PILOT

INTEGRATED REPORT 2026

Purpose of the PILOT Group

Our Creations Inspire Creativity

We innovate for all who think, learn,
play, create, communicate.

We generate original technology
and great ideas so creativity
can be freely unleashed.

We inspire joyful thinking and facilitate
visionary experiences for everyone.

Our Creations Inspire Creativity

This is why the PILOT Group exists. We spark people's creativity and bring enriching moments to people around the world.
This is the work we do.

The Origins and History of the PILOT Group

Bringing Japan's wonderful, pride-inspiring products to the world

Our founders, Ryosuke Namiki and Masao Wada, met during the Meiji era aboard a cargo ship engaged in foreign trade. The two began to passionately discuss their future dream of bringing to the world Japanese products that they could be proud of. In 1916, Namiki succeeded in developing a 14-karat gold pen nib, and a fountain pen produced entirely in Japan was thus born. Our company was founded two years later, with our pioneering spirit of "delivering this product to customers all over the world" serving as the starting point.

Ryosuke Namiki (left) and Masao Wada (circa 1937)

Three Forces in Balance with Each Other

Shared Joys and Shared Sorrows

Overcoming Difficulties

One Step, One Day

A Very Sincere Approach

PILOT Group Purpose and Guiding Principles

1918
Established Namiki Manufacturing Co., Ltd.
Launched PILOT Pen with a 14-karat gold nib attached to a wooden barrel

1926
Opened branches and overseas sales offices in New York, London, Shanghai, and Singapore

1930
Signed European sales agency agreement with Dunhill

Dinner reception following the agency agreement signing ceremony with Dunhill

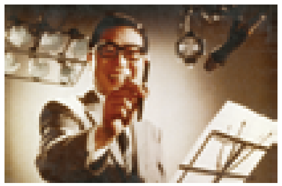
1948
Hiratsuka Factory established

1950
Established THE PILOT INK CO., LTD. (formerly Nagoya Ink Plant)

1954
Established subsidiary in Brazil

1972-1979
Established subsidiaries in the United States, Germany, and the United Kingdom

1968
Launched Elite S, a short-type fountain pen with an 18-karat gold nib, representing the culmination of technology.
The following year, in 1969, the TV commercial "Happa Fumi Fumi" became an unprecedented mega-hit



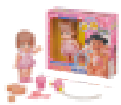
1978
Established Isesaki Factory and Higashimatsuyama Plant (renamed Higashimatsuyama Factory in 1988)

Isesaki Factory at the time of its opening

1984-1987
Established subsidiaries in Singapore, Malaysia, Hong Kong, and France

1991
Launched Dr. Grip, an oil-based ballpoint pen that reduces strain on the neck, shoulders, and arms

1992
Launched The Mellchan doll



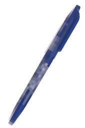
1993-1999
Established subsidiaries in Taiwan, Indonesia, South Africa, and Sweden

1997
Launched G-2, a retractable gel ink ballpoint pen

2000
Established subsidiary in Mexico

2004
Established subsidiary in China

2006
Released erasable ballpoint pen FRIXION ball



2010
Established subsidiary in Australia

2015
Opened The NAMIKI Maki-e Atelier at the Hiratsuka Business Site. Open to the public, featuring both a workshop where maki-e fountain pens are crafted and an exhibition hall showcasing lacquer art

2016
Launched Juice up, a retractable gel ink ballpoint pen

2022
Established subsidiary in India

2023
Established subsidiary in Indonesia

Made MARK'S Group Holdings a subsidiary

THE PILOT INK CO., LTD. Miyoshi Plant began operations

2024
Opened Middle East representative office in Dubai, UAE

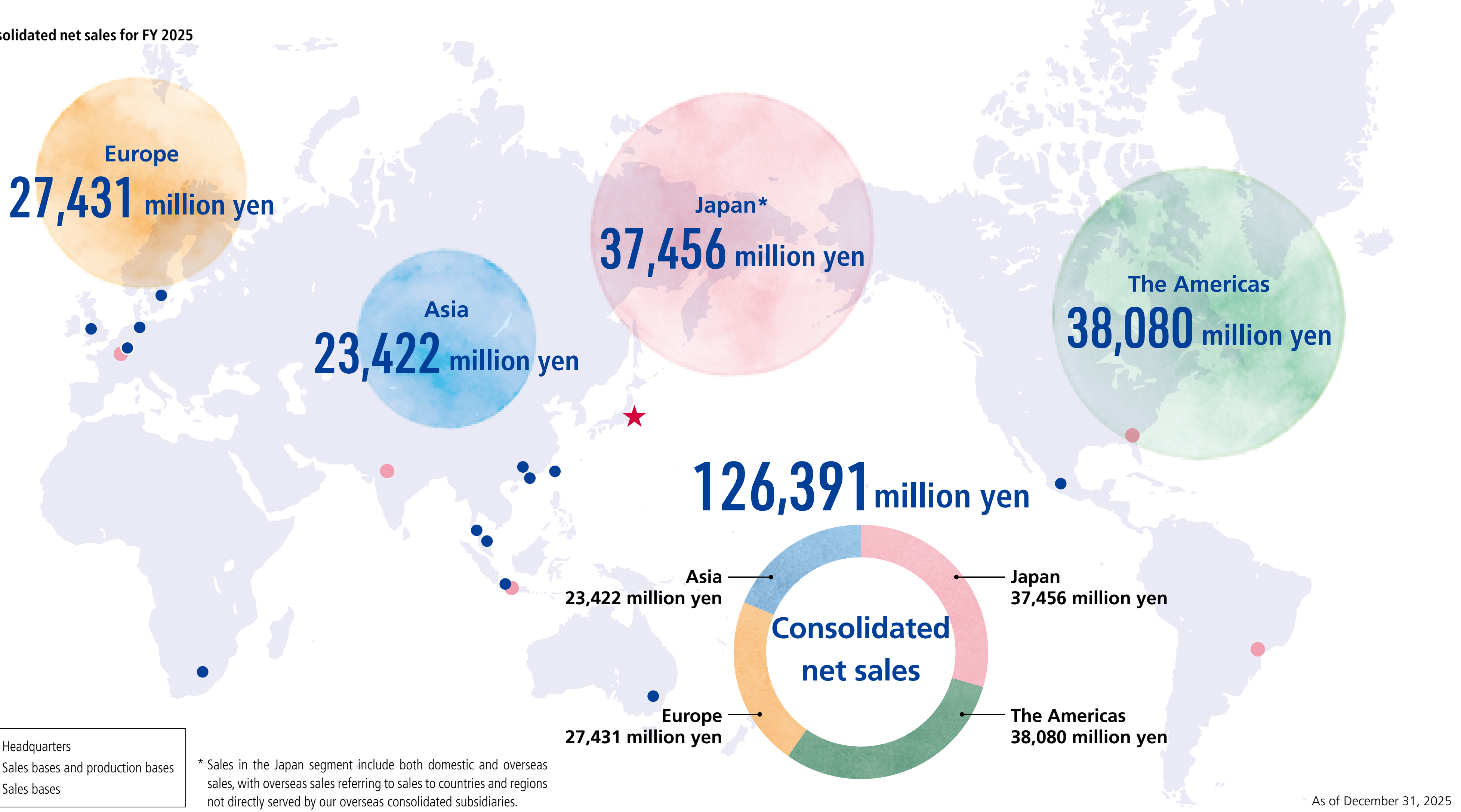
2024
Launched KIRE-NA highlighter

Net sales
(100 million yen)
1,400
1,200
1,000
800
600
400
200
0
1967
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
2027
Standalone
Consolidated
2025-2027 Medium-Term Management Plan (Targets)

The Scale of the Writing Instrument Market and the PILOT Group's Global Reach

At present, we estimate the global writing instrument market at approximately 1.6 trillion yen (based on PILOT's own research) on a wholesale basis. Within that market, the PILOT Group operates in more than 190 countries and regions, expanding its base of devoted users around the world.

Consolidated net sales for FY 2025

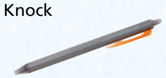
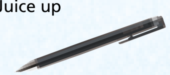
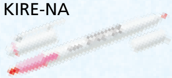
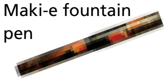
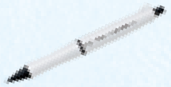
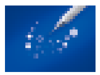


* Sales in the Japan segment include both domestic and overseas sales, with overseas sales referring to sales to countries and regions not directly served by our overseas consolidated subsidiaries.

As of December 31, 2025

Innovation Generated by Our Technology

Building on the technologies we have cultivated since our founding, we continue to evolve them while creating a diverse range of products and new innovations.

Sales Composition by Category*	Early Products	Current Main Products
Ballpoint pens 60%	2006 FRIXION  1976 Ball Liner 	FRIXION Synergy Knock  G-2  Juice up  Acroball 
Refills 10%	1961 Clip type oil-based ballpoint pen refills	FRIXION ink refills 
Markers, felt-tip pens, etc. 11%	1959 SUPER COLOR 	Board Master  KIRE-NA 
Fountain pens, etc. 6%	1918 Pilot Pen 	Capless  Maki-e fountain pen 
Mechanical pencils, etc. 3%	1927 H-Type PILOT Pencil 	Dr. Grip 
Stationery and other 4%	1959 Business Set  1966 Wytebord 	Notebooks, etc. 
Toys 3%	1976 Magic Cups 	The Mellchan doll 
Industrial materials 3%	1964 Computer ribbons 	Jewelry  Ceramics 

*Based on consolidated net sales for fiscal 2025

Technologies and Features

- **Thermochromic technology (FRIXION series, Mellchan, and others)**
  Story Behind the Development of the FRIXION Erasable Ballpoint Pen *Only in Japanese
  In 1975, we developed Metamo Color, which changes color as the temperature changes. FRIXION ink is an evolution of this basic principle, refined through further research. Our work on the development of writing instruments that erase writing through frictional heat received the Science and Technology Award (Development Category) at the FY2026 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology.
- **Synergy Tip (Juice up, etc.)** The Story Behind the Birth of the Synergy Tip *Only in Japanese
  This is a type of ballpoint pen tip that was developed in-house. It combines the advantages of a pipe tip, ideal for fine writing, with those of a cone tip, which provides greater rigidity during writing, delivering both a fine, smooth writing experience and excellent tip stability.
- **Twin Pipe Feeder System (Board Master)** Introducing Board Master *Only in Japanese
  A mechanism that uses two pipes and an inner cotton reservoir to supply ink to the pen tip steadily without any priming action. It consistently produces dense, even strokes until the cartridge runs out of ink.
- **Kichinto Guide (KIRE-NA)** KIRE-NA *Only in Japanese
  Plastic guides attached to both ends of the pen tip to help draw straight lines. They allow you to draw stable lines of uniform width from the first stroke to the last.
- **Capless-related technology (fountain pens, Capless)** The Story Behind the Development of Capless *Only in Japanese
  In 1963, we became the first in the world to launch a retractable fountain pen that lets you write quickly with a single click. We developed a groundbreaking mechanism in which a highly airtight metal shutter (door) closes automatically when the pen tip is retracted.
- **Maki-e technique (fountain pens)** Made-in-Japan Maki-e Fountain Pens *Only in Japanese
  A technique for depicting elegant patterns on a lacquer base using gold and silver powder, mother-of-pearl inlay, and similar materials. In 1926, we began producing maki-e fountain pens, with Gonroku Matsuda, who would later be designated a Living National Treasure, leading a team of skilled maki-e artisans.
- **Integrated production cultivated through fountain pen manufacturing (fountain pens)**
  Integrated Domestic Manufacturing, from the Pen Tip to the Body *Only in Japanese
  In 1914, we became the first in Japan to achieve the melting and ball-forming of iridium ore suitable for pen nibs. Since then, we have continued integrated production of fountain pens, from forming pen-point balls to finished products, a rarity even on a global scale.
- **Ergonomic fatigue-free product design (Dr. Grip)**
  The Story Behind the Development of the Groundbreaking Thick-Barreled Dr. Grip Writing Instrument *Only in Japanese
  Dr. Grip is a series of writing instruments designed with ergonomics in mind to provide a comfortable grip and reduce fatigue.
- **Proprietary ceramics processing technology (porous ceramics and the like)**
  Pilot Ceramics' Core Technology *Only in Japanese
  It applies the kneading, extrusion molding, and firing cultivated in the manufacture of our mechanical pencil leads, and can form fine through-holes in ceramics in a variety of arrangements.

PILOT Group by the Numbers (FY2025)

Net sales

126,391 million yen

Operating profit

16,649 million yen

Overseas net sales ratio

76.8%

Abundant intellectual capital

Number of intellectual properties held

3,717

*As of the end of December 31, 2025

Mellchan doll sales

Over 10 million units total

Domestic market share of Mellchan dolls in the cuddly doll category 89%

Proactive shareholder returns

Total payout ratio

87.3%

Operating margin

13.2%

ROE

8.5%

Sales of the FRIXION erasable writing instrument

Cumulative sales exceed

5 billion units

Industry-leading sales network

Over 190

countries and regions centered on the Americas, Europe, and Asia

Number of Group employees

3,175

Editorial Policy

We shall share an even deeper exploration of our value creation story, which begins with our Purpose, "Our Creations Inspire Creativity."

We publish this integrated report to help readers understand how the PILOT Group will achieve sustainable enhancement of corporate value, starting from our Purpose, Our Creations Inspire Creativity. For fiscal 2026, we clearly present the strategy of our Group and set out our medium- to long-term growth scenario from both financial and non-financial perspectives, sharing an even deeper exploration of our value creation story aimed at creating economic and social value.

In compiling this report, we have referenced the International Integrated Reporting Framework and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry. We have also incorporated advice received from stakeholders through our daily activities. We hope this publication deepens your understanding and serves as a communication tool that facilitates constructive dialogue.

Financial Reporting Period

This report primarily covers fiscal 2025 (January 1, 2025 to December 31, 2025), but we have included the latest information available at the time of publication wherever possible.

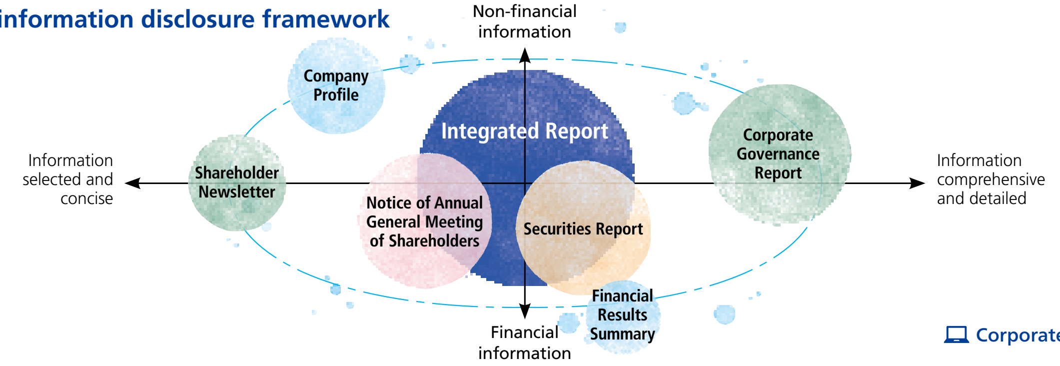
Scope of Coverage

PILOT CORPORATION (referred to as PILOT, the Company, or our company) and its consolidated subsidiaries (referred to as the PILOT Group or our Group)

Forward-Looking Statements

Performance forecasts and forward-looking statements in this integrated report are based on information available at the time and judgments made by the Company, and contain inherent potential risks, uncertainties, and other factors. Please be aware that actual results may differ significantly from these forecasts due to changes in various factors.

• PILOT's information disclosure framework



Corporate Website

This integrated report is presented in colors inspired by "iroshizuku," our fountain pen ink series that takes its motifs from gorgeous Japanese scenery.

• Structure of this report

Value Creation Story

An overview through the message from the President and the value creation process
The executives in charge introduce the policies and initiatives aligned with each strategy

Message from the President

Fumio Fujisaki
Representative
Director & President

We will achieve our 2030 Vision through strategic transformation.

Key Message

1. We will invest proactively in research and development and continuously create new products and technologies that will drive our next stage of growth.

2. Through capital investment aimed at improving production efficiency and strengthening our supply system, we will reinforce our supply capacity and business continuity plan (BCP) readiness.

3. We will integrate demand forecasting, planning, production, sales, and inventory management globally to achieve Group management based on total optimization.

4. We will reorganize into an organization that operates seamlessly from product planning through to sales, raising the speed of decision-making and execution.

5. Through strategies tailored to the needs of each country and region, we aim to become the No. 1 brand in the global writing instrument market.

6. We will invest the cash steadily generated by our writing instrument business in new growth businesses and cultivate the next pillar of growth.

Message from the President

We have grown worldwide on a foundation of the advanced technological capabilities and quality cultivated in Japan

The PILOT Group: Growing worldwide on the strength of its products

For more than 100 years since its founding, the PILOT Group has developed its business centered on writing instruments. Today we sell our products in more than 190 countries and regions, and our overseas net sales ratio exceeds 75%. We have continued to grow based on a foundation of the advanced technological capabilities and quality we have cultivated in Japan, earning the trust of customers around the world.

We believe that what has driven our Group's growth, more than anything, is the strength of our products. As exemplified by the FRIXION, erasable ballpoint pen, we have used proprietary technologies to create new value and open up new markets. The sources of our competitiveness come from our technological capability to develop and produce everything in-house, from pen tips to inks and bodies, and our production capability to deliver a stable supply of high-quality products.

In addition, we began expanding overseas at an early stage and channeled our pioneering spirit into building sales networks around the world. Additionally, we have pursued locally rooted management, developed local talent, and implemented strategies tailored to the unique characteristics of each market. We believe these efforts have been a key driver of our global growth.

These capabilities, cultivated over many years, have led to the competitive strength the PILOT Group has today.

At the same time, I feel that our Group is now at a major turning point. Our net sales, which were on the order of 60 to 70 billion yen 15 years ago, have now grown to around 130 billion yen. Our overseas net sales ratio has risen as well, and Group employees now number more than 3,000, and we need to manage from a Group-wide perspective more than ever. To achieve further growth, we must evolve our Group management foundation so that it is aligned with both our current and future business scale.

Transforming into a corporate group that can compete in the global market

I believe that, going forward, PILOT needs to evolve further: to be not only a company that makes good products but also a corporate group that can compete in the global market. Until now, we have built on strong products and given each region a high degree of autonomy. Moving from that model to one in which the entire Group shares information and optimizes demand forecasting, planning, production, sales, and inventory management globally is directly tied to strengthening our competitiveness.

As we grow further globally, changes in the world around us, such as geopolitical risks, logistics issues, fluctuations in exchange rates and raw material prices, and advances in digitalization and artificial intelligence (AI), will have an ever greater impact. There is a growing need to move beyond optimizing each region on its own and to make rapid decisions with a real-time grasp of conditions around the world.

I also feel that, as we expanded the business, we should have moved more proactively on capital investment, on building out our information technology (IT) infrastructure, and on investing in R&D and our people.

I feel a strong sense of urgency about this situation. I believe we must catch

Message from the President

Not just a company that makes good products,
but a corporate group that can compete in the global market

up on the foundational work we have put off in the past while at the same time investing in our next stage of growth, and I am moving ahead with the necessary investments with firm resolve as the company's leader. These investments will affect profits in the short term, but I see the present as a period for building the foundation that will strengthen our future competitiveness, and I regard them as investments necessary for advancing to the next phase of growth.

Advancing growth investments to compete in the global market

As growth investments, the three areas I consider especially important are innovation, production and supply capabilities, and our global management foundation.

To achieve growth, the first thing that we need to do is continue to generate innovation in our core writing instrument business. To date, we have created new value through proprietary technologies, as exemplified by FRIXION, but to maintain and strengthen our competitiveness in the global market going forward, we must give rise to the next innovation. For this reason, we are continuing to actively invest in R&D. In fiscal 2025, we raised R&D expenses to approximately 2.5 billion yen and moved forward with renovating the Technology Center building and increasing the number of researchers.

The second is strengthening our production and supply system. We have supplied high-quality products to the world, anchored by integrated production in Japan. We recognize this as an important source of our competitiveness. At the same time, to improve production efficiency and strengthen our supply system, we are considering increasing local production overseas where needed, while maintaining quality. In addition, we plan to make approximately 26 billion yen in capital investment over the period of the current Medium-Term Management Plan, and we are advancing efforts to improve production efficiency, strengthen our supply system, and enhance BCP readiness.

The third is building a management foundation that connects the entire Group. We are building an organizational structure to quickly grasp and analyze the management data of each Group company, and at headquarters we are developing our IT infrastructure, including the introduction of an enterprise resource planning (ERP) system. We want these initiatives to translate into more accurate demand forecasting and faster decision-making across our global operations. With regard to inventory management globally, we are moving ahead with a review of our supply system. Initial results are beginning to emerge: in the United States, for example, we worked to optimize inventory of our flagship G-2 and achieved a reduction of more than 20% compared with the end of 2024.

