, performed well. Furthermore, Pilot Pen (Malaysia) Sdn. Bhd. and PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED are now included in the consolidated financial statements, and sales for Malaysia and India that were previously included in the Japan segment are now included in the Asia segment. Due to those factors, sales in this segment increased. Segment operating profit increased primarily due to a decrease in cost of sales.

As a result, net sales to external customers in this segment totaled 23,422 million yen, up 12.5% YoY. Segment operating profit came to 908 million yen, up 155.0% YoY.

(2) Financial Position

Total assets at the end of the fiscal year ended December 31, 2025 were 179,906 million yen, an increase of 3,204 million yen from the end of the previous fiscal year (up 1.8% YoY).

Current assets increased 1,950 million yen compared to the end of the previous fiscal year, to 110,245 million yen (up 1.8% YoY). This is primarily due to increases of 659 million yen in notes and accounts receivable - trade, and 1,299 million yen in inventories (merchandise and finished goods, work in process, and raw materials and supplies).

Non-current assets increased 1,253 million yen compared to the end of the previous fiscal year, to 69,660 million yen (up 1.8% YoY). This is primarily due to increases of 2,193 million yen in property, plant and equipment and 2,072 million yen in retirement benefit asset, despite decreases of 844 million yen in investment securities and 2,048 million yen in deferred tax assets.

Liabilities decreased 1,295 million yen compared to the end of the previous fiscal year, to 33,826 million yen (down 3.7% YoY).

Current liabilities decreased 5,453 million yen compared to the end of the previous fiscal year, to 27,294 million yen (down 16.6% YoY). This is primarily due to decreases of 1,535 million yen in income taxes payable, 2,708 million yen in notes payable - facilities included under other, and 1,361 million yen in accounts payable - other included under other.

Non-current liabilities increased 4,158 million yen compared to the end of the previous fiscal year, to 6,532 million yen (up 175.2%). This is primarily due to an increase of 3,833 million yen in long-term borrowings.

Net assets increased 4,499 million yen compared to the end of the previous fiscal year, to 146,079 million yen (up 3.2% YoY). This is primarily due to an increase of 7,384 million yen in retained earnings, an increase of 2,499 million yen in foreign currency translation adjustment, and an increase of 5,897 million yen in treasury shares resulting mainly from the acquisition of treasury shares pursuant to the resolution at the Board of Directors meeting held on

May 9, 2025.

(3) Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year was 38,581 million yen, a decrease of 531 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities was 16,999 million yen (as compared to 22,727 million yen provided in the previous fiscal year). Major factors of the inflow included profit before income taxes of 18,545 million yen, and depreciation of 6,407 million yen. Major factors of the outflow were a decrease in trade payables of 1,450 million yen and income taxes paid of 6,658 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 11,125 million yen (as compared to 11,054 million yen used in the previous fiscal year). This was mainly due to 11,259 million yen spent on the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities was 8,015 million yen (as compared to 11,039 million yen used in the previous fiscal year). This was mainly due to proceeds from long-term borrowings of 4,000 million yen, purchase of treasury shares of 5,999 million yen, and dividends paid of 4,758 million yen.

The trends in cash flow indicators on a consolidated basis are as follows.

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|---|---|
| Capital adequacy ratio (%) | 79.1 | 80.8 |
| Capital adequacy ratio based on market value (%) | 106.0 | 100.8 |
| Debt redemption years (years) | 0.1 | 0.4 |
| Interest coverage ratio (times) | 152.3 | 209.1 |

(Notes) Capital adequacy ratio: Equity/total assets
Capital adequacy ratio based on market value: Market capitalization/total assets
Debt redemption years: Interest-bearing debt/operating cash flow
Interest coverage ratio: Operating cash flow/interest payments

- All indicators are calculated based on consolidated financial figures.
- Market capitalization is calculated by multiplying the stock price at the end of the period by the total number of issued shares at the end of the period (excluding treasury shares).
- Interest-bearing debt includes all liabilities recorded in the consolidated balance sheets on which interest is paid.
- Operating cash flow and interest payments are calculated using cash flows from operating activities and interest paid recorded in the consolidated statements of cash flows.