This year, we established a new Writing Instruments Business Unit to serve as the organizational foundation for these efforts. It integrates organizations that were previously divided by function, namely marketing, domestic sales, and overseas sales, and we are moving to a structure that can run the business seamlessly from product planning through to sales.

Growing the writing instrument business with different strategies for each market

In the global market, what customers value differs greatly by country and region. In mature markets such as Japan, the United States, and Europe, popula-

Message from the President

Continuously using the cash steadily generated by our writing instrument business to invest in new growth areas

tion growth is limited, while advances in digitalization and the adoption of AI are reducing opportunities for handwriting. At the same time, there is a growing recognition of the value of handwriting in fields such as education. In these markets, we will roll out product strategies centered on high added value.

On the other hand, markets such as India and ASEAN are expected to grow, as their youth and student populations are expanding along with overall population growth and demand for writing instruments is rising. In these markets, success hinges on how early we can establish our brand and capture market share. In China, for example, we revised our strategy, shifting from push-style sales centered on in-store displays to pull-style marketing that clearly identifies target segments, such as students, and uses social media and other channels. The results are already beginning to materialize. In India, meanwhile, to grow sales of FRIXION, we have dispatched manufacturing experts from THE PILOT INK, the Group company that develops and manufactures the product, and they are working with our local sales company to help develop stores where the product sells well.

The culture of writing also differs greatly by country and region. In Islamic schools in Indonesia, for example, there is a need to write small characters in order to add pronunciations and meanings to religious study materials. For needs of this kind, products that feature ultra-fine writing, such as HI-TEC-C, hold great potential.

Beyond creating distinctive products as such, we will hone how we win in each market across the entire Group, aiming to become the No. 1 brand in the global writing instrument market, the goal set out in our 2030 Vision.

Another important theme as we look ahead to 2030 is growing our non-writing instrument businesses as the second pillar of our business. We will keep channeling the cash steadily generated by our writing instrument business into new growth areas, nurturing those businesses into drivers of further growth. In areas such as industrial materials, toys, and jewelry, which draw on our technological assets, we are expanding into new markets, including the semiconductor field and overseas markets.

And at the Future Creations Office, we are also working to create new value that spans goods and experiences by combining our technologies with those of other companies; going forward, we want to take on the challenge of new growth areas as well.

Connecting people with creativity to generate the next stage of growth

In 2022, our Group established its Group Purpose, Our Creations Inspire Creativity. We will place this Purpose at the center of our management and aim to become a group of people who think autonomously, take on challenges, and collaborate. For our next stage of growth, we will use the cash steadily generated by our writing instrument business to invest in future growth and take on new business areas, while also strengthening shareholder returns, so that we continuously enhance our corporate value.

We will continue to engage in dialogue with our stakeholders, including shareholders and investors, as we work to achieve sustainable growth and enhance corporate value. We ask for your continued and unwavering support.

Value Creation Process

Building on the technology and global network we have cultivated over more than 100 years, we are advancing investments for growth and creating new value.

INPUT

Diverse Capitals Supporting Sustainable Growth

- Intellectual capital
- Human capital
- Manufacturing capital
- Social and relationship capital
- Financial capital
- Natural capital

BUSINESS MODEL

Strengths of the PILOT Group

Built on more than 100 years of accumulated expertise:
- Technology
- Global network

Growth of the Writing Instrument Business
(Generating stable earnings)

Cash generated from business activities

Growth Investments
- Capital investment
- Business reform
- Supply chain reform
- Investment in non-writing instrument businesses (The second pillar)
- Human resource development

Creating a sustainable business environment

Creating new value
Cultivating the second pillar

Appropriate shareholder returns

Financial Strategy
Achievement of Medium-Term Management Plan targets

Non-financial Strategy
Initiatives for sustainability material tasks

Purpose of the PILOT Group

Our Creations Inspire Creativity

OUTPUT

(2030 Vision)

"We support the act of writing around the world and at the same time support society and culture in fields other than writing"

No. 1 brand in the global writing instrument market

Grow with non-writing instrument businesses as the second pillar

Offer value to the environment, society, and employees

OUTCOME

Economic Value
- Creating a stronger business foundation
- Providing products and services beloved by customers
- Enhancing corporate value

Social Value
- Creating social and cultural value
- Growth of our people
- Contributing to environmental issues

Value Creation Process: Capital Strategy

INPUT	Current State of Our Capital Strategy		Initiatives to Strengthen Our Capital
Intellectual Capital	**We develop new products centered on writing instruments while also expanding our business by leveraging the resources we hold** **A stable development structure** With an optimized development environment in place, we are driving improved development speed and the creation of high-value-added products. **Evolving our use of technology and our intellectual property strategy** We drive new product development by drawing on existing technologies, market needs, and digital technologies, and we make strategic use of our proprietary technologies through the consolidation of our intellectual property base and IP landscaping.	**Number of intellectual properties held** **3,717** *As of the end of December 31, 2025 **R&D expenses** **2,462 million yen** *FY2025	• Strengthening our rights and enhancing our intellectual property base · Advancing trademark management centered on our house mark and developing rights maps · Using AI and IP tools to refine our grasp of industry trends and the competitive landscape, promoting the strategic use of our proprietary technologies and maximizing business value • For our own IP, including Mellchan and Ahiru taichou, we are broadening the scope of use through licensing and collaborations, enhancing brand value and reinforcing our medium- to long-term earnings base. Growing royalty income
Human Capital	**We regard human capital as a vital element for sustainable growth and are advancing a human resources strategy designed to develop autonomy and creativity** **Securing and developing diverse human resources** We are recruiting diverse talent and developing autonomous, creative human resources who can succeed on the world stage, advancing initiatives that raise the creativity of the entire organization. **Enhancing a wide range of training programs** In addition to training by job level, we are advancing self-development and reskilling support aimed at improving language, accounting, and IT skills. To support individual employees with their careers, we have also rolled out our Career Mobility Program, which helps employees visualize their short- and medium-term career plans and turn them into reality.	**Number of employees** **3,175 (consolidated)** **Amount of investment in human resources** **193 million yen (combined total for the Company and four Group companies)** *FY2025	• Strengthening human resource development and career-building support · Advancing human resource development centered on Career Ownership and aimed at autonomy, taking on challenges, and working in unity · Expanding our Internal Rotation Training, which broadens employees' horizons and enhances cooperation across departments • Introducing an engagement survey in place of the employee satisfaction survey • Developing a workplace foundation that consistently delivers results through the promotion of DE&I and stronger health management • An in-house recruitment system that supports the active engagement of middle-aged employees
Manufacturing Capital	**We manufacture a variety of products mainly in Japan and also operate factories in five countries overseas** **Strengths of our global production system** We have established production sites in regions around the world, centered on Japan, achieving optimal production and stable supply that draws on each region's characteristics. This multi-site production system enables us to respond flexibly to changes in demand. **Strengthening quality competitiveness through integrated production** For fountain pens, we have established an integrated production system in our own factories covering everything from forming the pen point ball to the completed products. We are strengthening the unique competitive advantage we have that underpins high quality and high reliability.	**CAPEX** **7,856 million yen (consolidated)** **Production results** **46,338 million yen (in Japan)** *FY2025	• Restructuring our production system and enhancing the functions of our sites We are preparing for restructuring at the Isesaki Factory and advancing the transfer of processes, strengthening production efficiency and site functions in tandem with business reforms and global supply chain reforms. • Strengthening our production base and stabilizing our supply system · Strengthening the production base at our main factories and developing systems that support increased output and stable supply · Establishing a supply base that can respond to demand fluctuations in the global market

Value Creation Process: Capital Strategy

INPUT	Current State of Our Capital Strategy		Initiatives to Strengthen Our Capital
Social and Relationship Capital	**We value our points of contact with users and retailers and have built relationships of trust over many years, both in Japan and overseas** **Actively holding in-store events and the like** We make the most of customer touchpoints, including in-store demonstrations, and combine a range of sales channels to roll out a variety of sales-floor proposals and promotional initiatives. **Making proposals tailored to the needs of each country overseas** Adopting a one-agency-per-country system, we have built a locally rooted sales network and conduct sales activities and product proposals that meet needs in line with each country's regional character and culture. **Conducting activities that convey the value of writing** Activities by our Pen Doctors, who repair writing instruments, and events that bring us face-to-face with users to convey the value of writing	**Number of domestic retail partners** **Approx. 7,000 stores** **Number of overseas sales companies and agencies** **Approx. 140** *FY2025	• Enhancing our sales operations We are advancing global supply chain reforms, optimizing our sales operations including inventory management, and building a foundation that can respond to market fluctuations. • Established a regional headquarters to strengthen our position in the ASEAN region • Continuing thorough aftercare that circulates customer feedback and strengthening initiatives that broaden the value of writing
Financial Capital	**On the foundation of a sound, stable financial base, we support business growth while striving to minimize risk factors and deliver appropriate shareholder returns** **Management with a focus on the cost of capital** We aim to widen the spread between ROE and the cost of capital. **Enhancing shareholder returns** Starting in 2026, we have changed our total payout ratio target to 70%. We are implementing a progressive dividend policy during the current Medium-Term Management Plan period.	**Equity ratio** **80.8%** **Interest coverage ratio** **209.1x** *FY2025	• Strengthening the monitoring of actual results against budget • Advancing proactive growth investments • Further enhancing shareholder returns · Raising the total payout ratio target from 50% or more to 70% or more · Implementing a progressive dividend policy with continuous dividend increases
Natural Capital	**We reduce the environmental impact of every aspect of our business activities, including product planning, design, production, and sales** **Reducing environmental impact at our factories** In addition to installing solar power generation on some buildings, we are making effective use of resources for packing materials and packaging. **Selling environmentally conscious products** We sell products made with recycled material.	**Greenhouse gas emissions** **9.3% reduction (compared to FY2021)** **Waste generation** **16.0% reduction (compared to FY2021)** *FY2025	• Further advancing the reduction of environmental impact at our factories • Advancing environmental learning events and pen recycling activities • Selling sustainable products and raising environmental awareness · Ballpoint pens that use ocean plastic · Pen cases made from fabric that uses thinned-wood materials · Collaborative rollout of upcycled leather made from used tea leaves · Manufacturing and selling apparel that takes the environmental impact of production and disposal into account

Medium-Term Management Plan for Achieving the 2030 Vision

We implement a medium-term management plan at three-year intervals to achieve our 2030 Vision. We set themes and targets, including financial metrics, for each stage of our medium-term management plans, and after each plan concludes, we clarify challenges for the next step. Through continuous efforts, we increase the certainty of achieving our 2030 Vision.

Realization of the 2030 Vision

2022-2024 Medium-Term Management Plan

Building the foundation for 2030

Reform and Challenge

Five Basic Strategies

(1) Further strengthen functions for business expansion
(2) Set to work on capital and business alliances and new business concept
(3) Strengthen the overall Group governance system
(4) Integrate sustainability and the Medium-Term Management Plan
(5) Formulate and implement the long-term design of human resources

2025-2027 Medium-Term Management Plan

Reinforcing the Group's management foundation for adapting to changes

Ceaseless Evolution

Key Management Tasks

(1) Increasing the global market share of writing instrument business
(2) Reinforcing the structure of non-writing instrument businesses
(3) Finding new alliance partners
(4) Driving sustainable management of the Group
- Driving operational reforms from the viewpoint of total optimization
- Reinforcing the Group management structure and driving human resource development
- Reforming the global supply chain of writing instrument business

2028-2030 Medium-Term Management Plan

Creating and providing new value

Exploring Ways to Our Next Endeavors

OUTPUT

We support the act of writing around the world and at the same time support society and culture in fields other than writing

- No. 1 brand in the global writing instrument market
  Overseas business expansion / Maintaining domestic share
- Grow with non-writing instrument businesses as the second pillar
  Sales composition ratio 25%
  Expansion of toy and industrial materials businesses, creating new value linked with the Purpose
- Offer value to the environment, society, and employees
  Contribution to the creation of a sustainable earth and society

	2022-2024 Medium-Term Management Plan			2025-2027 Medium-Term Management Plan			
	Results				Targets		
	FY2022 Financial Results	FY2023 Financial Results	FY2024 Financial Results	FY2025 Financial Results	FY2025 Financial Target	FY2026 Financial Target	FY2027 Financial Target
Consolidated net sales (millions of yen)	112,850	118,590	126,168	126,391	133,000	133,000	139,000
Operating margin (%)	18.8	16.0	14.1	13.2	13.5 or higher	13.5 or higher	15 or higher
Return on equity (ROE) (%)	14.5	11.1	11.2	8.5	10 or higher	10 or higher	10 or higher
Dividend payout ratio (%)	22.5	28.9	30.1	37.9	—	—	—
Total payout ratio (%)	—	—	—	87.3	50 or higher	70 or higher	70 or higher

*Exchange rates for fiscal year ended December 2025: 1 USD = 149.61 yen, 1 EUR = 169.19 yen, 1 CNY = 20.81 yen
(Post-December 2026 exchange rate forecasts: 1 USD = 150 yen, 1 EUR = 170 yen, 1 CNY = 21.4 yen)

In light of fiscal 2025 results and the business environment, we have revised our financial targets for fiscal 2026 and fiscal 2027.

*For details, please see p. 43 and the notice regarding the Notice of Revision of Financial Targets under the 2025-2027 Medium-Term Management Plan, released on February 13, 2026.

2025-2027 Medium-Term Management Plan Initiatives

We will further advance the global rollout of our writing instrument business while working on the growth of our non-writing instrument businesses and the creation of new value, driving sustainable management of the Group through operational improvements and human resource development.

Key Management Tasks		Major Actions	Fiscal 2025 Progress	Initiatives from Fiscal 2026 Onward	Related Pages
(1) Increasing the global market share of writing instrument business		• Creating and launching new products with competitive edges • Increasing sales by increasing sales force and launching products in growth markets, or in India and the ASEAN region in particular • Strengthening area strategy with a market-oriented approach	• Sales in each region fell short of initial projections but held even with the previous year • Sales contribution from new products with competitive edges Europe: Sold 2 million units of FRIXION ball+ Japan, China: Cumulative sales of 10 million units since the launch of the KIRE-NA highlighter	• Implement measures to strengthen gel ink ballpoint pens (G-2, FRIXION, and others) in the Americas and Europe • Product development and rollout tailored to the needs of India and the ASEAN region	P.17
(2) Reinforcing the structure of non-writing instrument businesses		• Toys: Increasing sales in overseas markets and expanding IP business • Creating new value with the central role played by Future Creations Office • Industrial materials: Production increase and sales expansion of ceramics, etc.	• Steady progress in the IP business of the toy business • Expansion of the industrial materials business, including ceramics	• Continue to strengthen overseas markets and expand the IP business of the toy business • Strengthen the production system for ceramics	P.32
(3) Finding new alliance partners		• Finding new partners by applying intellectual property landscaping	• Concluded capital and business alliance agreements with startups	• Exploring areas that can generate synergies with our existing businesses	P.33 P.43
(4) Driving sustainable management of the Group	Driving operational reforms from the viewpoint of total optimization	• Introducing a new core system through operational reforms	• The introduction of the new core system through operational reforms has proceeded as planned • As part of building the foundation for sustainable management of the Group, launched initiatives to instill and share the Purpose across Group companies • Reduced end-of-2025 inventory at our U.S. company by more than 20% year on year	• Work in parallel on operational reforms and organizational reforms for the introduction of the core system, with a view to its launch in fiscal 2028 • Continue to promote Purpose-instilling activities to maximize the strength of the Group • Set optimal inventory levels at Pilot Pen (Shenzhen) Co., Ltd. and verify supply chain initiatives in the European region	P.46
	Reinforcing the Group management structure and driving human resource development	• Sophistication of collection and utilization of Group company information • Stepping up investment in human resource development			
	Reforming the global supply chain of writing instrument business	• Optimizing inventory levels at overseas sales bases			

Strategy (1) No. 1 Brand in the Global Writing Instrument Market:

Message from the Senior Executive Officer in Charge of the Writing Instrument Business

Mashiho Kojo
Senior Executive Officer, General Manager of Writing Instruments Business Unit

Providing new value to the writing instrument market through our technological capabilities and global network

Core competencies of the writing instrument business

We position our writing instrument business's core competency as the ability to deliver new value to customers around the world through the trust and technology we have cultivated with fountain pens.

Fountain pens are highly precise writing instruments that demand advanced technology in the pen nib, the pen point, and the mechanism that supplies just the right amount of ink. We manufacture everything in-house, starting from the pen point, and this accumulated technology forms the foundation of the quality and development capabilities of all our writing instruments.

In addition, a major strength is our sales network, which extends to more than 190 countries and regions around the world. Through many years of business activities, we have built relationships with sales bases and partners in each region and have developed our business while understanding the market characteristics and customer needs of each area.

By combining these technological capabilities with our global network, we are able to create products with new value and deliver them to customers around the world. We see this as the source of our competitive strength.

Value created through our core competencies

We have created products that broaden and deepen people's creative experiences, such as the FRIXION series and Dr. Grip.

The FRIXION series in particular proposed the new value of an erasable ballpoint pen and, since its launch in 2006, has been widely embraced around the world, with cumulative sales surpassing 5 billion units.

In recent years, we have also been rolling out products tailored to regional needs. For example, we offer innovative products such as the KIRE-NA highlighter, which draws straight lines and has recorded cumulative sales of more than 10 million units since its launch in October 2024, centered on Japan and other parts of Asia, and the Juice series that includes the Juice up gel ink ballpoint pen equipped with the groundbreaking Synergy Tip for fine writing.

In this way, we have provided new value to the writing instrument market, drawing on both our technological capabilities to develop products with new value and our sales capabilities to deliver them to customers around the world.

A global strategy grounded in the market characteristics of each region

Building on these strengths, in the United States, for example, we command the top share* of the gel ink ballpoint pen market, working not only to expand the share of our flagship G-2 but also to grow sales of the FRIXION series.

In Europe, against the backdrop of rising environmental awareness, we are rolling out FRIXION products that use recycled materials, among other initiatives.

In growth markets such as India and ASEAN, we are advancing product development and strengthening our sales structure to match local needs. Particularly in India and ASEAN, demand for writing instruments is expected to grow on the back of expansion in the education market and other factors, and we will continue to roll out products suited to local markets.

Through these initiatives grounded in the market characteristics of each region, we will broaden the fulfillment of our Purpose, Our Creations Inspire Creativity.

*Based on PILOT's own research

Strategy (1) No. 1 Brand in the Global Writing Instrument Market:

Message from the Executive Officer in Charge of Marketing

Atsushi Hasegawa
Executive Officer, General Manager of Global Marketing Division

Delivering product value to more customers based on the market characteristics of each region

The current state of the global writing instrument market and our strategy

While the writing instrument market is a shared global market, the market environment and growth potential vary significantly by region. In mature markets such as Japan, the United States, and Europe, the markets are large in scale but growth is moderate; even so, demand for high-value-added products continues to exist. In emerging markets such as China, India, and ASEAN, on the other hand, demand is expected to grow against the backdrop of population increases and the expansion of the education market.

We operate in more than 190 countries and regions around the world, and through our relationships with sales bases and partners in each region, we have kept track of market trends and customer needs. We believe that leveraging this global network while taking the market characteristics of each region into account and conducting product rollouts and marketing suited to each market is key to expanding our business globally.

Pursuing both market-in and product-out approaches

We are advancing our global expansion along the twin axes of a market-in approach and a product-out approach.

By advancing product planning and sales strategies grounded in each region's market characteristics and customer needs, we expand our business in ways suited to each market. At the same time, drawing on the technologies in which we excel, we continue to take on the challenge of product planning that creates new writing value through innovation, such as products that reduce the stress of writing.

By combining our strength in giving form to such innovative products with the market understanding we gain through our global sales network, we aim to enable a broader range of people to experience the value of our products.

Product rollouts and marketing grounded in the market environment of each region

Adapting to the differing market characteristics and customer needs of each region, we are advancing product rollouts and marketing grounded in each region's needs.

In the United States, for example, in the gel ink ballpoint pen market, we are working to expand share centered on our flagship G-2 while also growing sales of the FRIXION series. In Europe, against the backdrop of rising environmental awareness, we are rolling out environmentally responsive products such as those using recycled materials.

In China, with the spread of e-commerce, we are deploying sales measures that combine online and offline channels. We raise brand awareness through e-commerce while encouraging visits to brick-and-mortar stores through locally rooted campaigns, stimulating demand and driving purchases.

In India, demand for writing instruments is expected to grow on the back of expansion in the education market and other factors, and we have opened our first directly operated store. We will use it as a base from which to communicate our brand directly while deepening our understanding of the market and connecting these efforts to business expansion.

As for our global branding, FRIXION and Juice are global brands, and we plan to grow the number of such items going forward.

For fountain pens, we maintain Namiki, our top-tier line, as our flagship brand, and we want to spread the value this fountain pen offers more widely across the world. In addition, we plan to hold Pen Clinics around the world, where our Pen Doctors will adjust and repair fountain pen nibs in person with users.

Through these initiatives, we want to enhance the value of our brand and convey the joy of owning and using a PILOT fountain pen to users around the world.

Initiatives of Global Group Companies

U.S.

https://www.pilotpen.us

Pilot Corporation of America (PCA)

Business Activities: Manufacturing and sales of products
Company Category: Consolidated subsidiary

Managing Director **Michael Stevenson**

I serve as President & CEO of Pilot Corporation of America. I joined PCA in 1998 as a Management Trainee in the Blister Packaging Department and have spent 27 years in a variety of roles within Operations, gaining broad experience across manufacturing and supply chain. I also serve on the Board of Directors of the Writing Instrument Manufacturers Association and previously served as its President.

[Company Profile]

Founded in the U.S. in 1972, Pilot Corporation of America, located in Jacksonville, Florida, is proud to be a premier manufacturer and marketer of high-quality writing instruments in the United States. As the nation's second-largest writing instrument company, PCA has built a long-standing reputation for excellence.

Our best-selling brands include G-2, FRIXION, Precise V5/V7, and Dr. Grip. Each of these brands is a customer and consumer favorite and is #1 in their respective categories.

At PCA, our spirit of innovation has always focused on serving consumers' unmet writing needs and making writing a pleasure.

[Market Environment and Strengths]

The US Writing Instrument market is mature and highly competitive. The Pen category has had the strongest performance, fueled by the Gel ink subcategory. In 2025 and January 2026, PILOT outperformed all branded and Private Label competitors in both Writing Instruments and Pens.

We were able to combat consumer spending challenges by positioning our products as necessities. We showcased that they are premium, innovative, fulfill unmet needs, and deliver on wellness and positivity beyond the act of writing, helping to ensure that consumers proactively choose our brands.

We are proud to report that G-2 is the #1 selling pen brand and gel brand in the U.S. because it wins on both functional performance and emotional benefits beyond writing, creating both trial and long-term loyalty.

[Main Products]

PCA's top products include G-2, America's #1 selling Gel Pen, FRIXION ball CLICKER, America's #1 selling erasable pen, Precise V5/V7, America's #1 selling Rolling ball pen, and Dr. Grip, America's #1 selling wide body ergonomic pen.

The PILOT G-2 has been the #1-selling gel ink pen in the U.S. for well over a decade because it consistently delivers on both the core functional and emotional drivers of purchase and repeat purchase. G-2 is a proven leader in performance, featuring a distinctive cushioned comfort grip and delivering an exceptionally smooth writing experience.

G-2 provides confidence in every signature, dependability when it matters most, and a sense of personal expression with four point sizes and 41 color options to choose from.

In summary, G-2 balances premium performance, excellent value, and accessibility—making it the go-to everyday pen for students, professionals, and businesses alike.

[Promotional Activities]

G-2: As PCA's #1 product line, we ensure strong promotional support for G-2 throughout the year and especially during the peak back-to-school season. Examples include branded endcaps at top national retailers such as Walmart, Target, Staples, and Office Depot.

We also invest in year-round paid-search advertising and price promotions on Amazon to support G-2's strong market presence.

FRIXION: Considering its strategic importance and growing popularity among U.S. consumers, we focus strong promotional support toward growing awareness and trial of the FRIXION line and its unique erasable technology.

[Initiatives to Spread Our Purpose]

Purpose was formally incorporated into the new hire orientation through the educational video, ensuring all employees understand its importance from day one.

The Employee Handbook was updated to begin with the Purpose message, reinforcing its role within PILOT.

To further promote engagement, all employees were provided with a Purpose shirt as a symbol of shared commitment.


PCA Factory (Florida)

Walmart

Target


Office Depot-Max

BTS Purpose Luncheon

Initiatives of Global Group Companies

Mexico

https://www.pilotpen.com.mx

Pilot Pen de Mexico S. de R.L. de C.V. (PPdM)

Business Activities: Sales of products

Company Category: Consolidated subsidiary

Director **Juan Estrella**

I joined Pilot Corporation of America (PCA) in 2002, bringing prior management experience from the United States Army and various Fortune 500 companies such as Baxter Healthcare, Bausch & Lomb, and Xerox Corporation. I managed the PCA Distribution Center prior to taking charge of PPdM.

[Company Profile]

Pilot Pen de México, S. de R.L. de C.V.
Incorporated January 26, 2000.

PPdM is responsible for the sale and marketing of writing instruments in the Mexican market through the purchase of said products from its related parties residing abroad (PILOT CORPORATION and PCA). PILOT has established itself as a high-quality yet affordable alternative in the very competitive Mexican market.

[Market Environment and Strengths]

Mexico's writing instrument market is evenly split between traditional papelerías and modern retailers, like Office Depot and Office Max. PILOT's growing success and popularity in the Mexican market is accomplished by pairing high-quality products with unparalleled service, emphasizing loyalty and strong, personal relationships with store owners. The PPdM Team has established a dependable and agile local vendor network capable of supporting the growing demand for our products. The PILOT brand continues to grow in popularity due to PILOT Japan's continued development and launch of innovative products in all writing instrument categories at all socioeconomic levels.

[Main Products]

- Jumbo Marker – top seller in category in Mexico.
- FRIXION Line of Products – no significant competitor in the market, making us the number one erasable pen in Mexico.
- BPT-P Ball Point Pen – better quality and competitive price point.

[Initiatives to Spread Our Purpose]

March 2025: Purpose training for PPdM Team. Watched "Our Creations Inspire Creativity" video and held discussions.

All PPdM employees watched the President Fujisaki Interview on PILOT's Purpose video.

Initiated use of our Purpose messaging in Pilot Mexico social media (webpage, Facebook, Instagram, YouTube, TikTok) and retail outlets.

FRIXION ball @ ALVA PAP

Jumbo Marker

FRIXION Signboard

BPT-P value Packs

PPdM HP

Brazil

https://www.pilotpen.com.br/

Pilot Pen do Brasil S/A. (PPB)

Business Activities: Manufacturing and sales of products

Company Category: Consolidated subsidiary

President and Director **Yasuro Matsuo**

I joined the company in 2001 and spent many years in the Domestic Sales Division, where I was engaged in sales and promotional work. Since assuming my current position in 2025, I have been committed to achieving sustainable growth while emphasizing management rooted in the local market and the development of human resources.

[Company Profile]

Established in 1954, PPB has been engaged in the writing instrument business in the Brazilian market for more than 70 years. As one of the few Group companies with local manufacturing capabilities, PPB conducts business in a wide range of sectors, from education and office applications to industrial use. The company's long-standing ability to adapt to the local market and respond to customer needs has been the foundation of its strong brand credibility and stable business performance today.

[Market Environment and Strengths]

In Brazil, a country with a vast territory where visibility and durability are required, oil-based markers have become PPB's main product category, accounting for more than 60% of our sales. In addition, the country's deeply rooted art and design culture has created strong demand for creative products, while demand for writing instruments remains stable, centered on the education sector. Rather than relying on price competition, PPB continues to focus on delivering products that emphasize quality and ease of use.

[Main Products]

- Pincel Atômico: Developed as the Group's first oil-based marker, and widely recognized in Brazil as synonymous with the oil-based marker category itself
- Retro Projetor: The company's main oil-based marker product
- V Board Master: A Wytebord Marker

Going forward, PPB aims to cultivate the FRIXION series, one of the Group's global main product lines, as its next key growth driver.

[Promotion Activities]

To increase awareness of the FRIXION series, PPB implemented an integrated promotional campaign combining offline advertising at subway stations and other locations with online initiatives utilizing social media. Aiming to create a market for high-value-added products and enhance brand value, the company is endeavoring to implement new sales promotion methods designed to drive in-store purchases.

Promotion of FRIXION

"Bonenkai" sports festival held at the end of the year

PPB factory (São Paulo)

Initiatives of Global Group Companies

Europe

https://www.pilotpen.eu

Pilot Corporation of Europe S.A.S. (PCE)

Business Activities: Manufacturing and sales of products
Company Category: Consolidated subsidiary

Managing Director **Kenji Adachi**

After joining the company in 1994, I gained experience in both domestic and international sales. For the past three years, I served as Head of the Writing Instrument Planning Department within the Global Marketing Division. As of April this year, I have been assigned to our European subsidiary in France as CEO.

[Company Profile]

PCE was formed by reorganizing companies within France in 1998 and started as a company with its current basic functions.

[Market Environment and Strengths]

Our customer segments are students and business professionals, supported by our focus on back-to-school season and strong presence in both retail and B2B channels. FRIXION is particularly well-received in Europe because it responds to a universal need for a clean, erasable writing experience without compromising on ink quality. Its success is reflected in the dominance of FRIXION-branded products across the entire top product ranking by volume, with the FRIXION ball alone reaching approximately 22 million units sold in 2025.

It was a complete innovation for the market. It was launched with a strong pedagogical approach: give children the right to make mistakes, test and learn, and show children not to be embarrassed about making a mistake. To this day, this approach has convinced millions of teachers and parents all over the EU. The gliding ink and comfortable grip really helped children in the process of learning how to write. Today, FRIXION in the EU has become an iconic brand (celebrating its 20th birthday this year), and many have tried to copy this successful concept.

[Main Products]

The European product portfolio is strongly anchored in the FRIXION family and the V-Board Master range.

Since its establishment, PCE has supported Group companies and sales agents throughout Europe. With a focus on environmental responsibility, we developed proprietary technology for manufacturing pens using recycled materials.

We launched the PET bottles process in 2009 to produce the "Bottle to Pen" product line, and in 2025 we extended our production with the new "FRIXION ball+". Now, we are selling this pen in Europe, which combines FRIXION ink technology with recycled PET bottles. Building on our experience in PCE factory production, since 2025, we have also been producing the iconic G-2 product (G-2+) with industrial recycled materials for the European market.

[Promotional Activities]

Promotions are key, especially at critical moments of the year such as the back-to-school period. They are also important for our core range.

We promote our refills whenever we can. We link them to key products in our blister packaging.

[Kanseito project]

In 2022, PCE started the Kanseito project with a study to define how to offer more supply chain responsiveness to our distribution partners. The study showed that centralizing flows and stocks in PCE would help minimize overall stocks in Europe and offer more responsiveness to markets while smoothing orders to Japan. The main principle is that offsetting variation in orders from different partners will result in smoother sales.

As the PCE warehouse was already overloaded in 2022, to be able to manage the ex-Switch flows without opening a new warehouse, PCE had to manage different projects.

Through the Kanseito project, optimization and improvement of logistics flows, planning, and systems via PCE were achieved without establishing a new Central European warehouse.

As a result, lead times in the target countries were significantly reduced to between two weeks and one month.

[Initiatives to Spread Our Purpose]

- Communication in our newsletter TELL US and TELL US IN EUROPE:
- Dec 2025: Marketing team training in design thinking: Deployment of a work methodology dedicated to the design of innovative and creative products and processes
- Jan – March 2026: Display on our walls in our building + poster on our billboards + display on our lock screens on all computers of our PCE employees
- March 2026: organization of artistic exhibitions of photos or paintings made by our employees in the cafeteria rooms to illustrate the purpose

PCE Factory (Allonzier la Caille)

Purpose-TELL US IN EUROPE

FRIXION refill promotion

Initiatives of Global Group Companies

Nordic

https://en.pilotnordic.com/

Pilot Nordic AB (PNO)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Jan-Olof Vegholm**

I'm Managing Director of Pilot Nordic. Since joining Pilot in 2016, I've focused on fostering a culture where people grow, collaborate, and turn strategy into hands-on results. I'm driven by continuous improvement—and by helping our teams find better, smarter ways to succeed together.

[Company Profile]

Our business began in Sweden in 1999, and Pilot Nordic AB was established in 2011. Today, from its home in Arlandastad, Sweden, the company supports seven countries with a shared mission. What truly defines Pilot Nordic AB is its lean, close-knit team, a group that collaborates across borders with the warmth of a family, blending sales, marketing, logistics, customer service, and finance into one unified force. Sustainability runs through everything we do, from championing greener writing solutions to embracing refill systems and responsible product choices.

[Market Environment and Strengths]

Pilot Nordic operates in one of the world's most sustainability-driven regions, where customers expect quality, transparency, and eco-friendly design. In this mature market, growth comes from winning market share, especially through third party certified sustainable products. Nordic business culture values trust, equality, and long-term thinking, shaping both regulation and demand. B2B remains our largest and most strategic sales channel, supported by retail, mass market, and a growing online presence.

[Main Products]

Sales of our Begreen range—especially the V Board Master with refills—continue to rise, reflecting four years of strong growth in third-party certified products (Eco Mark). With new rules allowing only certified items to be marketed as sustainable from September 2026, our verified assortment is well-positioned. B2B remains the core driver, with October 2026 campaigns reinforcing demand.

Meanwhile, the FRIXION series is a true Nordic favorite: consumers prefer retractable, comfortable pens, making the FRIXION ball CLICKER our top seller, supported by strong refill sales and effective early-year and back-to-school promotions.

[Initiatives to Spread Our Purpose]

Pilot Nordic has strengthened its Purpose culture through coordinated efforts. Continued dialogue with the PILOT Purpose Information Office and participation in the global Purpose Key Person Workshop deepened understanding. The PNO Values—Professionalism, Innovation, Leadership, Ownership, and Teamwork—now guide daily behavior. Great Place to Work® initiatives, including the GPTW Trust Index© survey and resulting GPTW Certification™ in Sweden, reinforce this work.


RIMI Baltics


Maxi Demo


Bus advertisement (1)


Bus advertisement (2)

Germany

https://www.pilotpen.de

Pilot Pen (Deutschland) GmbH (PPD)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Andrea Günther**

I hold a degree in Economics and have built my professional career across various roles in finance and sales, gaining broad commercial and financial expertise within the branded goods industry. In 2019, I joined Pilot as Managing Director for PPD, leading the business in Germany and Austria.

[Company Profile]

PPD was established in 1998 in Hamburg with the aim of bringing high-quality PILOT products to Germany and Austria. Today, PPD employs 39 dedicated people across Germany and Austria and operates from its head office and warehouse in Reinbek.

[Market Environment and Strengths]

Germany is a highly competitive and mature market with well-established domestic suppliers and strong competitive pressure. The three main product categories in the market are ballpoint pens, markers, and roller pens. Over the years, the mass market has developed into the largest sales channel. E-commerce continues to grow steadily, while specialist retail and B2B further decline. PILOT is the most successful non-domestic writing-instruments brand in the German market with FRIXION Family, followed closely by the strong performance of G-2.

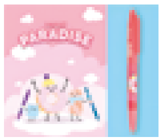
[Main Products]

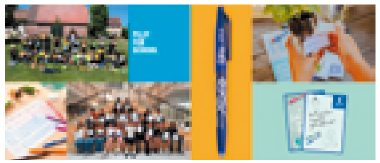
FRIXION ball 0.7 Tattoo Blue is our local hero product, with a weighted distribution of over 90% in the market. It is a key school item and, thanks to its erasability, is widely used in primary schools for learning and practising handwriting. Today, emotionally appealing design variants and limited editions, such as "Sweet Paradise," play a key role in driving demand and maintaining the product's relevance in the market.

[Initiatives to Spread Our Purpose]

PPD has several initiatives focused on environmental sustainability and diversity such as the PPD recycling program, signing the Diversity Charter, the POStainable Kodex, and hosting living bee colonies at the Reinbek facility.

Additionally, our *PILOT 4 School* program is a strong example of how we bring the PILOT Purpose to life. It is an educational initiative launched in 2016, supporting teachers by providing free teaching materials for primary and lower secondary education. Developed in cooperation with educators, the program focuses on socially relevant topics such as cultural diversity, tolerance, and climate protection. In addition, the initiative organizes annual school competitions that encourage students to creatively explore these themes through handwriting.


FRIXION Sweet Paradise Edition


PILOT 4 SCHOOL


FRIXION series

Initiatives of Global Group Companies

U.K.

https://www.pilotpen.co.uk

The Pilot Pen Company (U.K.) Ltd. (PPUK)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Mark Tyers**

I was honored to take on the role of Managing Director of Pilot Pen U.K. in August 2025. Prior to this, I accumulated more than two decades of experience across Europe, the UK, and Latin America within multinational consumer goods companies, including Henkel and Conair.

[Company Profile]

The Pilot Pen Company (U.K.) Ltd was established in 1979 and has grown over the years to become the market leader in rollerball pens in the U.K. The company offers a broad portfolio spanning all major pen categories and sales channels.

[Market Environment]

The writing instruments market is mature, highly competitive, and structurally consolidated, with all major global players present. It is highly seasonal, with Back-to-School (BTS) representing the single most important trading period and a disproportionate share of annual sales.

The market is price-sensitive due to ongoing cost-of-living pressures; however, it remains brand-driven. Consumers are willing to trade up for proven quality, sustainability credentials, and functional innovation.

Sustainability is no longer a differentiator but a baseline expectation across retail, education, and corporate procurement. Refillable systems, recycled materials, and credible CSR initiatives directly influence purchasing decisions.

[Main Products and Promotional Activities]

FRIXION (Erasable Gel Ink Pen) – our hero product in the U.K. Heat-sensitive erasable ink allows students to write, erase, and rewrite cleanly.
Promotion: 2026 multi-channel BTS campaign (digital, social, influencer), Tesco half-pallet activation in 240 stores, Amazon optimization, and A+ content upgrades.

G-2+ (Refillable Gel Pen) – Premium, long-lasting gel pen with refill system.
Promotion: B2B sampling, wholesaler promotions, and ESG-led communications.

B2P (Bottle to Pen)
Manufactured using recycled plastic bottles.
Promotion: Education sector sampling and CSR-linked communications.

V Board Master (Refillable Whiteboard Marker)
Refillable liquid ink system, cost-efficient for schools and offices.
Promotion: Targeted campaigns via education trade shows and corporate wholesalers.

PPUK Members

The London Stationery Show

G-2+

France

https://www.pilotpen.fr

Pilot Pen France S.A.S. (PPF)

Business Activities: Manufacturing and sales of products
Company Category: Consolidated subsidiary

Managing Director **Patrick Forveille**

I hold two degrees: agro-food engineer + MBA in Finance/ Marketing. 18 years in milk industry in controlling. 12 years in PCE, Financial Manager (4 years), Operations (Factory, Supply, IT, Finance - 8 years). I have served as Managing Director for 7 years.

[Company Profile]

In 2014, Pilot Pen France was organized as a separate entity from PCE and relocated to a site near PCE and is in charge of PILOT distribution in France. The company has 50 employees, primarily in the sales and marketing team (35 people), as well as customer service, finance, and HR. Operations are subcontracted to PCE (supply chain, logistics, IT, packaging, and cash management).

[Market Environment and Strengths]

The French market is dominated by a major French brand, number one in France with a large market share. The rollerball and refill segments are also very important, driven by the FRIXION series and its refills. PILOT is number two in France, leading the rollerball market with a strong position in liquid ink, an important category in France. V-Ball is PILOT's number one product outside the FRIXION range. France is a brand-driven market with a low market share for private labels.

[Main Products]

The FRIXION series is very popular in France, including refills (more than 30% of PPF sales). Liquid ink products are also very strong due to their high quality (smooth writing and intense colors).
V Board Master (with refills) is the number-one whiteboard marker in France.

[Initiatives to Spread Our Purpose]

We shared the Group Purpose with our teams during our December sales meeting through a dedicated creative writing workshop entitled "In poetry, you don't say 'I write with a PILOT pen', but…". The objective of this initiative was to demonstrate that the Purpose can be applied in a concrete and accessible way within PPF, by encouraging teams to think outside the box. The Purpose was also displayed on a canvas within our premises to ensure ongoing visibility.

[Promotional Activities]

Each year, 20% of the communications budget is invested in brand/CSR initiatives. We leverage the benefits of handwriting through: an official partnership with the Paris Book Festival, a national campaign on mental health, and a partnership with "Les Petits Molières" writing competition for pupils from 6 to 18 years old. In terms of CSR, we finance some of the recycling bins for our client Bureau Vallée and have launched a circular pencil case project with the network.

POS tool for back-to-school

Dedicated creative writing workshop

Event to promote handwriting

Initiatives of Global Group Companies

Australia

https://www.pilotpen.com.au

Pilot Pen Australia Pty. Ltd. (PPA)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Paul Astbury**

I joined Dalton Packaging, the Australian distributor in 2000. In 2010 I moved to Pilot Pen Australia (PPA) as General Manager of Finance and Administration, overseeing multiple departments including Finance, Customer Service, Operations & IT. I recently became Managing Director in 2025.