(4) Future Outlook

Looking ahead to the fiscal year ending December 31, 2026, we expect that the business environment will remain uncertain due to factors such as the declining birthrate in Japan, the U.S tariffs and other policies, differences in economic sentiment among European countries, and the impact of the prolonged economic slowdown in China. Under these circumstances, in line with the 2025-2027 medium-term management plan formulated in February 2025, we will aim to increase sales by creating and launching new products with competitive edges, strengthening sales force and introducing products in growth markets including India and ASEAN countries, and enhancing area strategy with a market-oriented approach. In addition, although we anticipate increases in personnel expenses to secure human resources both in Japan and overseas, as well as higher depreciation associated with capital investments for future growth, we will further strengthen cost control across overall expenses.

As a result, we expect consolidated net sales of 133,000 million yen, operating profit of 18,000 million yen, ordinary profit of 18,500 million yen, and profit attributable to owners of parent of 14,000 million yen for the fiscal year ending December 31, 2026.

Since the Group manages its business performance on an annual basis, the forecast for the first half of the fiscal year ending December 31, 2026 is omitted.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and between companies, for the time being, the Group will prepare its consolidated financial statements in accordance with Japanese GAAP.

Regarding the application of IFRS, we intend to take appropriate measures in consideration of various domestic and international situations.

# Consolidated Financial Statements and Primary Notes

## Consolidated Balance Sheet

(Millions of yen)

| | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 39,977 | 39,992 |
| Notes and accounts receivable - trade | 25,766 | 26,426 |
| Merchandise and finished goods | 23,456 | 24,317 |
| Work in process | 8,793 | 9,123 |
| Raw materials and supplies | 4,761 | 4,869 |
| Other | 5,660 | 5,665 |
| Allowance for doubtful accounts | (121) | (149) |
| Total current assets | 108,294 | 110,245 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 36,908 | 38,426 |
| Accumulated depreciation | (17,179) | (18,354) |
| Buildings and structures, net | 19,729 | 20,072 |
| Machinery, equipment and vehicles | 43,903 | 48,623 |
| Accumulated depreciation | (34,466) | (36,608) |
| Machinery, equipment and vehicles, net | 9,436 | 12,014 |
| Other | 21,532 | 23,347 |
| Accumulated depreciation | (18,501) | (19,855) |
| Other, net | 3,031 | 3,491 |
| Land | 7,517 | 7,550 |
| Construction in progress | 4,295 | 3,073 |
| Total property, plant and equipment | 44,010 | 46,203 |
| Intangible assets | | |
| Leasehold interests in land | 5,355 | 5,355 |
| Goodwill | 1,302 | 1,272 |
| Other | 1,077 | 987 |
| Total intangible assets | 7,734 | 7,614 |
| Investments and other assets | | |
| Investment securities | 8,937 | 8,093 |
| Deferred tax assets | 3,156 | 1,107 |
| Retirement benefit asset | 3,701 | 5,773 |
| Other | 899 | 878 |
| Allowance for doubtful accounts | (32) | (10) |
| Total investments and other assets | 16,662 | 15,842 |
| Total non-current assets | 68,407 | 69,660 |
| Total assets | 176,701 | 179,906 |

(Millions of yen)

| | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 11,197 | 10,743 |
| Short-term borrowings | 370 | 582 |
| Current portion of long-term borrowings | 319 | 166 |
| Accrued expenses | 3,011 | 3,094 |
| Income taxes payable | 3,159 | 1,624 |
| Provision for bonuses | 906 | 931 |
| Provision for bonuses for directors (and other officers) | 66 | 77 |
| Provision for loss on disaster | 67 | - |
| Provision for environmental measures | 3 | 373 |
| Provision for share awards for directors (and other officers) | 71 | - |
| Other | 13,574 | 9,699 |
| Total current liabilities | 32,748 | 27,294 |
| Non-current liabilities | | |
| Long-term borrowings | 166 | 4,000 |
| Deferred tax liabilities | 524 | 428 |
| Provision for retirement benefits for directors (and other officers) | 135 | 145 |
| Provision for environmental measures | - | 21 |
| Provision for share awards for directors (and other officers) | - | 45 |
| Retirement benefit liability | 770 | 869 |
| Other | 776 | 1,021 |
| Total non-current liabilities | 2,373 | 6,532 |
| Total liabilities | 35,122 | 33,826 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,340 | 2,340 |
| Capital surplus | 7,887 | 8,214 |
| Retained earnings | 136,126 | 143,510 |
| Treasury shares | (10,734) | (16,632) |
| Total shareholders' equity | 135,620 | 137,433 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,534 | 1,840 |
| Foreign currency translation adjustment | 2,059 | 4,558 |
| Remeasurements of defined benefit plans | 637 | 1,611 |
| Total accumulated other comprehensive income | 4,231 | 8,010 |
| Non-controlling interests | 1,727 | 634 |
| Total net assets | 141,579 | 146,079 |
| Total liabilities and net assets | 176,701 | 179,906 |