[Company Profile]

In 2010, Pilot Pen Australia Pty. Ltd. acquired the assets and liabilities of Dalton Office Products to form PPA as it operates today. Given that PILOT CORPORATION had supplied Dalton for over 50 years, the transition was strategically aligned and operationally seamless.

Today, our Western Sydney facility integrates office space, warehousing, and a local packaging assembly line, primarily supporting customized hangsell solutions tailored to Australian retail requirements.

[Market Environment and Strengths]

Australia's retail environment is highly concentrated, with two dominant grocery chains and a major office supplies retailer shaping purchasing behavior at scale. In this context, product performance, margin efficiency, and repeat purchase dynamics are critical.

While Australian consumers associate Japanese-made goods with precision and quality, sustained brand growth depends not only on reputation, but on delivering tangible value at the shelf and in use. That is why refilling sits at the core of our strategy. Refillable systems extend product lifecycle and fundamentally improve value economics for both consumers and retailers — but equally important, they create ongoing customer journeys rather than one-off transactions.

Sustainability is an important benefit, but the strategic advantage lies in lifecycle engagement. Refilling creates continuity. It establishes a repeatable customer journey, increases lifetime value and embeds long-term brand equity — ensuring that when consumers choose PILOT, they are entering a writing system designed for performance, progression and retention.

[Main Products]

The PILOT V Board Master refillable whiteboard marker is a major focus for PPA in 2026. A locally developed advertising campaign targeting teachers reinforces its high quality.

The PILOT FRIXION ball CLICKER 'Design series' has proven to be a popular range in Australia, leveraging the pastel trend among high school and university students in particular.

V Board Master

FRIXION ball CLICKER "Design series"

PPA Christmas Party

South Africa

https://www.pilotpensa.co.za

Pilot Pen South Africa (Pty) Ltd. (PPSA)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Steven Groenewold**

I entered the stationery market in South Africa in 1998. After 10 years in the trade, I joined PPSA as National Sales Manager under Lyn Seider in February 2008. I held the positions of General Manager and Director over the next few years and was appointed to Managing Director in 2013.

[Company Profile]

Pilot Pen South Africa (PPSA) was established in 1998. PPSA trades in South Africa as well as eight neighboring countries.

We have a staff complement of 35 people across 4 main regions. At our head office in Johannesburg, we have 30 staff, including a small business named NT wallets that has been established and supported by PPSA as an independent business enabling social upliftment in line with the black economic empowerment (BEE) regulations of South Africa. This business employs 5 people. Their core function is to set up promotional goods such as wallets, pencil bags, sample packs and other promotional items for our business.

PPSA is dominant in independent retail. We also trade strongly in B2B and online channels. Over the last 18 years, we have risen from No. 3 in Japanese brands to No. 1 and now have over 45% share.

PPSA is gaining share year by year against all writing instrument brands.

[Market Environment and Strengths]

With 12 official languages, 33% unemployment, and the highest wealth disparity globally between rich and poor, South Africa is a true melting pot of cultures. This also extends to our export markets, which are all independent and vastly different from each other culturally and in business practice. PPSA is well established in all markets with broad distribution. We dispatch around 200 orders each day to more than 2,500 retail and commercial outlets across our markets. The market is slowly shifting to online, but given the vast distances and generally low purchasing power, local supply still accounts for more than 95% of total sales.

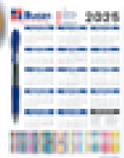
[Promotional Activities]

G-2, V Board Master and refills, SCA-100/400 markers and FRIXION range are our top 5 product ranges.

G-2 was established as the market leader more than 20 years ago. We continue to grow it every year. Our permanent and whiteboard markers have been late entrants to the market, but we have done a solid job of eroding sales from the market leaders and continue to gain share annually. FRIXION is also well established.

The promotional plan focuses on these main items. We print more than 250,000 end-user promotional brochures/promotions, 200,000 personalized calendars, and 2M exam pad cover designs. All promotional tools are branded with the PILOT logo wherever possible.

Promotional initiatives



G-2 Calendar

In-store

PPSA Staff

Initiatives of Global Group Companies

China

https://www.pilotpen.com.cn/

Pilot Pen (Shenzhen) Co., Ltd. (PPSZ)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Director & General Manager **Tomohisa Hato**

I joined the company in 2024 after working in product planning for a stationery manufacturer, as well as at an advertising agency and a food company. I have been involved in business in China for about 27 years and consider it my life's work to develop and grow Japanese-quality products through highly precise marketing.

[Company Profile]

Established in 2004, PPSZ currently has about 300 employees. Its greatest strength lies in its sales structure, which covers all provinces across China with more than 200 sales personnel divided between offline and online channels. In the offline channel, PPSZ supports stationery wholesalers and stores through a network of 26 sales offices covering 76 cities. In the online channel, the company operates its official flagship stores on Tmall and JD.com and supplies products to more than 100 authorized stores. Personnel in both channels are engaged in product ordering operations and in the implementation and management of BTS (back-to-school sales during new school enrollment, school year, and semester periods) and test sales (during the university and high school entrance examination period). Furthermore, the offline channel supports stationery stores through initiatives such as concentrated product displays and in-store demonstrations, while the online channel engages in planning and managing sales promotion programs.

Beyond its sales support functions, the Shenzhen headquarters also has product planning and data marketing departments. These departments are responsible for everything from planning products that anticipate changes in the Chinese market to implementing integrated advertising initiatives across both offline and online channels and evaluating their effectiveness.

[Market Environment and Strategies]

The market environment, which had been experiencing sustained growth, has changed significantly since entering a period of economic stagnation following the COVID-19 pandemic. Consumers have become increasingly price-conscious and more inclined to refrain from spending. Additionally, businesses have adopted drastic low-price strategies in an effort to survive. Against this backdrop, Chinese domestic manufacturers have also begun to gain prominence in the writing instruments industry.

In response to these market conditions, PPSZ has formulated a strategic and systematic new business policy based on market potential and its business resources. The company is undertaking reform in how its products are presented through the "PILOTech" initiative aimed at fostering trust in the brand by redefining and communicating product advantages from the perspective of Chinese consumers. It is also working on reform in how its products are communicated through an "integrated advertising strategy" designed to boost sales across both offline and online channels, and reform in how its products are sold through initiatives such as delivery sales (quick commerce), which operate at the intersection of offline and online retail.

[Main Products]

- Juice: PPSZ's No. 1 product in both sales value and units sold, which is highly regarded for its extensive color variations and vibrancy
- P-500: Established as the quintessential pen for entrance examinations because it enables users to write even fine, small characters clearly thanks to its needle-point tip
- KIRE-NA: Achieved rapid growth following its launch by focusing its appeal on preventing ink bleeding, a common concern among Chinese users
- Premium fountain pens: The three series (Custom, Capless, and Elite) enjoy strong support among fountain pen enthusiasts.

[Promotion Activities]

To increase awareness of PILOT as a premium fountain pen brand and expand sales of fountain pens for students, PPSZ collaborated with leading bookstores to hold a fountain pen event entitled PILOT Collection at its flagship Hangzhou store in November 2025. The opportunity for visitors to try the pens and the special-edition Panda model of KAKUNO pens attracted considerable attention. As a result, fountain pen sales increased significantly not only in Hangzhou but across China.

In the autumn of 2025, PPSZ held the PILOT Carnival event in four cities: Shanghai, Chengdu, Shenzhen, and Suzhou. The event was popular among young people who enjoy writing instruments, particularly university students.

[Initiatives to Spread Our Purpose]

In September 2025, a key-person workshop was conducted with the cooperation of the headquarters. Since then, PPSZ senior employees have promoted understanding and sharing of PILOT's Purpose throughout the organization via sales meetings and other opportunities.

Internal training to spread our Purpose

PILOT Collection fountain pen event

P-500 CP print advertisement highlighting the new needle-point tip

KIRE-NA, which was launched in the Chinese market in 2025

Concentrated product displays designed to improve visibility

Special-edition "KAKUNO Panda" model of KAKUNO pens

Initiatives of Global Group Companies

Taiwan

https://www.pilot-pen.com.tw/

The Pilot Pen (Taiwan) Co., Ltd. (PPTW)

Business Activities Sales of products

Company Category Consolidated subsidiary

Director & General Manager **Masanari Ichihashi**

I joined the company in 2000 and assumed my current position in March 2026 after serving in finance-related positions in Indonesia, the United States, and China. Building on the foundation built up by my predecessors, I and all PPTW employees are united in working together with our full commitment.

[Company Profile]

Established in 1993, PPTW has spent more than 30 years expanding sales of PILOT products while competing against both Japanese and local manufacturers. Today, it has garnered support as a manufacturer known for reliability and trustworthiness and boasts the No. 1 market share in Taiwan's writing instruments market.

[Market Characteristics]

Within the mature Taiwanese market, Japanese stationery products are highly regarded for their quality, functionality, and design, and have maintained strong competitiveness in the mid- to high-price segments for many years.

[Main Products]

Gel ink ballpoint pens are particularly popular in the Taiwanese market. Among them, PILOT's Juice up pens have earned overwhelming trust, particularly among students, and hold the No. 1 market share*. The primary reason for this is their smooth writing performance. PPTW also strives to encourage customers to actively seek out and purchase its products by differentiating them from competitors through the installation of dedicated display stands.

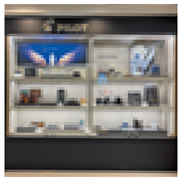
[Promotion Activities]

In addition to consumable writing instruments, PPTW has also begun placing emphasis on premium writing instruments. It has sponsored stores featuring a "PILOT Corner" that showcases the full range of premium products available in Taiwan and has held Pen Clinic events at those locations. In addition, its website was redesigned to make it easy to search for premium products.

[Initiatives to Spread Our Purpose]

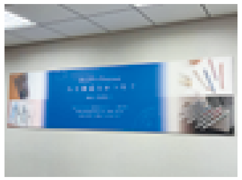
Employees established a "Purpose Group" in which they devise and act on their own initiative with the aim of spreading our Purpose among all employees. In addition to hanging up large posters in meeting rooms, PPTW is initially focusing on promotion of social contribution activities in which employees can directly participate, such as beach cleanups and tree-planting activities. Going forward, it plans to further expand these voluntary activities.

*Based on PILOT's own research



Dedicated fountain pen display stand

KIRE-NA event



Large Purpose poster in a meeting room

Beach cleanup activity

Hong Kong

https://www.pilotpen.com.hk/

Pilot Pen Co., (Hong Kong) Ltd. (PPHK)

Business Activities Sales of products

Company Category Consolidated subsidiary

Managing Director **Kengo Ichikawa**

I joined PILOT CORPORATION in April 2000 and was assigned to the Domestic Sales Division. In July 2008, I was transferred to the International Sales Division, and since August 2022, I have worked for Pilot Pen Hong Kong.

[Company Profile]

Pilot Pen Hong Kong was established in 1984, and 2026 is the 42nd anniversary. We conduct sales activities in Hong Kong and Macau. Targeting users ranging from the affluent to the middle class, we sell a wide range of products, from Namiki to standard lines.

[Market Environment and Strengths]

While indirectly governed by China under the "one country, two systems" framework, Hong Kong maintains its status as a free port with limited administrative restrictions. Free competition is deeply ingrained, leading to rapid market shifts and short-lived trends. Hong Kong residents generally possess high purchasing power and strong trust in Japanese brands.

With population growth, the number of students is expected to increase, expanding opportunities in the writing instruments market. In the writing instruments market, Japanese brands remain popular, occupying nearly 80% of stationery store shelves, while Chinese brands are gradually spreading among users seeking lower prices.

[Main Products and Promotional Activities]

We are focusing our sales promotion efforts on Juice, Juice up, and FRIXION products for students.
We are increasing opportunities to directly introduce products to students through on-campus sales events and collaborations with cram schools.

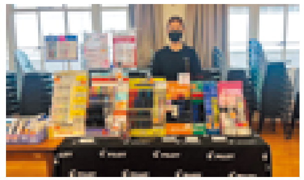
With students as our main target, we have positioned Juice, Juice up, and FRIXION ball CLICKER as our strategic products, focusing all activities—including in-store promotions, promotions at our customers' stores, and trade fairs where Pilot Pen Hong Kong exhibits independently—on these three items.

With the cooperation of a book and stationery chain store operating 32 outlets, we conduct product demonstrations two to three times a month at shopping malls and secondary schools.

At the Hong Kong Book Fair in July 2026 (the largest book and stationery trade fair in Hong Kong), we plan to launch the limited editions of FRIXION ball CLICKER and FRIXION Light featuring panda characters designed by Ocean Park (Hong Kong's amusement park, which owns pandas).

Demonstration at a shopping center

Demonstration at a shopping center



Demonstration at school

Initiatives of Global Group Companies

ASEAN Regional Headquarters

PT PILOT PEN SOUTH EAST ASIA (PPSEA)

Business Activities: Management and oversight of subsidiaries and distributors across ASEAN countries

Company Category: Consolidated subsidiary

President and Director **Mitsuhiro Yamashita**

After serving as an external consultant to the International Sales Division, I established the ASEAN regional headquarters in November 2024 and am currently stationed in Indonesia. I am promoting business expansion while leveraging my 38 years of experience in overseas business at manufacturing companies, along with extensive personal connections and knowledge.

[Background to the Establishment of the Regional Headquarters]

At present, PT PILOT PEN SOUTH EAST ASIA (PPSEA) promotes business operations in six countries (Indonesia, Singapore, Malaysia, Cambodia, Myanmar, and Brunei) in collaboration with three sales companies, while also overseeing our Indonesian manufacturing company (PPI). In 2026, PPSEA is also scheduled to assume oversight of Thailand, Vietnam, the Philippines, and Laos.

For many years, business in ASEAN countries has been conducted through capital alliances with local partners. However, we have increased our ownership stakes in ASEAN companies in order to enable swift management decision-making in ASEAN markets where population growth and rising purchasing power are expected, for management control and the execution of ASEAN-wide strategies as a PILOT Group company. The company has made business investments from a medium- to long-term perspective, including advertising and sales promotion expenditures to strengthen brand equity, the recruitment of management personnel, and the implementation of ERP systems, thereby further enhancing its market competitiveness and distribution network.

In addition, by making PPI a wholly owned subsidiary, PPSEA has enhanced production and quality management from Indonesian domestic standards to PILOT standards and has begun implementing reforms aimed at transforming PPI into a Group production site.

[Characteristics of the ASEAN Market and Strategy]

ASEAN consists of ten countries, which have significant differences in terms of population, economic scale, purchasing power, religion, language, political systems, and affinity toward Japan, as well as PILOT's market share and brand recognition. Each country possesses distinct market characteristics and offers considerable unique potential.

All markets are important regardless of their current business scale, and none is given greater or lesser priority. However, based on our current position in each country, specific roles have been assigned to individual markets. These include markets focused on scale (Indonesia, Thailand, Vietnam, and the Philippines), markets focused on profitability (Singapore and Malaysia), markets focused on growth (Indonesia, Thailand, and the Philippines), markets focused on maintaining market share (Singapore, Malaysia, and Brunei), a market used for new product and channel endeavors and to accumulate insights (Singapore), and a market in the introductory stage of market development (Laos). With the respective roles of these countries, PPSEA aims to serve as a hub for business information, providing and sharing both successful and unsuccessful case studies among ASEAN Group companies.

[Role of the Regional Headquarters]

PPSEA strengthens and expands distribution networks in each country, enhances marketing capabilities, develops market-specific products, and executes production with appropriate quality and flexibility. While taking an overarching view like a think tank that links and integrates country-specific strategies with the overall ASEAN growth strategy, the company formulates plans for expanding the scale of the ASEAN business and carries out overall implementation management through efficient and adaptive management decision-making. In addition, at four ASEAN companies in which the Group has increased its ownership stake (Singapore, Malaysia, and two companies in Indonesia), PPSEA conducts monthly management meetings, department head meetings, marketing meetings, and the like, while also providing management training for both Japanese expatriate staff and local senior employees.

[Product Strategy for the ASEAN Region]

PPSEA will strengthen relationships with distribution partners through a full-scale entry into the high-volume market segment while simultaneously expanding sales of FRIXION, V Board Master, and other high-value-added products among affluent consumers.

[Efforts to Realize Our Purpose]

PPSEA aims to be a reliable strategic think tank. While maintaining an efficient business operating structure, it seeks to develop the deepest understanding of PILOT's Purpose and promote its spread through concrete measures.

[Looking Ahead]

While gathering political and economic information and building the personal networks necessary to advance business throughout the ASEAN region, PPSEA will develop and strengthen its functions as a strategic think tank that can provide timely and effective support for the formulation and execution of strategies by operating companies in each country. In doing so, it will create a new role for a manufacturer's regional headquarters, encompassing production, development, sales, and marketing.

Asian international meeting

BPT-P Pastel promotion*


FRIXION display*

Display contest held in Indonesia (1)*

Display contest held in Indonesia (2)*

*Examples of activities conducted within the regional headquarters' area of responsibility

Initiatives of Global Group Companies

Singapore

https://pilotpen.com.sg/

Pilot Pen (S) Pte Ltd. (PPS)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Taisuke Ryu**

I joined the company in 2000. After working in domestic sales, I moved into international sales, covering Asia/Oceania and the Middle East, and was later stationed in South Africa. Since 2024, I have been based in Singapore. Drawing on the success stories I have cultivated across various regions, I adapt them to local markets to drive business growth.

[Company Profile]

Established in 1984, PPS is highly recognized as Singapore's No. 1 writing instruments manufacturer*, holding the top market share* in five of the eight major product categories: mechanical pencils, oil-based ballpoint pens, gel ink ballpoint pens, water-based ballpoint pens, and oil-based markers. Under the slogan, "To supply a wide range of products to meet the needs of a diverse community," PPS offers an extensive lineup of high-quality, high-value-added products. Leveraging its strong brand equity and distribution network, the company is expanding into new product categories and sales channels, with the goal of becoming a model case for the ASEAN region.

[Market Environment]

Singapore is a high-income country where Japanese brands enjoy a high level of trust, making it a mature market in which Japanese manufacturers compete with one another. While major retail chains dominate the market, there is also steady demand for premium writing instruments among professionals, and PILOT's premium brand Namiki has established a loyal customer base. In the student segment, gel ink pens and oil-based ballpoint pens are popular, and Acroball has become widely established as a popular pen for examinations. Against the backdrop of growing environmental awareness, the BEGREEN series has also secured demand from corporate and government customers.

[Main Products and Promotion Activities]

- V Board Master: As the company's No. 1 item, it is supported through ongoing sales promotions and packaging initiatives
- G-2: A staple product for office and wholesale customers, with optimal tailored proposals developed for each customer
- KIRE-NA: Promoted based on its functional benefits, emphasizing hands-on product experience through sampling

[Initiatives to Spread Our Purpose]

PPS has continuously sponsored Race to Sustainability, an environmental education event held at Gardens by the Bay, for the past 10 years, and also helps raise environmental awareness among students through BEGREEN products.

*Based on PILOT's own research

Juice marché

Vending machine

School representatives participating in Race to Sustainability

Senior Minister of State for Sustainability and the Environment Zaqy Mohamad (second from left) also participated

Malaysia

https://pilotpen.com.my/

Pilot Pen (Malaysia) Sdn. Bhd. (PPM)

Business Activities: Sales of products
Company Category: Consolidated subsidiary

Managing Director **Haruyuki Tomonaga**

I joined PILOT CORPORATION in April 2002. Following roles in the Domestic Sales Department, International Sales Department, and Finance, I was seconded to The Pilot Pen Co. (U.K.) Ltd. for three years. In 2024, I was seconded to Pilot Pen (Malaysia) Sdn. Bhd. and appointed as Managing Director.

[Company Profile]

Pilot Pen Malaysia (PPM) was established in 1984 in Malaysia. Over the years, PPM has developed a comprehensive distribution network covering wholesalers and retailers, ensuring that PILOT products are widely accessible to consumers across the market.

[Market Environment]

The Malaysian market is price-sensitive but brand-aware, where consumers value both affordability and product quality. In the stationery and writing instruments category, demand is driven by students and professionals, with seasonal peaks during the back-to-school period and exam seasons.

Retail channels include large bookstore chains, stationery retailers, and online platforms, allowing brands to reach a wide range of customers. Overall, Malaysia's market is characterized by its diverse consumer base, strong retail network, and increasing appreciation for quality writing instruments and creative expression.

[Main Products and Promotional Activities]

G-2 Gel Pen
A smooth-writing, refillable gel pen known for its durability and comfortable grip. Popular for its consistent ink flow and reliability for daily writing.
Promotions: Gift sets with notebooks during the year-end gifting season, and Teachers' Day promotion bundle using the special edition G-2.

Juice & Juice+ series
A vibrant gel pen series known for smooth writing and a wide range of colors, popular among students and young adults.
Promotions: Juice Buy & Win campaigns, launch of limited sets, and gift-with-purchase items such as pen charms.

V Board Master Whiteboard Marker
A refillable whiteboard marker designed for longer writing performance and reduced plastic waste.
Promotions: Teachers' Day promotion gift set and inclusion in a bundle set for the year-end back-to-school promotion display stand.

KLCC Bookfest 2026

Fountain pen workshop

Juice+ promotional staff T-shirt

Juice series signboard at Pustaka Rakyat

Initiatives of Global Group Companies

Sales activities in Indonesia

https://pilotpen.co.id/en/home/

PT Pilot Pen Marketing Indonesia (PPMI)

Business Activities: Sales of products

Company Category: Non-consolidated subsidiary

President and Director **Daisuke Sekitani**

I joined the company in 2004. After working in domestic sales for four years, I was seconded to our U.S. subsidiary and served in international sales, working in Latin America, South Korea, and the ASEAN region. Since assuming my current position in Indonesia in 2023, I have been committed to sales and branding enhancement.

[Company Profile]

PPMI was established in October 2023 with the objective of expanding sales and increasing awareness of the PILOT brand in the Indonesian market. Previously, sales were conducted primarily through distributors. However, with the establishment of a directly managed sales company, PPMI is pursuing long-term brand penetration and business expansion under the key phrase "Grow the Brand," while working with its 35 local employees to build a foundation for nationwide expansion across Indonesia.

[Market Environment]

Indonesia is a market expected to see sustained growth going forward given its population of approximately 280 million—the fourth largest in the world—and large youth demographic. As an archipelagic nation, Indonesia's population is dispersed across various regions, and PPMI is promoting nationwide expansion through its regional distributor network.

The writing instruments market is characterized by intense competition among local, Japanese, Western, and Chinese brands. However, having been sold in Indonesia for more than 60 years, PILOT is strongly recognized as a leading brand.

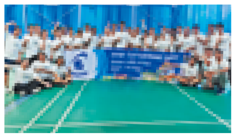
[Main Products and Promotion Activities]

- HI-TEC-C: Its fine writing performance and resistance to ink bleeding have generated strong demand for educational use at Islamic schools
- BPT-P: A long-time bestselling product with a history of more than 30 years. Pastel-colored bodies were introduced in 2025
- Ball Liner: Highly favored as a pen for signatures, reflecting Indonesia's culture of using handwritten signatures
- FRIXION ball CLICKER, FRIXION Light: Brand awareness is being expanded primarily in major urban areas through in-store "FRIXION Time" demonstration events

[Looking Ahead]

At PPMI, creating an environment in which local staff can take pride in working as PILOT employees is a key priority. Building on relationships of trust with business partners and distribution partners, PPMI aims to become the No. 1 brand in the Indonesian market by continuing to provide high-quality products and service as well as excellent hospitality.

Customer gathering



Internal badminton event

FRIXION Time booths and staff uniforms

Manufacturing in Indonesia

PT Pilot Pen Indonesia (PPI)

Business Activities: Manufacturing of products

Company Category: Non-consolidated subsidiary

President and Director **Kunitomo Itoh**

I joined the company in 1990. For 35 years, I was engaged in the manufacturing of writing instruments at the Isesaki Factory. After being assigned to the ASEAN regional headquarters in Indonesia, I was subsequently posted to PPI, the manufacturing-focused company in the country. I aim to expand production, reduce costs, and enhance quality control.

[Company Profile]

Since establishing a joint venture with a local distributor in 1992, PPI has been engaged in the production of oil-based ballpoint pens for export (with ink and tip materials imported from Japan), the molding and assembly of mechanical pencil lead cases (with leads imported from Japan), and the assembly of mechanical pencils. In addition to these activities, the company assembles water-based and gel ink ballpoint pens, as well as felt-tip pens, for the Indonesian domestic market. Following the dissolution of the joint venture in December 2023, PPI became a wholly owned subsidiary of PILOT CORPORATION. Today, it conducts integrated production of oil-based ballpoint pens, covering everything from molding and tip processing to final assembly. It also manufactures water-based ballpoint pens, mechanical pencils, and mechanical pencil leads through component assembly. As supply chains become increasingly global, the company serves as an important manufacturing base within the PILOT Group. The company is committed to initiatives focused on corporate value enhancement, production and operational efficiency improvement, quality control, safety and health, and 5S activities.

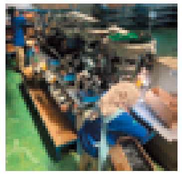
[Improving Production System Efficiency]

PPI is working to improve production system efficiency in a variety of settings and through a variety of methods, including the creation of work manuals, improvements to assembly processes, and reviews of staffing requirements at each stage of production. For a factory with manufacturing functions, this is an ongoing challenge that goes hand in hand with cost reduction efforts. Among these efforts, a layout change implemented at the end of last year for the warehouse and manual assembly departments, based on the concept of minimizing the movement of people and things, is expected to deliver significant benefits. In addition to improving efficiency, the initiative has also succeeded in securing additional available space within the factory.

[Vision as a Production Base]

To realize the production of mid-priced products, PPI is pursuing manufacturing only possible in Indonesia. In order to play a role as one of PILOT's production bases aimed at product exports, the company will first aim to begin production of new products primarily for the ASEAN market, while working not only to manufacture products but also to improve the quality of the factory itself.

PPI factory (Cikarang)



Automated assembly (HUTT)

Manual assembly operations

Initiatives of Global Group Companies

India https://www.pilotpen.co.in/

PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED (PPIN)

Business Activities: Manufacturing and sales of products

Company Category: Consolidated subsidiary

Managing Director **Hiroki Kisaichi**

I joined the company in 2004. After working in domestic sales and being seconded to the U.S. subsidiary, I served in international sales, working on the Philippines and Oceania, the Middle East, and Central and South Asia. Since August 2022, I have led the establishment of PILOT's presence in India as Managing Director of PPIN, PILOT's wholly owned Indian subsidiary.

[History of PILOT's India Business]

PILOT's relationship with India dates back to 1952, when the company was engaged in the local production and sale of fountain pens. In 2022, with an eye toward further growth, PILOT established PPIN, a wholly owned local subsidiary. In 2023, PPIN established its own factory in the Manesar industrial area in Haryana and began producing water-based ballpoint pens. In 2025, PPIN opened the Group's first standalone PILOT-brand specialty store in Gurugram. In addition, the company's Pen Clinic events, where fountain pens are repaired, have become a symbolic initiative in fostering the PILOT brand community. Longtime PILOT fans have even taken multi-flight trips from other cities to attend these events. These activities are becoming the foundation for long-term value creation in the Indian market.

[Characteristics of the Indian Market]

India has a very large population of children and students and a deeply rooted culture of writing, making it a market with strong demand for writing instruments. Growing investment in education has provided further momentum, and students constitute PPIN's primary customer segment. At the same time, the market is home to many local manufacturers. As a result, PPIN has focused on water-based ballpoint pens—particularly cartridge-type products—for which clear differentiation can be achieved through quality. Today, the company is also strengthening promotional efforts aimed at establishing the global bestseller FRIXION series in the market. Taking into account the growth potential and diversity of the Indian market, PPIN aims to achieve sustainable business expansion by balancing the provision of high-quality products with the spread of brand value.

[Local Production System]

At the Manesar factory, which began operations in 2023, three types of writing instruments are currently produced locally (as of March 2026): a reservoir-type water-based ballpoint pen and two types of direct-liquid water-based ballpoint pens. The company is also currently transferring technology for cartridge-type water-based ballpoint pens. The number of employees has grown from the originally planned 312 to 464 as of the end of December 2025, contributing to local job creation.

[Role of the PILOT Brand Specialty Store]

The PILOT brand specialty store is positioned not merely as a place to sell products, but as a space where visitors can experience the PILOT brand world and the value of writing firsthand. Rather than focusing solely on premium-priced products, the store serves as a branding hub that nurtures PILOT fans through a wide range of products.

[Main Products]

- HI-TECPOINT 05 (reservoir-type water-based ballpoint pen)
- HI-TECPOINT V5/V7 (direct-liquid water-based ballpoint pen)
- HI-TECPOINT V5/V7 CARTRIDGE SYSTEM (cartridge-type water-based ballpoint pen)

All of these products are highly regarded, particularly among students, as high-quality water-based ballpoint pens that can be clearly differentiated from those of local manufacturers.

[Promotion Activities]

Centered on the HI-TECPOINT V5/V7 CARTRIDGE SYSTEM, the following initiatives have been highly regarded not only as product promotion activities but also as efforts aimed at contributing to the culture of writing (see p. 40):

- During the back-to-school season, a campaign offering one free refill with the purchase of a pen body was conducted and promoted in *The Times of India*, the Indian national newspaper
- The "Ink Your Inspiration" essay-writing contest was held, involving about 150 schools and 40,000 students, with about 45,000 writing instruments provided to participants

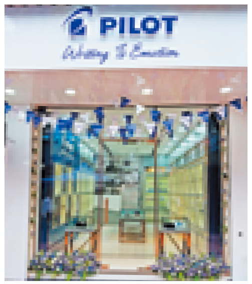
[Initiatives to Spread Our Purpose]

Purpose-themed workshops have been conducted for both office and factory personnel. By utilizing global workshops led by headquarters and video messages from President Fujisaki, PPIN is promoting initiatives that connect each employee's day-to-day work with PILOT's Purpose. These initiatives are scheduled to continue on an ongoing basis.

[Looking Ahead]

Although PPIN is still a young company, it will continue taking on new challenges rooted in the Indian market while steadily building its business foundation.

Promotion featured in a local newspaper



PILOT Shop (the first store overseas)

Office and factory building

In-House Diwali Festival 2025 (Diwali is the Festival of Lights, one of India's three major festivals and the country's most important celebration)

Initiatives of Global Group Companies

Japan

https://www.pilot.co.jp/english/

PILOT CORPORATION

Business Activities: Manufacturing and sales of products

Company Category: Headquarters

Executive Officer, General Manager of Domestic Sales Division **Shinya Saimu**

After a 30-year career as a banker, I joined the company. In the Domestic Sales Division, I primarily drove the development of new mass-retail channels and the e-commerce business, and was appointed General Manager of Domestic Sales Division last year. I am currently working to improve profitability by reducing costs through reforms to the company's domestic logistics operations.

[Market Environment and Strategies]

The Japanese writing instruments market is considered one of the most competitive in the world, with high standards for quality and functionality. A large number of writing instrument manufacturers operate in Japan, and PILOT CORPORATION offers a full range of products offering stable quality across all categories, from premium writing instruments such as fountain pens to inexpensive products all sold at the same price. In addition, manufacturers introduce products with new functions and value propositions one after another almost every year, making market competition extremely active. Amid this environment, PILOT CORPORATION places great importance on continuously refining its product capabilities while consistently proposing new value-added products that accurately address customer needs.

Meanwhile, in terms of sales channels, 100-yen stores that sell products all at one price, as well as e-commerce channels such as Amazon, have significantly increased their market share. In response to these changes in the market environment, PILOT CORPORATION has established a finely tuned sales structure tailored to each sales channel. In addition to stationery specialty stores, mass retailers, and e-commerce, the Company has established organizations dedicated to the specific requirements of each channel, including promotional merchandise and OEM business. This structure enables the Company to directly understand the needs of retailers and customers throughout Japan.

[Japan's Role in the Global Business]

The Japanese market plays an important role in the Company's global business. Japan's leading writing instrument manufacturers excel in quality, design, and price competitiveness, and possess strong global brand equity. The insights on customer needs and sales gained through competition in the fierce Japanese market provide important guidance for both product development and marketing.

In fact, there are many cases in which products and marketing expertise cultivated in the Japanese market have contributed directly to the Company's overseas expansion. One representative example is the Capless fountain pen, which incorporates a retractable mechanism. After being well received in the Japanese market, it grew into a globally successful product.

By leveraging the insights gained in the Japanese market in its global business, the Company continues to develop competitive products for markets around the world.

[Initiatives for Further Growth]

In order to continue growing in the Japanese market, we believe it is important to accurately grasp customer needs and continuously propose products that offer new value not available from competitors.

PILOT CORPORATION has been promoting new product categories centered on high-value-added products, including the FRIXION series of erasable ballpoint pens. One example is the FRIXION ball Switch, a multifunction writing instrument that, for the first time in the series, combines erasable ink and non-erasable ink in a single pen. It is marketed as a product suitable for a wide range of applications, from notebooks to documents to envelope addressing.

In addition, KIRE-NA, a highlighter that produces clean lines and dries quickly, is sold in Japan and East Asia, and cumulative sales have exceeded 10 million units. The Company is also considering expanding the product worldwide in the future.

On the sales front, in addition to creation of displays and promotional activities at brick-and-mortar retail stores, the Company is strengthening its efforts in e-commerce channels. By combining online and offline approaches, the Company is working to deliver the value of its products to an even broader range of customers.

[Looking Ahead]

The Japanese market will continue to be one of the Company's important markets going forward. In the fiercely competitive market environment, PILOT CORPORATION believes it is important to accurately identify customer needs and continuously propose products that offer new value.

Going forward, the Company aims to further enhance the product capabilities and brand value cultivated in the Japanese market while developing as many category-leading products as possible.

By expanding the knowledge and products gained in the Japanese market into global markets, the Company aims to offer competitive products around the world.

FRIXION ball Switch promotion at Tokyo Station

KIRE-NA in-store promotion

Strategy (2) Grow with Non-Writing Instrument Businesses as the Second Pillar:

Message from the Senior Managing Executive Officer in Charge of the Non-Writing Instrument Business

Takeshi Kodaira
Representative Director
Senior Managing Executive Officer

Supporting people's creativity, we aim to fulfill our Purpose across a broader range of domains

Why we are taking on new business areas

Against the backdrop of advances in digital technology and changes in people's behavior, the means of creative expression are diversifying. We recognize that these changes could bring structural changes to the writing instrument market, currently our Group's core business, over the medium to long term.

At the same time, the diversification of the means of creative expression also means that the forms of value that support people's creativity are expanding. Under our Group Purpose, Our Creations Inspire Creativity, we have supported people's learning, expression, and creative activities through writing instruments. We believe that continuing to inspire people's creativity and deliver intellectual joyful thinking and visionary experiences, even in this changing era, will lead to the sustainable growth of our Group.

With this understanding, we are working to expand our business domains by utilizing the earnings generated by our writing instrument business, with the aim of developing businesses that will become future earnings pillars.

Strengthening the Group's competitiveness by leveraging assets cultivated through writing instruments

Our approach to new business areas has been fundamentally based on rollouts that draw on strengths along the extension of our existing businesses. Drawing on the assets cultivated through more than 100 years in the writing instrument business, including technology, production capabilities, development capabilities, ideas, and intellectual property, we are working to create new value. To date, we have created products with unprecedented value, such as the FRIXION series, which offered the new value of being erasable, and the Dr. Grip writing instruments, which prevent fatigue even during extended use. Building on this track record of value creation and the knowledge cultivated through it, we will create value in new business areas as well.

Our writing instrument business is the foundation of our value creation, and the technology and know-how born from it have the potential to be applied not only in areas adjacent to stationery but in a wide range of fields. By leveraging these assets, we aim to expand our business domains and connect this to strengthening our competitiveness as a Group.

A phased rollout from applying technology to creating new businesses

We are advancing a phased rollout that will lead to the creation of new business areas.

First, we are applying the technologies and skills cultivated in our writing instrument business to expand into areas adjacent to stationery and into new domains. For example, CACORNE, a colored pencil for young children, is a product that proposes new value while making use of writing instrument technology.

We are also working to create new value related not

Strategy (2) Grow with Non-Writing Instrument Businesses as the Second Pillar:

Message from the Senior Managing Executive Officer in Charge of the Non-Writing Instrument Business

only to products themselves but also to people's experiences and creative activities. Initiatives that go beyond the conventional framework of writing instruments are emerging as well, such as DIGIKAKU and Cotobable, experience-based content that combines digital with handwriting.

Building on these initiatives and drawing on the diverse assets cultivated through our writing instrument business, we will keep taking on the challenge of creating new businesses that go beyond manufacturing, aiming to create new value.

Combining internal and external initiatives to nurture seeds of new businesses

To drive the creation of new value, we have established the Future Creations Office as an internal organization.

CACORNE writing instrument for young children (top) and YUDANGI (left)

The Future Creations Office is exploring new business opportunities, generating ideas, building prototypes, and conducting proof-of-concept experiments unbound by our existing business domains. In 2025, we developed YUDANGI, comfort-focused everyday wear made with Bishu wool from Aichi Prefecture. Together with YUDANFU, a line of clothing accessories that includes wide stoles and neck warmers, we have launched an apparel brand of everyday wear for creativity.

We also released TIME VASE in 2026, a vessel for celebrating time that fuses Arita ware with our temperature-based color changing ink technology. When hot water is poured into it, the colors on its surface change gracefully and then slowly return to their original colors over 30 to 60 minutes. We propose a new value: enjoying this gradual transformation as a rich and creative passage of time. We have begun developing and showcasing goods and experiences with new value by combining Japanese traditional crafts and their regions of origin with our ideas and technology.

Alongside our internal initiatives, we are also actively building collaborations with external partners. Through alliances with companies, research institutions, and others, we are broadening the possibilities for creating new value by combining different technologies and ideas.

Combining these internal and external initiatives to nurture seeds of new businesses is the basic approach to our creation of new businesses.

Aiming for a second pillar of earnings

Through these initiatives, we aim to build a new earnings base to follow our writing instrument business, and we intend to cultivate a second pillar of earnings from a me-

dium- to long-term perspective.

Building on our manufacturing to date, we will advance initiatives that look beyond the provision of products to also include the provision of value related to people's experiences and creative activities.

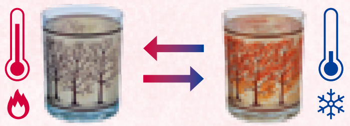
And in our new business areas as well, we want to support the activities of each individual engaged in creative work, such as communicating, thinking, learning, playing, and producing, broadening their creative capabilities and delivering intellectual joyful thinking and visionary experiences to each person, thereby fulfilling our Purpose, Our Creations Inspire Creativity, across a broader range of domains.

Strategy (2) Grow with Non-Writing Instrument Businesses as the Second Pillar:
Expanding Business Domains from Our Writing Instrument Technology

With our writing instrument business at the core, we have expanded our businesses by drawing on the technology and know-how we have cultivated. Today, we are working to create new value in fields such as toys, jewelry, and industrial materials.

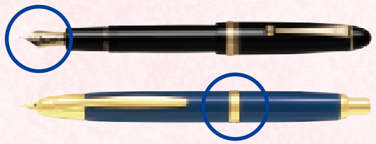
Temperature-based color-changing ink technology

The ink technology that **changes color as the temperature changes,** the origin of FRIXION



Fountain pen manufacturing technology

Outstanding **metal processing technology** for fountain pen nibs and bodies



Mechanical pencil lead manufacturing technology

Manufacturing leads by using technologies such as **kneading, extrusion molding, and firing**

Drawing on our existing technologies

Toys

A doll to take care of, whose hair changes color in water above 36°C and that can be played with both indoors and in the bath

- Cumulative domestic sales of Mellchan have surpassed 10.37 million units
- Going forward, strengthening overseas expansion in the toy domain
- Strengthening IP licensing rollouts for Mellchan, Ahiru taichou, and other characters

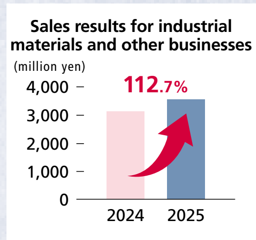
Jewelry

PILOT Bridal, obsessively committed to hardness and comfortable wear in pure platinum

Industrial materials and ceramic products

Manufacture of **fine-diameter, high-density, high-precision** ceramics

Uses: flow control components, sensor holders, semiconductor manufacturing equipment components, etc.



Demand for ceramics is strong in fields such as semiconductors and measuring instruments. To expand the business, we are enhancing our production system by improving the efficiency of in-factory layouts and bringing new equipment online.