## Consolidated Statements of Income and Comprehensive Income

### Consolidated Statement of Income

(Millions of yen)

| | For the fiscal year ended December 31, 2024 | For the fiscal year ended December 31, 2025 |
|---|---|---|
| Net sales | 126,168 | 126,391 |
| Cost of sales | 61,440 | 61,944 |
| Gross profit | 64,728 | 64,447 |
| Selling, general and administrative expenses | 46,922 | 47,797 |
| Operating profit | 17,805 | 16,649 |
| Non-operating income | | |
| Interest income | 636 | 783 |
| Dividend income | 602 | 403 |
| Foreign exchange gains | 984 | - |
| Other | 332 | 373 |
| Total non-operating income | 2,555 | 1,561 |
| Non-operating expenses | | |
| Interest expenses | 148 | 83 |
| Foreign exchange losses | - | 132 |
| Other | 102 | 139 |
| Total non-operating expenses | 250 | 355 |
| Ordinary profit | 20,110 | 17,855 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 79 | 47 |
| Gain on sale of investment securities | 480 | 1,102 |
| Gain on step acquisitions | 889 | - |
| Gain on termination of retirement benefit plan | - | 187 |
| Insurance claim income | 112 | - |
| Reversal of provision for environmental measures | 42 | - |
| Total extraordinary income | 1,604 | 1,337 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | - | 2 |
| Loss on retirement of non-current assets | 58 | 212 |
| Impairment losses | 110 | 36 |
| Loss on disaster | 91 | - |
| Loss on sale of investment securities | 0 | - |
| Loss on valuation of investment securities | 25 | - |
| Environmental expenses | - | 396 |
| Soil pollution expense | 45 | - |
| Total extraordinary losses | 331 | 647 |
| Profit before income taxes | 21,383 | 18,545 |
| Income taxes - current | 6,011 | 5,013 |
| Income taxes - deferred | 138 | 1,391 |
| Total income taxes | 6,150 | 6,404 |
| Profit | 15,232 | 12,141 |
| Profit attributable to non-controlling interests | 50 | 77 |
| Profit attributable to owners of parent | 15,181 | 12,064 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended December 31, 2024 | For the fiscal year ended December 31, 2025 |
|---|---|---|
| Profit | 15,232 | 12,141 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 356 | 313 |
| Foreign currency translation adjustment | 1,838 | 2,472 |
| Remeasurements of defined benefit plans, net of tax | 217 | 974 |
| Total other comprehensive income | 2,412 | 3,761 |
| Comprehensive income | 17,644 | 15,902 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 17,525 | 15,857 |
| Comprehensive income attributable to non-controlling interests | 119 | 44 |

## Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,340 | 7,923 | 129,116 | (10,858) | 128,521 |
| Changes during period | | | | | |
| Dividends of surplus | | | (4,054) | | (4,054) |
| Profit attributable to owners of parent | | | 15,181 | | 15,181 |
| Purchase of treasury shares | | | | (4,000) | (4,000) |
| Cancellation of treasury shares | | (8) | (4,116) | 4,124 | - |
| Increase in consolidated subsidiaries - non-controlling interests | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (27) | | | (27) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (35) | 7,010 | 123 | 7,099 |
| Balance at end of period | 2,340 | 7,887 | 136,126 | (10,734) | 135,620 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,187 | 276 | 423 | 1,887 | 1,936 | 132,345 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (4,054) |
| Profit attributable to owners of parent | | | | | | 15,181 |
| Purchase of treasury shares | | | | | | (4,000) |
| Cancellation of treasury shares | | | | | | - |
| Increase in consolidated subsidiaries - non-controlling interests | | | | | 148 | 148 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (27) |
| Net changes in items other than shareholders' equity | 347 | 1,782 | 213 | 2,343 | (356) | 1,986 |
| Total changes during period | 347 | 1,782 | 213 | 2,343 | (208) | 9,233 |
| Balance at end of period | 1,534 | 2,059 | 637 | 4,231 | 1,727 | 141,579 |