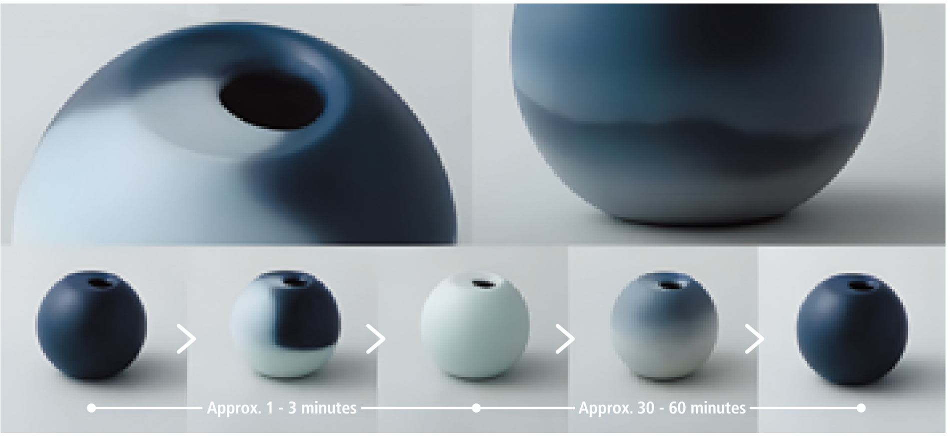
Strategy (2) Grow with Non-Writing Instrument Businesses as the Second Pillar:
Creating New Experience Value Through Products, Experiences, and Collaboration

While drawing on the technology and ideas cultivated through writing instrument business, we are taking on the challenge of creating new value that goes beyond products themselves. Building on manufacturing, we are advancing initiatives that broaden people's intellectual joyful thinking and visionary experiences by combining products, experiences, and collaboration.

Products x collaboration

TIME VASE

TIME VASE is a product that combines our ink technology that changes color with temperature and the traditional craft of Arita ware. Applying METAMO COLOR™ technology, the roots of the FRIXION series, the vessel changes color when hot water is poured in and gradually returns to its original color over about 30 to 60 minutes. It was developed as an interior piece that offers an experience of enjoying time itself, allowing one to relax or reflect while watching the changes.



In transition ◀ · · · Returning while colors and patterns change · · · ▶ Returning to the original

Approx. 30 to 60 minutes

*When approximately half-filled with 80°C hot water at a room temperature of 25°C
*METAMO COLOR™'s full color-erasing temperature: 45°C / full color-restoring temperature: 35°C

Handwriting x digital x place

DIGIKAKU SPOT

DIGIKAKU SPOT is a communication system that fuses handwriting with digital technology. It was created through joint development with Wacom Co., Ltd. and the creative production company BUTTON INC. It aims to create new experiential spaces that connect companies, customers, facilities, and others through handwriting and the act of drawing. Going forward, it is expected to be used for a variety of purposes, including driving foot traffic, promotions, product selection support, and surveys.

Starting from handwriting with a digital pen and tablet, we will explore new handwriting experience content, ranging from the collection and use of handwriting data to communication and product PR.

Strategy (3) Delivering Value to the Environment, Society, and Employees:
Sustainability Mindset and Initiatives

Toru Kameyama
General Manager, Corporate Planning Department

Toshiyuki Kikawa
Director and Managing Executive Officer

Being a company that generates value far into the future

What can the PILOT Group do to deliver intellectual joyful thinking and visionary experiences to the lives of people around the world? The Managing Executive Officer in charge of Sustainability and the General Manager of the Corporate Planning Department sat down to share their thoughts.

What sustainability means for PILOT

Kikawa At the PILOT Group, we are advancing sustainability initiatives under our Group Purpose, Our Creations Inspire Creativity.

The sub-statement of our Purpose contains the words: "We inspire joyful thinking and facilitate visionary experiences for everyone." We believe that this is the social role we should fulfill, and our greatest contribution to society.

The writing instruments we provide are tools that allow people to think, learn, and express themselves. The act of writing by hand is the foundation of learning and creativity, and it also supports the development of human thought and culture. We believe that supporting the creativity of people around the world in a range of areas, starting with writing instruments, is how our business contributes to society.

This thinking is also connected to our 2030 Vision. We aim to be a company that supports the act of writing around the world while also serving as a support for people, society, and culture in areas beyond writing. The fundamental approach to our sustainability is to contribute to building a sustainable society, including by delivering value to the environment, society, and our employees.

Delivering intellectual joyful thinking and visionary experiences around the world

Kameyama Since our founding, we have aimed to expand overseas, and today we supply writing instruments to more than 190 countries and regions around the world.

We do more than simply provide implements for writing—our products deliver a culture that nurtures learning and creativity to people around the world through putting pen to paper.

We see acts such as learning, recording, and creating as the foundation for deepening people's thinking and broadening their possibilities, and as important elements that support the development of education and culture.

By stably and continuously providing both our products and these experiences regardless of region or environment, we contribute to the sustainable development of society.

We see the global network we have built over many years not only as the foundation for delivering this value widely but also as the foundation for fulfilling our important social responsibility as a company that supports education and culture.

Initiatives that explore the value of handwriting

Kikawa For us, providing opportunities for learning and expression through writing instruments is itself a contribution to society. To further enhance that value and deliver it

Strategy (3) Delivering Value to the Environment, Society, and Employees: Sustainability Mindset and Initiatives

to more people, we are advancing a range of initiatives as a company. One such initiative was launching an organization to explore the act of writing by hand.

This organization is exploring themes such as how handwriting affects people's thinking, creativity, and learning, drawing on knowledge from both inside and outside the company.

Specifically, we are working with external research institutions on research that clarifies the characteristics of handwriting from the perspective of brain science, and we are participating in the Handwriting Exploration Team, an industry-academia-government joint project hosted by the Consortium for Applied Neuroscience (CAN), a general incorporated association. We plan to share the findings obtained through this work with society.

Together with these research activities, we are also working to widely communicate the value of handwriting to society. We are advancing activities to communicate the value of handwriting not only in Japan but also through events and educational activities overseas, including in the United Kingdom and Germany.

Going forward, by applying these research findings and activities to product development and business operations, we want to deepen society's understanding of the value of handwriting and also strengthen our own competitiveness.

Creating new value

Kameyama In addition to our writing instrument business, we are advancing the creation of value related to people's creativity and learning across a range of areas.

In our toy business, for example, we provide value that nurtures children's emotional development and creativity through Mellchan, our educational doll. With CACORNE, a colored pencil for young children, we offer the joy of drawing freely, proposing new value that encourages expressive activities in early childhood.

Beyond these, through characters such as Ahiru taichou, the ambassador for Kagoshima Prefecture's Kirishima hot springs, and bath-time toys promoting our concept of fun bath-time learning, we are also working to convey the joy of bathing. We also contribute to people's healthy and rich daily lives.

In 2023, we further established the Future Creations Office as a specialized organization for new business development, advancing the development of goods and experiences that inspired people's creativity.

Through these initiatives, we will continue to support people's creativity and the development of daily-life culture, contributing to the sustainable development of society.

Passing on a stronger business foundation to the next generation

Kikawa Our sustainability is connected not only to delivering value to society but also to building the foundation for our sustainable growth as a company. Initiatives aimed at strengthening our management foundation, such as strengthening human capital, enhancing governance, and improving the supply chain, are also important themes.

For example, we are currently working on developing a core system that will enhance our use of information globally, and on optimizing our supply chain. We are also working on human resource development and creating an environment where diverse talent can thrive.

In addition, we continue to work to reduce the environmental impact associated with our business activities. We are advancing efforts that include promoting environmental considerations in products and packaging and reducing the environmental impact of our production activities. Through these initiatives, we want to pass on a stronger business foundation to the next generation. While balancing the sustainability of society with our sustainable growth as a company, we want the PILOT Group to remain a company that continues to generate value far into the future. And through fulfilling our Group Purpose, Our Creations Inspire Creativity, we want to deliver intellectual joyful thinking and visionary experiences to people's lives.

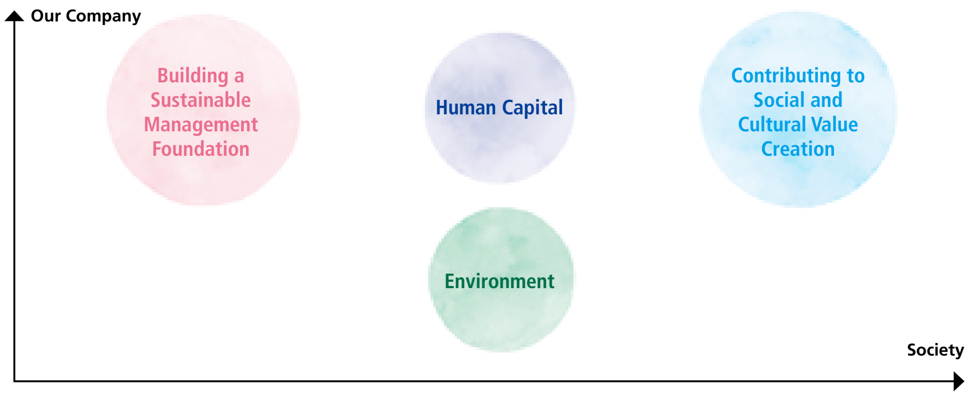
Strategy (3) Delivering Value to the Environment, Society, and Employees: An Overview of Sustainability

Our Group has established key sustainability tasks to promote sustainable growth and value delivery to stakeholders.
Guided by our Purpose, Our Creations Inspire Creativity, we advance our sustainability initiatives, reviewing them as appropriate in response to changing circumstances.

Process for identifying key sustainability tasks

	(1) Analysis of External Stakeholder Expectations	(2) Analysis of the Company's Key Sustainability Matters	(3) Sustainability Material Tasks Matrix
Overview	· We believe that the requirements, etc., of ESG rating agencies represent the sustainability initiatives that external stakeholders expect from our company, and we analyze their importance	· We select sustainability initiatives that we consider vital for our company and perform a comprehensive evaluation of their importance	· In light of **(1)** and **(2)**, we plot key sustainability tasks on coordinate axes · We create an evaluation matrix and identify our company's key sustainability issues
Discussion Points	· Sustainability issues that external stakeholders believe our company should address · Priorities related to the above	· Issues that should be addressed strategically in light of sustainability initiatives that we consider important as a company (opportunities and risks) · Priorities related to the above	· What are our company's key sustainability tasks?
Output	Organizing and prioritizing of external expectations ×	Organizing of the Company's key issues =	**Identifying sustainability material tasks**

Sustainability material tasks



Contributing to Social and Cultural Value Creation	• Providing products and services worldwide that help with creativity • Exploring the value of handwriting • Broadening the value of handwriting
Human Capital	• Human resource development • Engagement • DE&I • Health
Environment	• Environmentally conscious products • Resource circulation as a manufacturer • Pen recycling and PILOT Environment Class • Initiatives to reduce greenhouse gas emissions
Building a Sustainable Management Foundation	• Business reform • Governance • Compliance

Strategy (3) Delivering Value to the Environment, Society, and Employees: An Overview of Sustainability

Key Tasks	Themes and Directions	Main Initiatives	Main Numerical Targets and Results
Contributing to Social and Cultural Value Creation	· Promotion of initiatives, collaboration, and sponsorship in culture and education	· Providing products and services worldwide that help with creativity · Exploring the value of handwriting · Sponsorship of and collaboration on projects such as the "Writing is Important" Project · PILOT Pen Calligraphy Correspondence Course (since 1954)	**The "Writing is Important" Project** Cumulative participants since the 2023 launch: more than 20,000 **Handwriting Exploration Team** Launched an organization to explore the act of writing by hand
Human Capital	· Human resource development · Employee health	· Providing opportunities for autonomous growth and development support · Improving employee engagement · Promoting DE&I · Promoting health management	**Training and Education Expenses per Employee** Target of 100,000 yen by 2027 2025: 63,000 yen **Engagement Survey** Launched in 2026 **Female Manager Ratio** By 2027: 13% or more 2025: 11.1%
Environment	· Realization of a decarbonized society · Environmentally conscious products	· Promoting environmentally conscious product business · Promoting resource circulation · Chemical substance management · Promoting awareness initiatives including the PILOT Environment Class · Initiatives to reduce CO_2	**Greenhouse Gas Reduction** Reducing Scope 1 and 2 emissions (total) by 25% from 2021 levels by 2030 2025 result: 9.3% reduction **Number of PILOT Environment Class Participants** Cumulative participants since the 2023 launch: more than 16,000
Building a Sustainable Management Foundation	· Operational reforms · Governance · Compliance	· Operational reforms (SX / SCM / BCP) · Governance Building a management structure that contributes to sustainable growth · Compliance Responding to various regulations	**SX (Sustainability Transformation)** Progressing as planned toward launch **Supply Chain Management** Reduced local inventory of flagship products at our U.S. company by more than 20% year on year at the end of 2025 **Governance** · Engagement of an external organization in evaluating the effectiveness of the Board of Directors · Succession plan · Launched initiatives to instill and share our Purpose across Group companies **External Evaluation** Pilot Corporation of Europe S.A.S. received the top "Platinum" sustainability rating from EcoVadis

Contributing to Social and Cultural Value Creation: Broadening the Value of Handwriting

Japan The "Writing is Important" Project

We sponsor the "Writing is Important" Project, an educational program provided since 2023 by the Japan Culture Education Propulsion Mechanism that conveys the importance and significance of writing to elementary school students.

In addition to the basic module, in which children learn the meaning and value of writing, in 2026 the program began offering a planner module that fosters a daily writing habit. Each child taking part in the classes receives one FRIXION ball knock erasable ballpoint pen to use for hands-on practice. The program has been run at elementary schools across Japan, as well as at Japanese schools overseas and in special needs classes, and a cumulative total of more than 20,000 children have taken part since its launch.

India Essay contest for students

We have held the Ink Your Inspiration story writing contest for students since 2024, and in 2025 we held it again on an expanded scale. This event is held in partnership with India's largest newspaper, *The Times of India*, with the aim of making cultural contributions through writing. A further aim is to have students, our main target segment in India, experience our products and to expand recognition of the PILOT brand.

Last time, a total of 18,000 students from approximately 45 schools took part and we provided the same number of writing instruments. This time, the contest grew substantially, with approximately 40,000 students from around 150 schools participating and approximately 45,000 writing instruments provided.

Germany PILOT 4 SCHOOL

PILOT 4 SCHOOL is an educational support program centered around different themes. PILOT co-develops and provides pedagogical free materials for teachers and hosts contests in Germany and Austria designed to foster children's creativity in order to support education and to address social issues. In 2025, the initiative focused on raising awareness of the benefits of handwriting among students and educators.

This focus continues in 2026 with the school competition "Hello Future Me", encouraging students to express their ideas and future aspirations through handwritten formats. Through this initiative, PILOT further strengthens its engagement with schools and highlights the importance of handwriting in a digital learning environment.

U.K. Dear Future Self

The Dear Future Self campaign by PILOT encourages young people to reconnect with handwriting. It highlights how writing by hand organizes thinking, sparks creativity, and supports personal growth by encouraging reflection on identity and future ambitions.

The initiative invites U.K. students from KS2 to KS4 to write letters to their future selves via schools. Selected entries are shared on social media and compiled into a printed anthology. Participants can win personalized merchandise and prizes, with shortlisted letters published in book form. Nearly 600 submissions, leading to 40 shortlisted entries and 6 winners across age groups.

Overall, the initiative successfully promotes mindfulness, creativity, and wellbeing through the simple yet powerful act of handwriting.

Contributing to Social and Cultural Value Creation: Valuing Writing

Repair services and Pen Clinic initiatives

We offer repair services for all but some lower-priced products. Repairs are performed by dedicated staff at the Hiratsuka Factory in Kanagawa Prefecture and at the repair section of our head office in Kyobashi, Tokyo. Items submitted for repair come not only from within Japan but from around the world as well via our local sales bases, and are repaired in accordance with Japan's technical standards.

Although our products are manufactured as industrial goods, each item submitted for repair is a one-of-a-kind possession that the customer has used and cared for in their own way. We carefully inspect and repair each pen one by one. For fountain pens, our flagship product since our founding, we are able to accommodate requests such as adjusting ink flow to suit the user's preferences and writing style. Repairs are not limited to products currently on sale; we also repair older discontinued products as long as the necessary parts are available.

We also provide an international warranty on certain higher-priced products so that our customers can purchase our products with peace of mind, anywhere in the world. For three years from the date of purchase, if a manufacturing defect is found, we will repair the item or exchange it for an equivalent product at no charge. Even for products outside the scope of the warranty or after the warranty period has ended, we accept repair requests when defects arise. We strive to enable customers to use their valued writing instruments for as long as possible.

We have also held Pen Clinics as in-store events in Japan. In this initiative, we adjust on the spot the fountain pens that customers cherish or that have been sitting unused at home, so that they can be used with a better writing feel. The events also serve as a venue to demonstrate the advanced skills of our repair staff and to give users a sense of how reliable our product repair work is. Since 2024, we have been holding Pen Clinics overseas on a trial basis and gauging the response from local customers. Going forward, we will roll out this service worldwide (previously limited to Japan), with the aim of becoming a more trusted company with more trusted products.

To maintain and improve our repair services, Pen Clinics, and other services, we will continue to develop our dedicated staff.


Singapore


Pen Show in the U.S.


India

Financial Strategy: Message from the Managing Executive Officer in charge of Finance

Toshiyuki Kikawa
Director and Managing Executive Officer

We will steadily translate the results of our growth investments into future sales growth and improved profitability

Advancing the shift to a management foundation that supports our next stage of growth, toward our Purpose, Our Creations Inspire Creativity

Looking back at our Group's financial position, net sales that stood at around 60 to 70 billion yen some 15 years ago, around 2010, reached roughly 130 billion yen in fiscal 2025, and our Group's businesses continue to grow significantly. We have also come to generate operating cash flow of around 20 billion yen a year on a stable basis, and our employee count has surpassed 3,000.

At the same time, as the scale of the company grows, we need to strengthen cross-organizational coordination and information sharing more than ever. I feel we also need to rebuild the mechanisms that connect frontline teams and the way we make decisions to match our current scale.

To that end, in 2026 we launched the Writing Instruments Business Unit and the Stationery Division. In the Writing Instruments Business Unit, we are integrating organizations that were previously divided by function, namely marketing, domestic sales, and overseas sales, and building a structure that can run the business seamlessly from product planning through to sales.

We are also restructuring the head office functions that support these efforts. Here too, the main focus is on strengthening coordination with the front lines. For example, the Finance Department and the Corporate Planning Department will connect more deeply, with each also working closely with the individual business divisions.

As for budget-to-actual management, I believe we need not merely to monitor but to anticipate changes ahead, coordinate with each business division, and take the next steps. I want to strengthen our head office functions so that we can carry out financial planning that devises proactive initiatives within this kind of financial strategy.

Advancing growth investments to strengthen our future competitiveness

Describing our Group's trajectory since fiscal 2015, as net sales grew, our earning power also rose substantially. At the same time, I believe there were periods in that process when we should have allocated the cash we earned more appropriately to capital investment, personnel costs, research and development, and the like.

At present, for further growth, we are making appropriate growth investments in our people, research and development, production structure, operational reforms, and other areas. While there is an impact on profit margins in the short term, I believe this will lead to stronger competitiveness over the medium to long term.

As for capital investment, we had planned a large-scale investment at the Isesaki Factory to increase production and address business continuity planning, but the business environment, including demand trends in markets such as China and geopolitical risks, has since changed

Financial Strategy: Message from the Managing Executive Officer in charge of Finance

significantly. In light of this, we again reviewed the production capacity plan and risk assumptions we had originally envisioned. While continuing the investment needed for growth, as a realistic decision in light of the changed circumstances, we revised the capital investment amount from the initial 45 billion yen to around 26 billion yen.

We will also significantly increase the number of researchers and renew our research building. We are working to create an environment where people with diverse expertise can collaborate and new ideas and the fusion of technologies can readily emerge. Research and development expenses for fiscal 2025 were approximately 2.5 billion yen, increasing year by year. Going forward, we will continue to strengthen a research and development structure that can continuously create new value, centered on our technology.

In addition, as part of our operational reforms, we are introducing a new core system. We are steadily advancing trials toward a launch in 2028 with the aim of managing business processes centrally and improving the speed of decision-making.

Creating new growth opportunities centered on our technology

For further growth, expanding our technology into fields beyond writing instruments is also an important theme.

One of our strengths lies in having consistently developed and produced in-house everything that makes up our fountain pens and ballpoint pens, from the pen tip and ink to the body. I believe the know-how and technical capabilities we have accumulated over many years can also be applied to fields beyond writing instruments. To expand into new fields using our writing instrument technology, we are also actively exploring possibilities such as business alliances, capital alliances, and M&A.

Appropriately allocating the cash we generate to growth and shareholder returns

In fiscal 2025, we fell short of each of the targets set in our Medium-Term Management Plan: net sales of 133 billion yen, an operating margin of 13.5% or higher, and ROE of 10% or higher.

In fiscal 2026, we will again take on the challenge of achieving the net sales of 133 billion yen, operating margin of 13.5% or higher, and ROE of 10% or higher that we did not reach in fiscal 2025. Furthermore, we will steadily translate the results of the growth investments now under way into future sales growth and improved profitability.

Our Group stably generates operating cash flow of around 20 billion yen a year. At the same time, we recognize that the level of cash required as working capital is around 30 billion yen, and we intend to actively use cash above that necessary level for growth investments and shareholder returns.

Our equity ratio is currently around 80%. From the perspective of employees and creditors, this is favorable in terms of high stability and soundness, but from the perspective of enhancing corporate value, I believe we need to use our capital more actively.

For ROE, we will aim to improve it through gains in both profitability and capital efficiency, while stably maintaining a level above our cost of shareholders' equity.

For shareholder returns, we introduced a progressive dividend in fiscal 2025 and raised our total payout ratio target for the Medium-Term Management Plan period from the previous 50% or higher to 70% or higher. We also carried out share buybacks totaling around 20 billion yen over the three years from 2024 onward. Going forward, we intend to continue conducting these flexibly as an important means of improving capital efficiency.

Financial Strategy: Message from the Managing Executive Officer in charge of Finance

Increasing the number of people who support PILOT

In July 2026, we will carry out a three-for-one stock split. The aim is to make it easier for more individual investors to hold our shares.

As a B2C manufacturer, we want to increase the number of people who not only purchase our products but also come to love PILOT. Fans of our products become shareholders, and shareholders come to like our products even more. And purchasing our products as a show of support leads to sales growth, which in turn leads to further enhancement of corporate value. I believe it is important to create this kind of virtuous cycle.

Going forward, we will further strengthen our IR activities as well. I want to actively pursue dialogue so that shareholders and investors can gain a deeper understanding of our technical capabilities, our stable cash-generating power, and our initiatives for the future.

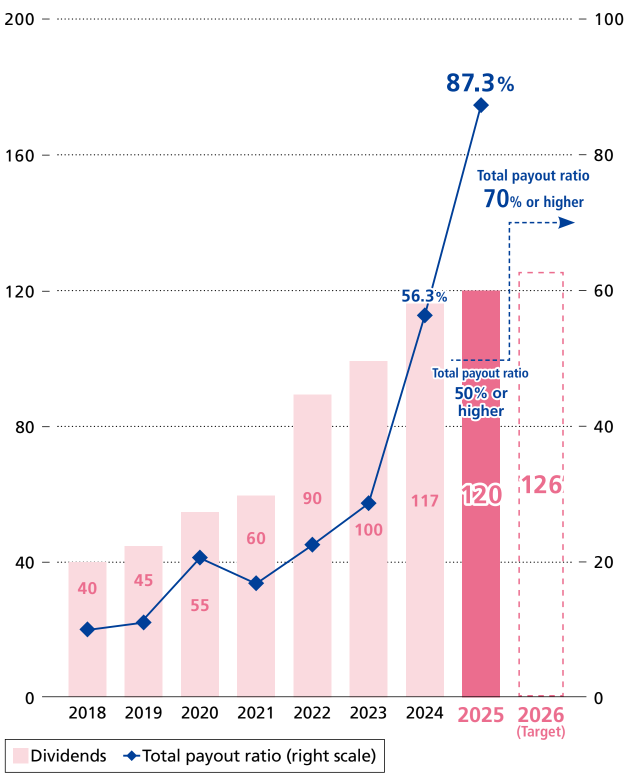
As the Managing Executive Officer in charge of Finance, I, too,will work to communicate information with a high degree of transparency, while clearly conveying the strengths and future potential of the PILOT Group.

Cash Allocation (2025-2027 Cumulative)

Cash inflow	Cash outlow		
Cash on Hand/ External Funds	Growth Investments* 31,000 million yen	Maintaining and expanding existing business domains 26,000 million yen	Major growth investments • Capital expenditure at Hiratsuka Factory, Isesaki Factory, and others 26,000 million yen • Investment related to system update 3,000 million yen • Investment for expanding business domains 2,000 million yen (Further investments are expected depending on the project)
		Reinforcement of the Business foundation 3,000 million yen	
Operating CF 52,000 million yen		Expanding growth fields and domains 2,000 million yen	
	Shareholder Return 40,000 million yen	Dividends and acquisition of treasury shares 40,000 million yen	Policies on dividends and acquisition of treasury shares • Total payout ratio of 70% or higher • Introduction of progressive dividend • Acquisition of treasury shares will be implemented flexibly depending on the situation

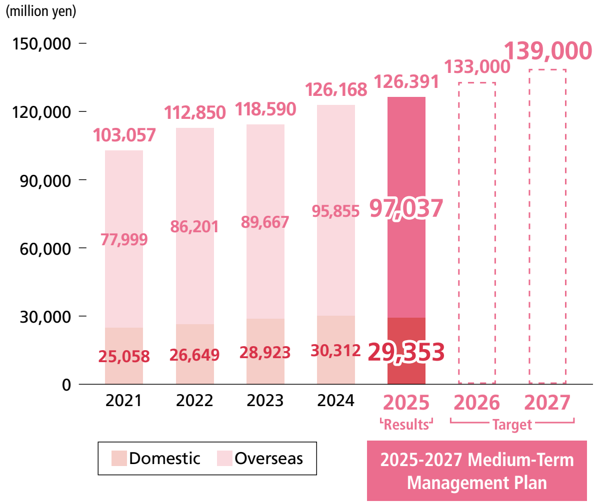
*Excluding HR development and R&D expenses

Annual Dividend Amount and Total Payout Ratio Trends

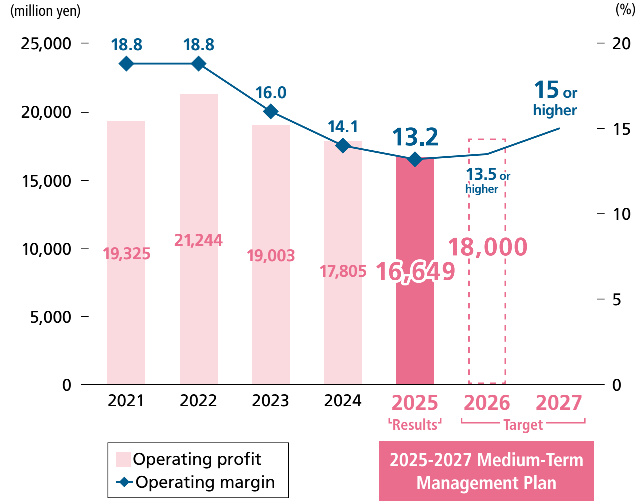


Financial Highlights

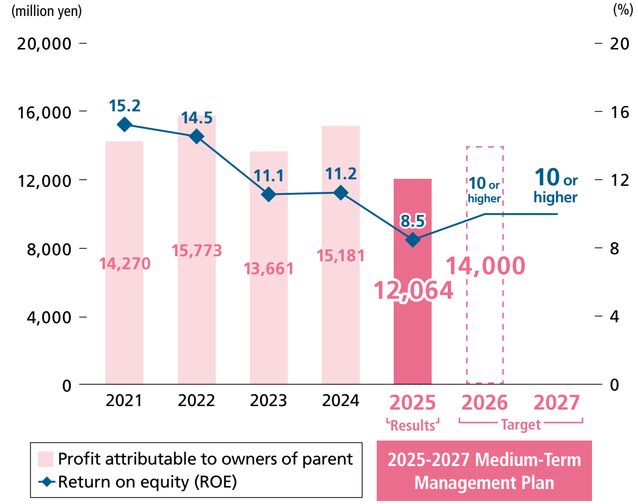
Net Sales (Domestic/Overseas)



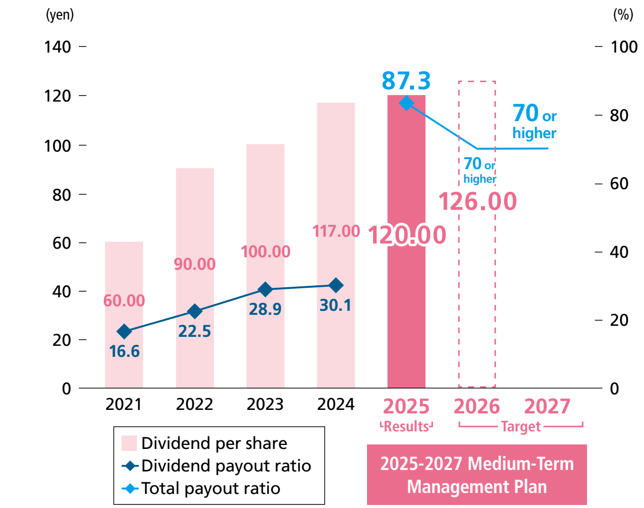
Operating Profit / Operating Margin



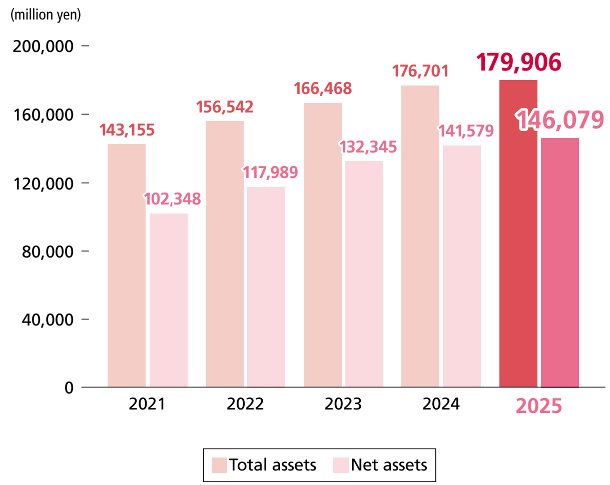
Profit Attributable to Owners of Parent / Return on Equity (ROE)



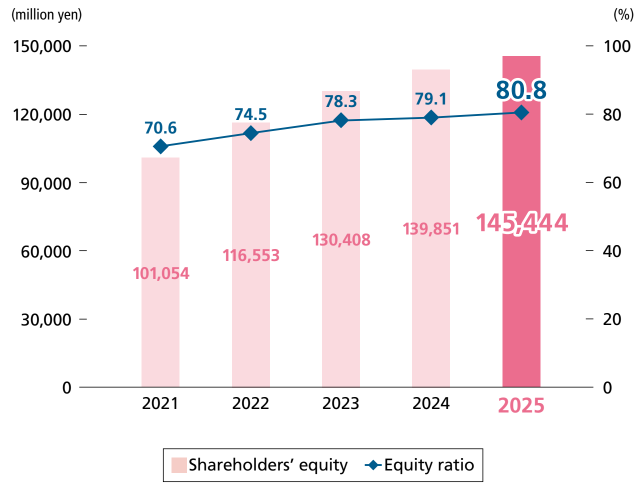
Dividend Per Share / Dividend Payout Ratio / Total Payout Ratio



Total Assets / Net Assets



Shareholders' Equity / Equity Ratio



Foundation Supporting Value Creation

Introduces the PILOT Group's operational reforms, human capital management, the solving of environmental issues through our products and services, and our governance initiatives that form the foundation of sustainable value creation

Operational Reforms at the PILOT Group

Taking on the challenge of fundamentally shifting how we work

SX (sustainability transformation) is an initiative to redesign business processes and core systems and transform our business structure into one that is resilient to change and that can generate sustainable value. We are taking on the challenge of introducing an ERP (enterprise resource planning) system that unifies the planning, procurement, production, sales, and accounting processes that, to date, each responsible department has managed individually.

By managing business processes in an integrated way, we expect to improve management efficiency through the accumulation of unified data and to strengthen our ability to respond to a range of changes. We see this as a management priority for handing down a more beneficial business environment to the next generation. The introduction of ERP is also expected to produce concrete results, such as structural cost improvements through inventory optimization, faster and more accurate decision-making through accumulated data, and a stronger ability to respond to new businesses and shifts in business models.

This initiative kicked off in 2024 and is currently at the stage of prototype development and similar work. In fiscal 2025, we completed the setting of business requirement definitions. From fiscal 2026 onward, we will take on the challenge of defining system requirements for implementation and other related work.

SX is a fundamental operational reform that will significantly change how we have worked to date, and a shift in mindset among all employees is essential. With FIT to STANDARD as our principle, meaning employees adapt to an environment built on total optimization, we will take on the challenge of introducing the system with a readiness to change ourselves, aiming first for the launch in Japan in 2028.

2025-2027 Medium-Term Management Plan

Management Issue (4)-1 Driving Sustainable Management of the Group

— Driving Operational Reforms from the Viewpoint of Total Optimization

Introducing a new core system through operational reforms

Progressing as planned in fiscal 2025 ahead of the launch of ERP in Japan in fiscal 2028

FY2024	FY2025 initiatives	FY2026 onward
Defining the desired state	Completion of business requirement definitions	Definition of system requirements ahead of launch

Strengthening the supply chain to drive overall Group optimization

At present, overseas sales account for just over 75% of the PILOT Group's consolidated net sales, with the Americas, Europe, and China making up a particularly large share. Our production system is based primarily on production to forecast, with products manufactured mainly in Japan and supplied to each region by ocean shipping.

Therefore, close coordination between our factories and overseas sales companies (overseas subsidiaries) is essential, especially for shipments to Europe and the Americas, where transit times from Japan are long. This goes beyond simply optimizing supply chain functions; it is an important management foundation that supports our global business.

Against this backdrop, the Supply Chain Management (SCM) Group, established in April 2025, analyzed the workflow running from overseas subsidiaries' sales forecasts to production planning at our plants in Japan. On that basis, as an initiative for overall optimization, we began introducing PSI* and creating demand-based order forecasts (FC) in the United States and China.

At Pilot Corporation of America, introducing PSI made inventory and sales projections visible, and by linking order forecasts to production planning, including raw material procurement, we were able to reduce end-of-2025 inventory by more than 20% year on year. At Pilot Pen (Shenzhen) Co., Ltd., meanwhile, PSI was already in operation. Working together with the SCM Group, we are revising PSI and extending its forecast horizon to strengthen production-sales coordination and improve the precision of supply-and-demand management.

Going forward, we will review operations in the European region and work to identify issues and consider improvements. At the same time, we will roll out the insights we gain across the entire Group.

In production departments as well, we aim to build an efficient, waste-free production system by accurately reflecting the PSI and order FC prepared by overseas subsidiaries in production allocation, planning, and raw materials procurement. Amid a global environment that changes by the moment, we will drive optimization across the entire PILOT Group through unified information and improved accuracy, working to keep the foundation of our supply chain sustainable and robust.

*PSI: A method for optimizing production plans and inventory levels by managing production, sales, and inventory in a coordinated manner.

Human Capital: Message from the Executive Officer in charge of Human Resources

Shunji Kawashima
Executive Officer, General Manager of Human Resources Department

Building a foundation where the diversity of each individual across our Group can thrive

Developing personnel who can act with autonomy, take on challenges, and work together

Our human capital management places particular emphasis on human resource development and DE&I. We aim to develop human resources who can act with autonomy by learning and communicating on their own initiative, sense signs of change and proactively take on challenges, and accept and respect different values to work together with those around them. By respecting diversity and supporting flexible working arrangements, we create an environment where employees can find their work rewarding and bring out their full capabilities, leading to sustainable growth.

The Kind of People the PILOT Group Seeks

- Personnel who can take ownership: Learning voluntarily based on a high normative consciousness and valuing and communicating their thoughts
- Personnel who can take on challenges: Sensing signs of change and acting without fear of change
- Personnel who can work in unity: Accepting and respecting different values and collaborating with others

PILOT Group Human Resources Strategy

- Acquiring diverse human resources
- Developing human resources who are creative and can act with ownership to succeed on the global stage
- Improving employee engagement
- Creating an environment where employees can be mentally and physically healthy as they work

A recruitment strategy that takes diversity into account

The PILOT Group has approximately 3,000 employees, of which around 1,100 are at PILOT Corporation. Both the Group and the standalone Company have shown an increasing trend in recent years. We believe that securing diverse personnel regardless of gender, age, or nationality is essential to continuing to create new value in an increasingly globalized society, and we are aiming for a 50:50 male-to-female ratio of new graduate hires. Of those who reached retirement age in 2025, 87.5% have continued to play active roles by using our reemployment system.

Our human resource development framework and the development of global personnel

We position investment in our people as a key priority and a foundation for sustainable growth, and we advance systematic human resource development.

Built on a foundation of on-the-job training in daily work, our development advances practical, work-linked capability building through level-based training that strengthens management skills and job-specific training that deepens expertise.

Developing people who can thrive globally is one especially important theme; we launched a development program in 2023 that fosters the mindset required on the global stage and supports participants in shaping their careers autonomously.

Going forward, we will expand the program to more participants and link this to further strengthening our organizational capabilities.

Initiatives that support autonomous career development

We are promoting Career Ownership to support employees in shaping their careers on their own initiative. Through initiatives such as Career Mobility Program, where employees can volunteer for transfers or job changes; Internal Rotation Training, which broadens employees' horizons and deepens mutual understanding across departments; the In-House Recruitment System (for middle-aged employees in fiscal 2026), where employees can use their accumulated experience and knowledge to choose where they play an

Human Capital: Message from the Executive Officer in charge of Human Resources

active role; and Global Leadership Development Training, we provide opportunities for autonomous career development, aiming to build an organization and culture where people can keep working with energy and engagement.

DE&I as the foundation of our organization

At our Group, DE&I rests on two pillars: enhancing job satisfaction and creating ease of working. Job satisfaction can be achieved by working in an environment where everyone, regardless of nationality, age, gender, LGBTQ+ status, disability, career, or values, is respected and able to take on challenges as their authentic selves. Ease of working means creating an environment where employees can work in good mental and physical health, supported by initiatives that include balancing work with childcare or nursing care, health management, and the promotion of flexible working arrangements.

When such an environment is in place, the strengths of each employee, including autonomy, taking on challenges, and working together, are naturally drawn out, creating fertile ground for creativity. This in turn leads to an organization that inspires high expectations, where employees feel they can grow and play an active role at this company. Job satisfaction is an important element directly connected not only to individual satisfaction but also to the vitality and sustainability of the organization.

Use of the engagement survey

Our Group sees drawing out the motivation and initiative of each employee as much as possible, and putting these qualities to best use, as a key management priority for fulfilling our Purpose and 2030 Vision. To better understand the current state, we introduced a Group-wide engagement survey in fiscal 2026. This survey replaces our previous employee satisfaction survey (non-consolidated). Based on the results, each company and organization will cooperate to share organization-specific issues and continuously advance initiatives for organizational improvement. This will lead to building a better PILOT Group and strengthening our Group management structure.

Looking ahead

In 2025, we steadily advanced our DE&I and health management initiatives, while also rolling out Career Mobility Program and the Internal Rotation Training, advancing support for Career Ownership. We believe the engagement survey we launched in 2026 will lead not only to organizational improvement but also to more active communication across the Group.
We want to combine these measures organically so that they produce significant results going forward.

For PILOT, our people are the source of our growth. There is no corporate growth without the growth of our people. We will steadily build a foundation where the diversity of each individual is put to best use and where everyone can play an active role.

Human Capital | Advancing DE&I

Human Capital: Human Resource Development and Training

We run a range of development programs to cultivate the personnel we aspire to, those who can act with autonomy, take on challenges, and work in unity. We place particular emphasis on programs that promote Career Ownership and develop global leadership.

• Career Mobility Program

To help employees realize their desired careers, we run Career Mobility Program once a year, where employees can volunteer for transfers or job changes. There were 46 applicants in fiscal 2024 (for 2025 transfers) and 36 in fiscal 2025 (for 2026 transfers), and as a company we support employees' growth and new challenges.

• Internal Rotation Training

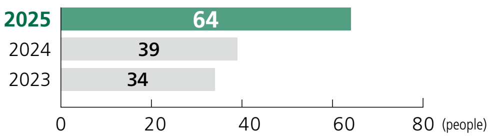
We run Internal Rotation Training, where employees can experience another department for a set period, creating opportunities to broaden their horizons and gain fresh insights about their current work and their own careers. In fiscal 2025, 64 employees participated, and in a post-program survey, more than 90% of participants responded that they had gained new perspectives and insights and that the experience would help shape their careers. This initiative offers benefits not only for employees but also for departments as an opportunity to work together, and we plan to continue it going forward.


An employee on an internal rotation

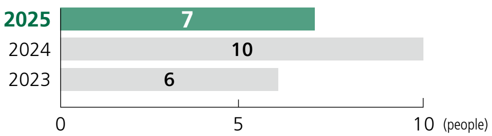
Ryuhei Ito
International Sales Department IV, International Sales Division (Internal Rotation Training participant)

I did an internal rotation at Isesaki Factory. I was able to learn the perspective and operations of the factory side, which I felt would be very helpful in business discussions and internal coordination, and it was a meaningful experience. I also took part in team meetings at the host organization. The way the senior members shaped the atmosphere and the awareness of the younger members were stimulating, and I felt I wanted to use this as a reference for meetings in my own department.

Number of participants in Internal Rotation Training



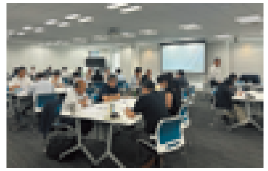
Number of participants in Global Leadership Development Training



Eligible participants: 2023-2024: newly appointed managers / 2025: employees and rehired employees

• Career Support Workshop

A workshop for managers with direct reports to learn the fundamentals and dialogue skills for fostering team members' growth through career support in their day-to-day guidance. Through development that reflects each person's aspirations, we link individual growth to the growth of our business.