For the fiscal year ended December 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,340 | 7,887 | 136,126 | (10,734) | 135,620 |
| Changes during period | | | | | |
| Dividends of surplus | | | (4,769) | | (4,769) |
| Profit attributable to owners of parent | | | 12,064 | | 12,064 |
| Purchase of treasury shares | | | | (6,237) | (6,237) |
| Disposal of treasury shares | | | (35) | 339 | 303 |
| Change in scope of consolidation | | | 125 | | 125 |
| Change in scope of consolidation - foreign currency translation adjustment | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 326 | | | 326 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 326 | 7,384 | (5,897) | 1,813 |
| Balance at end of period | 2,340 | 8,214 | 143,510 | (16,632) | 137,433 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,534 | 2,059 | 637 | 4,231 | 1,727 | 141,579 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (4,769) |
| Profit attributable to owners of parent | | | | | | 12,064 |
| Purchase of treasury shares | | | | | | (6,237) |
| Disposal of treasury shares | | | | | | 303 |
| Change in scope of consolidation | | | | | | 125 |
| Change in scope of consolidation - foreign currency translation adjustment | | (13) | | (13) | | (13) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | 326 |
| Net changes in items other than shareholders' equity | 306 | 2,512 | 974 | 3,793 | (1,092) | 2,700 |
| Total changes during period | 306 | 2,499 | 974 | 3,779 | (1,092) | 4,499 |
| Balance at end of period | 1,840 | 4,558 | 1,611 | 8,010 | 634 | 146,079 |

Consolidated Statement of Cash Flows

(Millions of yen)

| | For the fiscal year ended December 31, 2024 | For the fiscal year ended December 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 21,383 | 18,545 |
| Depreciation | 5,090 | 6,407 |
| Impairment losses | 110 | 36 |
| Amortization of goodwill | 32 | 131 |
| Retirement benefit expenses | (215) | (172) |
| Increase (decrease) in provision for bonuses | 145 | 13 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (0) | 10 |
| Increase (decrease) in provision for share awards for directors (and other officers) | 23 | (26) |
| Increase (decrease) in allowance for doubtful accounts | 31 | (26) |
| Increase (decrease) in retirement benefit liability | 29 | 56 |
| Interest and dividend income | (1,238) | (1,187) |
| Insurance claim income | (112) | - |
| Interest expenses | 148 | 83 |
| Loss (gain) on sale of non-current assets | (79) | (45) |
| Loss on retirement of non-current assets | 58 | 212 |
| Loss (gain) on valuation of investment securities | 25 | - |
| Loss (gain) on sale of investment securities | (480) | (1,102) |
| Gain on abolishment retirement benefit plan | - | (187) |
| Reversal of provision for environmental measures | (42) | - |
| Loss on disaster | 91 | - |
| Loss (gain) on step acquisitions | (889) | - |
| Environmental expenses | - | 396 |
| Soil pollution expense | 45 | - |
| Decrease (increase) in trade receivables | (409) | 328 |
| Decrease (increase) in inventories | 3,012 | 614 |
| Increase (decrease) in trade payables | (2,372) | (1,450) |
| Other, net | 1,308 | (85) |
| Subtotal | 25,694 | 22,551 |
| Interest and dividends received | 1,233 | 1,188 |
| Interest paid | (149) | (81) |
| Proceeds from insurance income | 112 | - |
| Payments for environmental expenses | (0) | (1) |
| Soil pollution expense paid | (45) | - |
| Income taxes paid | (4,119) | (6,658) |
| Net cash provided by (used in) operating activities | 22,727 | 16,999 |

(Millions of yen)

| | For the fiscal year ended December 31, 2024 | For the fiscal year ended December 31, 2025 |
|---|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (10,839) | (1,899) |
| Proceeds from withdrawal of time deposits | 10,838 | 1,365 |
| Purchase of property, plant and equipment | (11,192) | (11,259) |
| Proceeds from sale of property, plant and equipment | 209 | 85 |
| Purchase of intangible assets | (327) | (264) |
| Purchase of investment securities | (821) | (612) |
| Proceeds from sale of investment securities | 689 | 1,625 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (451) | - |
| Other, net | 840 | (165) |
| Net cash provided by (used in) investing activities | (11,054) | (11,125) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,692) | 246 |
| Repayments of lease liabilities | (376) | (414) |
| Proceeds from long-term borrowings | - | 4,000 |
| Repayments of long-term borrowings | (418) | (319) |
| Purchase of treasury shares | (4,000) | (5,999) |
| Proceeds from sale of treasury shares | - | 30 |
| Dividends paid | (4,048) | (4,758) |
| Dividends paid to non-controlling interests | (16) | (282) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | - | (503) |
| Purchase of treasury shares of subsidiaries | (486) | (13) |
| Net cash provided by (used in) financing activities | (11,039) | (8,015) |
| Effect of exchange rate change on cash and cash equivalents | 150 | 799 |
| Net increase (decrease) in cash and cash equivalents | 783 | (1,342) |
| Cash and cash equivalents at beginning of period | 38,329 | 39,112 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | - | 811 |
| Cash and cash equivalents at end of period | 39,112 | 38,581 |

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

(Acquisition of treasury shares)

Based on the resolution at the Board of Directors meeting held on May 9, 2025, the Company acquired 1,354,600 treasury shares. As a result of this acquisition, treasury shares increased by 5,897 million yen during the current fiscal year, bringing the total to 16,632 million yen at the end of the period.

(Notes on changes in scope of consolidation or scope of application of the equity method)

(Significant changes in scope of consolidation)

PPIN Private Limited (trade name changed to PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED on September 26, 2025), which was a non-consolidated subsidiary at the end of the previous consolidated fiscal year, has been newly included in the scope of consolidation from the beginning of the fiscal year under review, due to its increased significance.

(Change in presentation method)

(Consolidated balance sheets)

In the previous consolidated fiscal year, "Provision for environmental measures" was included in "Other" under "Current Liabilities." As the amount has become material, it has been presented as a separate line item from the current fiscal year.

To reflect this change in presentation, the financial statements for the previous consolidated fiscal year have been reclassified.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, the amount of 13,577 million yen previously included in "Other" under "Current Liabilities" has been reclassified into "Provision for environmental measures" of 3 million yen and "Other" of 13,574 million yen.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are those units of the Company for which discrete financial information is available and for which the Board of Directors conducts regular reviews for the purpose of making decisions about the allocation of management resources and to assess performance.

The Group manufactures, purchases, and sells stationery, mainly writing instruments, in Japan and overseas. In Japan, the Company and its consolidated subsidiary, The Pilot Ink Co., Ltd., manufactures the products, and the Company is in charge of domestic and overseas sales. Overseas, our subsidiaries in each region act as independent management units, and each company conducts its business activities while developing comprehensive strategies for the products it handles. Some of our overseas subsidiaries manufacture products in addition to conducting sales, but the Company is responsible for production planning and capital investment, etc.

Accordingly, the Group is composed of geographical segments based on its management system, with four reportable segments: Japan, Americas, Europe, and Asia. Each reportable segment is primarily engaged in the sale or manufacture of stationery. However, some manufacturing and sales of toys, jewelry, and industrial materials is conducted by the Japan segment.

2. Calculation method for amounts of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting method for the reported business segments is the same as the accounting principles and

procedures used to prepare the consolidated financial statements. Reportable segment profits are based on operating profit, and intersegment sales are based on third-party transaction prices.

3. Information regarding net sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Reportable segment total | Adjustment (Note 1) | Amount recorded in consolidated financial statements (Note 2) |
|---|---|---|---|---|---|---|---|
| Net sales | | | | | | | |
| Net sales to external customers | 39,540 | 38,887 | 26,923 | 20,817 | 126,168 | – | 126,168 |
| Intersegment net sales or transfers | 45,601 | 1 | – | – | 45,602 | (45,602) | – |
| Total | 85,141 | 38,888 | 26,923 | 20,817 | 171,771 | (45,602) | 126,168 |
| Segment profit | 13,579 | 1,920 | 1,782 | 356 | 17,638 | 167 | 17,805 |
| Segment assets | 142,779 | 32,390 | 22,295 | 15,840 | 213,306 | (36,604) | 176,701 |
| Other items | | | | | | | |
| Depreciation | 3,788 | 419 | 617 | 264 | 5,090 | – | 5,090 |
| Increase in property, plant and equipment and intangible assets | 10,842 | 274 | 837 | 229 | 12,184 | – | 12,184 |

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.
2. Segment profit has been adjusted with operating profit in the consolidated statements of income.

Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Reportable segment total | Adjustment (Note 1) | Amount recorded in consolidated financial statements (Note 2) |
|---|---|---|---|---|---|---|---|
| Net sales | | | | | | | |
| Net sales to external customers | 37,456 | 38,080 | 27,431 | 23,422 | 126,391 | – | 126,391 |
| Intersegment net sales or transfers | 46,460 | – | 0 | 71 | 46,531 | (46,531) | – |
| Total | 83,917 | 38,080 | 27,431 | 23,493 | 172,923 | (46,531) | 126,391 |
| Segment profit | 11,815 | 2,518 | 1,292 | 908 | 16,535 | 114 | 16,649 |
| Segment assets | 141,304 | 33,085 | 25,127 | 18,987 | 218,504 | (38,598) | 179,906 |
| Other items | | | | | | | |
| Depreciation | 4,894 | 419 | 673 | 419 | 6,407 | – | 6,407 |
| Increase in property, plant and equipment and intangible assets | 6,402 | 635 | 625 | 390 | 8,053 | – | 8,053 |

(Notes) 1. The amount of adjustment is the elimination of intersegment transactions.
2. Segment profit has been adjusted with operating profit in the consolidated statements of income.

[Related information]

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

1. Information by product and service

As sales to external customers of a single product or a single service category exceed 90% of net sales in the consolidated statements of income, this information has been omitted.

2. Information by region

(1) Net sales

(Millions of yen)

| Japan | Americas | of which, U.S. | Europe | Asia | of which, China | Total |
|---|---|---|---|---|---|---|
| 30,312 | 41,043 | 33,668 | 26,188 | 28,623 | 13,886 | 126,168 |

(Note) Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

| Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|
| 36,736 | 3,024 | 3,068 | 1,179 | – | 44,010 |

3. Information by major customer

As there are no external customers to whom net sales account for 10% or more of net sales in the consolidated statements of income, this information has not been disclosed.

Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

1. Information by product and service

As sales to external customers of a single product or a single service category exceed 90% of net sales in the consolidated statements of income, this information has been omitted.

2. Information by region

(1) Net sales

(Millions of yen)

| Japan | Americas | of which, U.S. | Europe | Asia | of which, China | Total |
|---|---|---|---|---|---|---|
| 29,353 | 40,111 | 33,266 | 26,760 | 30,165 | 13,239 | 126,391 |

(Note) Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

| Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|
| 37,861 | 3,339 | 3,368 | 1,748 | △115 | 46,203 |

3. Information by major customer

As there are no external customers to whom net sales account for 10% or more of net sales in the consolidated statements of income, this information has not been disclosed.

[Information regarding loss on impairment of non-current assets by reportable segment]

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|---|
| Impairment losses | 110 | – | – | – | – | 110 |

Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|---|
| Impairment losses | 36 | – | – | – | – | 36 |

[Information regarding amortization of goodwill and unamortized balances by reportable segment]

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|---|
| (Goodwill) | | | | | | |
| Amortization in the period under review | – | – | – | 32 | – | 32 |
| Balance at end of period | – | – | – | 1,302 | – | 1,302 |

Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(Millions of yen)

| | Japan | Americas | Europe | Asia | Corporate/ elimination | Total |
|---|---|---|---|---|---|---|
| (Goodwill) | | | | | | |
| Amortization in the period under review | – | – | – | 131 | – | 131 |
| Balance at end of period | – | – | – | 1,272 | – | 1,272 |

[Information regarding gain on negative goodwill by reportable segment]

Not applicable.

(Per share information)

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|---|---|
| Net assets per share | 3,628.73 yen | 3,909.89 yen |
| Basic earnings per share | 388.53 yen | 317.02 yen |

(Notes) 1. Diluted earnings per share are not shown as there are no potentially dilutive shares.
2. The basis for calculating basic earnings per share is as follows.

| Item | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|---|---|
| Profit attributable to owners of parent (million yen) | 15,181 | 12,064 |
| Amount not attributable to common shareholders (million yen) | – | – |
| Profit attributable to owners of parent for common shares (million yen) | 15,181 | 12,064 |
| Average number of common shares during the period (shares) | 39,073,965 | 38,054,443 |

The Company's shares held by the BIP (Board Incentive Plan) trust are included in the number of treasury shares to be deducted when calculating the average number of shares during the period in calculating basic earnings per share, and are also included in the number of treasury shares to be deducted from the total number of shares issued at the end of the period in calculating net assets per share. In calculating basic earnings per share, the average number of treasury shares deducted during the period was 18,827 shares for the fiscal year ended December 31, 2024 and was 45,875 shares for the fiscal year ended December 31, 2025, and in calculating net assets per share, the number of treasury shares deducted at the end of the period was 18,827 shares for the fiscal year ended December 31, 2024 and was 65,400 shares for the fiscal year ended December 31, 2025.

(Significant subsequent events)

(Stock split and partial amendment to the Articles of Incorporation in connection with the stock split)

On February 13, 2026, the Company decided to conduct a stock split and partially amend its Articles of Incorporation in connection with the stock split.

1 Purpose of the stock split

The purpose of the stock split is to reduce the value of the shares of the Company's common stock (hereinafter the "Company's Shares") per investment unit, thereby creating an environment that will primarily encourage individual investors to invest in the Company's Shares, increasing the liquidity of the shares and expanding the investor base.

2 Outline of the stock split

(1) Method of the stock split

With June 30, 2026 as the record date, each of the Company's shares held by shareholders who are recorded or registered in the final shareholders' register as of that date will be split into three shares.

(2) Number of shares to be increased by the stock split

| | |
|---|---|
| Number of issued shares before the stock split: | 40,905,200 shares |
| Increase in the number of issued shares after the stock split: | 81,810,400 shares |
| Total number of issued shares after the stock split: | 122,715,600 shares |
| Number of authorized shares after the stock split: | 440,000,000 shares |

(3) Schedule of the stock split

Date of public notice of the record date: June 15, 2026
Record date: June 30, 2026
Effective date: July 1, 2026

(4) Impact on per share information

Assuming that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2024, the per share information for the fiscal year ended December 31, 2025 would have been as follows.

| Item | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Net assets per share | 1,209.58 yen | 1,303.30 yen |

| Item | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|---|---|
| Basic earnings per share | 129.51 yen | 105.67 yen |

(Note) Diluted earnings per share is not presented because there are no potential shares.

3 Amendment to the Articles of Incorporation associated with the stock split

(1) Reason for the amendment

In response to the above stock split, the Company intends to revise the total number of authorized shares described in Article 6 of its Articles of Incorporation effective July 1, 2026, in accordance with the provisions of Article 184, paragraph (2) of the Companies Act.

(2) Amendment to the Articles of Incorporation

Details of the amendment are as shown below.

(Changes are underlined.)

| Current Articles of Incorporation | Articles of Incorporation after the amendment |
|---|---|
| Article 6 (Total Number of Shares Authorized to be Issued by the Company)<br>The total number of shares authorized to be issued by the Company shall be <u>180,000,000</u> shares. | Article 6 (Total Number of Shares Authorized to be Issued by the Company)<br>The total number of shares authorized to be issued by the Company shall be <u>440,000,000</u> shares. |

(3) Amendment schedule

Effective date of the amendment to the Articles of Incorporation: July 1, 2026