Career Support Workshop

• Global Leadership Development Training

To develop personnel who can succeed both in Japan and overseas, we run our Overseas Work Assignment Program, aimed at cultivating a global mindset, in which participants join an NGO or company in an emerging country as a member of its team and take on the challenge of solving local social issues. This program not only encourages participants' growth but also contributes to society in emerging countries.

Shohei Yoshioka
Intellectual Property Department
(Global Leadership Development Training participant)

Through the experience of solving issues in a cross-cultural environment, I learned the importance of thinking through what is really needed right now rather than clinging to specific skills or assumptions. Going forward, I want to draw on this learning and take on the challenge of creating new value, without being bound by the framework of my current work.

Amount of Investment in Human Resources (FY2025)

193 million yen*

* This is the combined amount of recruitment expenses and education/training expenses, and represents the actual figures including our company, THE PILOT INK CO., LTD., Pilot Corporation of America, Pilot Corporation of Europe S.A.S., and Pilot Pen (Shenzhen) Co., Ltd.

Human Capital: DE&I

We place importance on advancing DE&I, supporting flexible working arrangements and career development while respecting differences in gender, age, nationality, lifestyle, and other factors.
To work toward creating an environment where employees can find their work rewarding and bring out their full capabilities, we are rolling out a range of initiatives.

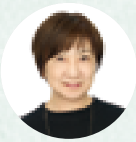
DE&I Training for Executive

Our Group positions the active engagement of diverse personnel who find their work rewarding, supported by flexible working arrangements that allow them to bring out their full capabilities, as one of our key management strategies for sustainable growth. This year, as a first step, we placed this in the Awareness phase and held two-day DE&I Training for Executive for 22 senior leaders of our domestic Group companies, the first such training across the PILOT Group.

On Day 1, while learning about the approach to human capital management and the background for working on DE&I, participants reflected on their own management style and on how their organizations should be shaped, deepening their personal insights. At the same time, through dialogue among senior leaders, they exchanged candid views on the strengths of our Group and the aspects of organizational culture that need to change. On Day 2, participants developed action plans and a behavior declaration based on issues identified on the ground. Going forward, we will move into the Understanding and Action phases, starting with the executives' own practice and steadily expanding change across the entire company.


A group work session through dialogue among senior leaders of each company


A session for organizing views ahead of the action plan and behavior declaration


Mayumi Waki Diversity Promotion Office Manager

In promoting diversity, we place importance on having each employee, with their different ways of thinking and experiences, understand and recognize one another through everyday work and communication. While sharing this thinking, we will continue to carefully build a workplace where employees can feel both ease of working and job satisfaction, in cooperation with various departments, the labor union, and partners both inside and outside the company.

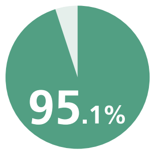
Co-hosting an International Women's Day event

We see DE&I as a vital element supporting value creation and are advancing initiatives based on co-creation that goes beyond a single company. As part of this, in support of International Women's Day, we held our first co-hosted event with three companies near our head office. At this event, by bringing together diverse values from a global perspective and from the standpoint of women's active engagement, participants reconsidered issues inherent in organizations and the industry, and the event helped foster a sense of career awareness in each participant and encourage autonomous action. We will channel the insights and shared understanding gained at this event into putting our Purpose, Our Creations Inspire Creativity, into practice.

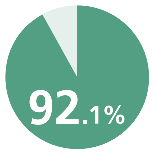
Co-hosted with TODA CORPORATION and COSMO ENERGY HOLDINGS CO., LTD.

• DE&I training completion rate

We conducted e-learning for all employees of our domestic Group companies to deepen understanding of DE&I.



Promotion of diversity understanding



Promotion of unconscious bias understanding

*Coverage: entire Group Period: 2025

• External certifications

Eruboshi certification for companies promoting women's active engagement (third level)
*PILOT Corporation non-consolidated

Kurumin certification for companies supporting childcare (certified in 2026)
*PILOT Corporation non-consolidated

Human Capital: Progress on Key Indicators

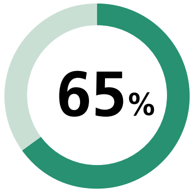
To fulfill our Purpose and improve our corporate value while enhancing the value of our human capital, we have set key indicators for human capital and are continuously monitoring progress.

Engagement survey

To build a workplace where employees can work as their authentic selves with enthusiasm, which is important to our Group, we use an engagement score that measures job satisfaction and ease of working. Going forward, we will continuously track changes in the score, understand each employee's voice, and reflect this in implementing measures and improving the workplace environment.

An engagement score that comprehensively measures job satisfaction and ease of working

Average percentage of positive responses across the six engagement questions

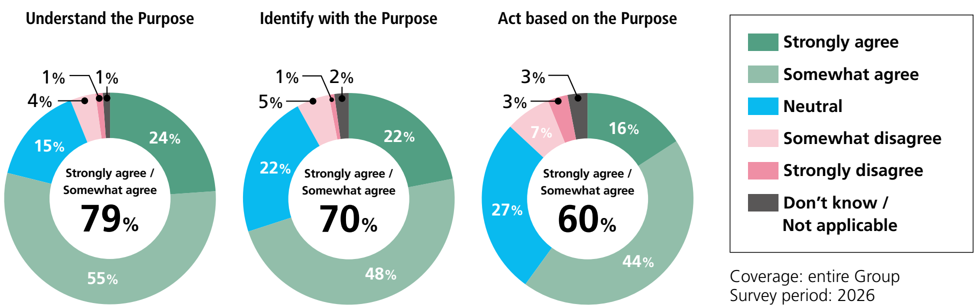


Coverage: entire Group Survey period: 2026

Instilling our Purpose

So that employees not only understand our Purpose but also translate it into concrete action in their daily work, we hold interactive sessions in Japan and overseas. As a result, voluntary awareness-raising activities have spread across each organization, and behavioral change based on shared values is taking root.

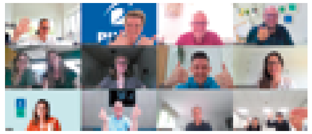
The engagement survey also confirmed that approximately 80% of employees understand our Purpose, about 70% identify with it, and around 60% are translating it into action. We will continue broadening the circle of identification and action.



Coverage: entire Group
Survey period: 2026

• Key Person Workshop

We hold the Key Person Workshop so that domestic and overseas Group companies can come together to fulfill our Purpose. Key persons selected from each company take part, coming to understand the significance of our Purpose and considering how it relates to their own work and how to apply it in their daily tasks. After the workshop, key persons take the initiative in driving instillation activities at their respective companies. To date, 74 people from 22 Group companies have taken part.



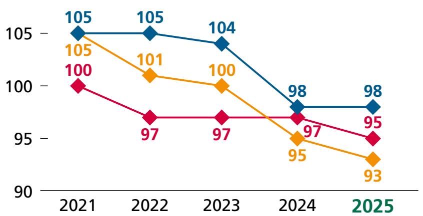
Health management

We see the health of our employees and their families as an important management resource. Health is the source of creativity and the foundation for fulfilling our Purpose. We have worked on follow-up to health checkups, improving lifestyle habits, and raising health literacy, and we have been certified as a 2026 Outstanding Health and Productivity Management Organization (Large Enterprise Category).

*PILOT Corporation non-consolidated

• Mental health measures

We carry out a range of initiatives that take into account the situation at each business site, beginning with mental health education for managers and employees. Our stress check participation rate has improved to 96.1%. Combined with measures based on the results of group analysis and the growing awareness within the company, we are making progress on building a workplace that is easier to work in and where employees feel comfortable consulting others. In addition, health risks are showing an overall improvement across the company.



Changes in health risk based on the results of group analysis of stress checks over the past five years

A predicted value indicating the size of the risk of mental and physical health problems caused by work stress
National average is 100 The lower the figure, the better the condition

Solving Environmental Issues Through Our Products and Services: Environment Policy and Management Structure

PILOT Group Environment Policy

Our Group has established the PILOT Group Environment Policy to reduce environmental impacts in all aspects of corporate activities, including product planning, design, production, and sales, in order to achieve a sustainable society. By having our Group's officers and employees act based on this policy, we will contribute to the realization of a sustainable society.

PILOT Group Environment Policy

Obtaining ISO 14001 certification and establishing and operating an environmental management system

At our Group's major domestic production sites (Isesaki Factory, Hiratsuka Business Site*, THE PILOT INK CO., LTD. Tsu Plant, Togo Plant, and Miyoshi Factory, and PILOT FINE TECH Co. Ltd.), we have obtained ISO 14001 international standard certification and have established and operate environmental management systems. Additionally, Pilot Corporation of Europe S.A.S. has obtained EMAS certification, the EU environmental management system, in addition to ISO 14001 certification. Currently, among the production sites managed by our entire Group, nine bases have received ISO 14001 and EMAS certification.

*Hiratsuka Business Site is the name used for ISO registration that includes Hiratsuka Factory and Shonan R&D Center.

Greenhouse Gas Emissions for the Past Five Years

			Results				
			FY2021	FY2022	FY2023	FY2024	FY2025
PILOT Corporation Non-consolidated							
	Scope 1+2 (Unit: t-CO_2)	Total emissions	14,524	14,488	12,515	11,975	13,169
	Scope 1 (Unit: t-CO_2)		1,467	1,269	1,074	964	845
	Scope 2 (Unit: t-CO_2)	Market-based	13,057	13,218	11,440	11,010	12,324
		Location-based	—	—	—	12,150	11,405
	Reduction rate (%) compared to the base year (2021)		—	0.3	13.8	17.6	9.3
	Scope 3 total (Unit: t-CO_2e)*		—	—	—	—	86,222
PILOT Group Consolidated							
	Scope 1+2 (Unit: t-CO_2)	Total emissions	—	—	—	29,464	28,620
	Scope 1 (Unit: t-CO_2)		—	—	—	6,980	6,092
	Scope 2 (Unit: t-CO_2)	Market-based	—	—	—	20,669	22,155
		Location-based	—	—	—	22,484	22,528
	Scope 3 total (Unit: t-CO_2e)		—	—	—	—	—

*Target categories: Category 1, Category 2, Category 3, Category 4, Category 5, Category 6, Category 7

Waste Discharge Volume, Water Intake, and Wastewater Discharge for the Past Five Years

			Results				
			FY2021	FY2022	FY2023	FY2024	FY2025
Waste Discharge Volume (Unit: ton)							
	Total	Discharge volume	1,015	1,078	998	935	853
		Recycling volume	711	753	690	621	703
		Landfill disposal volume	304	325	308	314	150
	Industrial waste Specifically controlled waste	Discharge volume	939	985	911	852	755
		Recycling volume	665	707	629	563	627
		Landfill disposal volume	274	278	282	288	127
Water Intake and Wastewater Discharge (Unit: thousand m^3)							
	Water intake	Total	94	89	82	79	76
		Municipal water	92	87	80	77	74
		Groundwater	2	2	2	2	2
	Wastewater discharge	Total	94	88	81	78	76
		Sewerage	42	42	39	39	35
		Rivers	52	46	42	39	41

Reduction Targets

	Target Indicator	Medium- to Long-term Targets (2030)	Base Year
Greenhouse gases	Scope 1 and Scope 2 emissions (total)	25% reduction from base year	FY2021
Waste	Industrial waste discharge per non-consolidated sales	10% reduction from base year	FY2021
Water intake	Water intake per non-consolidated sales	10% reduction from base year	FY2019

Solving Environmental Issues Through Our Products and Services:

Eco-friendly Product Development and Environmental Initiatives

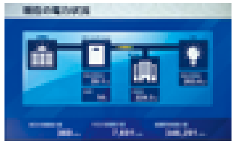
Environmental initiatives at our factories

• Hiratsuka Factory

To reduce environmental impact through the use of renewable energy, we installed solar power generation at the three new buildings that began operations in 2025. In addition to reducing greenhouse gases, we aim to improve business continuity and run our operations sustainably by holding down energy costs.

The combined annual power generation from the three buildings was 405,300 kWh, with renewable energy covering approximately 18.4% of consumption, reducing CO_2 emissions by about 178 tons annually and producing cost savings of approximately 10.54 million yen. While solar power generation varies by weather and season, the supply of electricity from renewable energy is an important element that contributes to reducing CO_2 and energy costs over the medium to long term, and we will continue to make stable use of it. We also plan to install solar power generation at the Technical Center building scheduled for completion in fiscal 2026.

Installed on the roof of the integrated production building



Power generation status

• PILOT INK Miyoshi Factory

Aiming to become an environmentally friendly factory, we installed solar panels on Assembly Building No. 1 and the Water-Based Ink Building so that renewable energy could be used in actual production, and these have been operating since January 2024. The power can be used in all buildings within the plant, including the office building.

Every year, on sunny days between May and September, we have been able to use the daytime power generated for the manufacturing of writing instruments and ink. Moreover, monitors in Assembly Building No. 1 allow real-time viewing of solar panel power generation and power usage in each building, raising awareness of energy conservation.

Going forward, we will continue using solar power generation, and we are considering installing storage batteries in the future to use solar-generated energy at night as well.

Miyoshi Factory

Solar power monitoring screen

Used pen recycling program

Since 2020, we have been working on a used pen recycling program in collaboration with an external organization. We have installed approximately 700 collection boxes at schools, retail storefronts, and local governments nationwide, collecting a cumulative 13 tons by the end of 2025. The resin regenerated from the collected writing instruments is made into the Re.Pen Juice ballpoint pen, and is also used in items such as pen trays and shopping baskets, helping to advance resource circulation.

Drawing on the knowledge gained from this activity, we created Re.Pen Juice Board Master (BM) by reusing used Board Master cartridges, and we give it as a thank-you gift to the schools taking part in the collection activities. This makes it an initiative through which people can experience the full cycle, from collection to reuse, firsthand.

A request from a participating school also prompted us to launch environmental outreach classes. These classes offer hands-on opportunities to learn about recycling, including by taking apart used writing instruments, helping to deepen understanding of resource circulation and foster environmental awareness.

A pop-up environmental class

Environmental learning event

Meeting customer expectations as a manufacturer

Wataru Yoshida Corporate Planning Department, Sustainability Promotion Group

A range of activities is spreading, with our recycling program as the base. Many users are taking part in our environmental classes and events in particular, and we are having wonderful encounters. We will do our best to live up to customer expectations as a manufacturer, and to do what only PILOT can do.

Solving Environmental Issues Through Our Products and Services:

Information Disclosure Based on the TCFD Recommendations

Climate change initiatives

Our Group is actively working on climate change measures. In March 2023, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Additionally, to consider the impact of climate-related risks and opportunities on our business, we conducted scenario analysis targeting our writing instrument business. The year of analysis was set at 2030, in line with our Group's 2030 Vision. In our analysis, we established two scenarios: a Decarbonized Society Scenario (average temperature rise of 1.5°C to 2°C compared to pre-industrial levels) and a Business-as-Usual Scenario (temperature rise of 4°C).

Information Disclosure Based on the TCFD Recommendations

Medium- to Long-term Targets

By 2030, reduce Scope 1 and 2 emissions (total volume) by 25% compared to fiscal 2021

Governance

Under the leadership of the executive officer in charge, we are pushing forward with a variety of sustainability initiatives, including environmental efforts such as our response to climate change. The Board of Directors receives reports from the executive officer in charge or from each department regarding sustainability initiatives and provides oversight.

Board of Directors

Executive Officer in Charge

Sustainability Promotion Group

Each Department and Group

Strategy

Regarding climate-related risks and opportunities, we gathered information on examples presented in the TCFD recommendations and on risks and opportunities in the writing instrument industry to identify climate-related risks and opportunities relevant to our company. Among the identified risks and opportunities, we evaluated their significance based on two axes: probability of occurrence and impact on business.

The time horizons considered in organizing risks and opportunities were short term (zero to one year), medium term (one to three years), and long term (three years or more).

Risk management

In accordance with the PILOT Group Risk Management Regulations, when a risk materializes, we follow our Management Risk Control Regulations and the detailed rules and manuals established in connection with these regulations to monitor risk conditions across the organization and respond to risks related to important management matters.

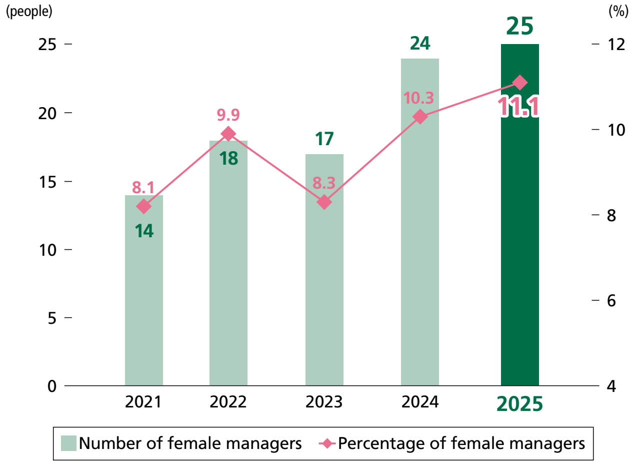
We also review internal rules, such as relevant bylaws and manuals, as necessary, communicate them to employees, and work to build and maintain systems that enable the thorough implementation of crisis management and the enhancement of morale. We will continue to promote initiatives related to overall sustainability, including climate change.

Indicators and targets

In February 2023, as a climate-related target, we established new greenhouse gas emission reduction targets for fiscal 2030 with the approval of the Board of Directors. The scope of the targets covers all of our domestic locations.

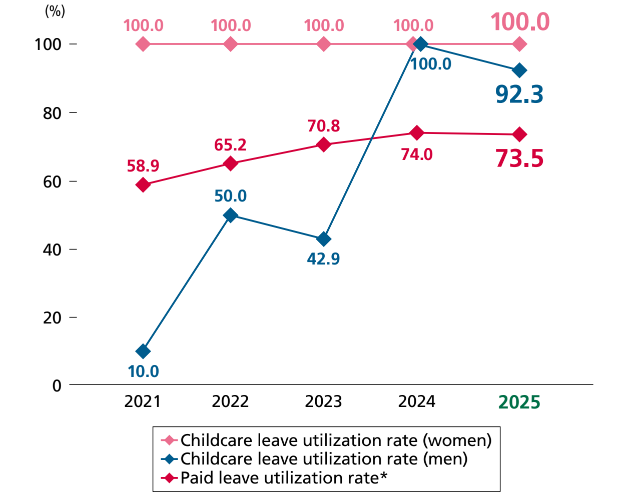
Non-financial Highlights

Number of Female Managers / Percentage of Female Managers



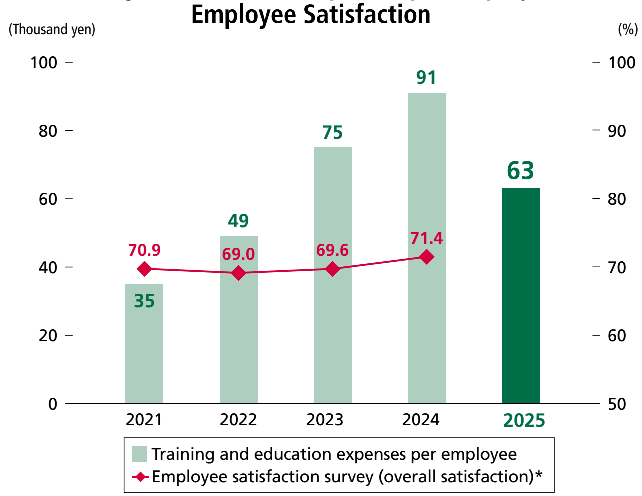
*Results as of July 1 of each year. Scope: HQ

Childcare Leave and Paid Leave Usage Rates (Men/Women)



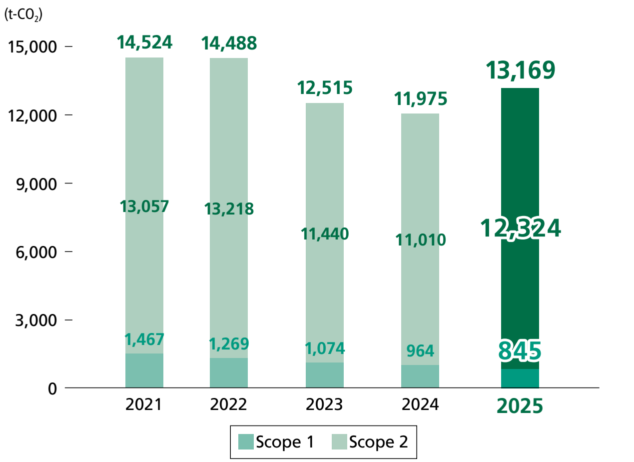
*The calculation period is from March 21 of the target year to March 20 of the following year.
Scope: HQ

Training and Education Expenses per Employee / Employee Satisfaction



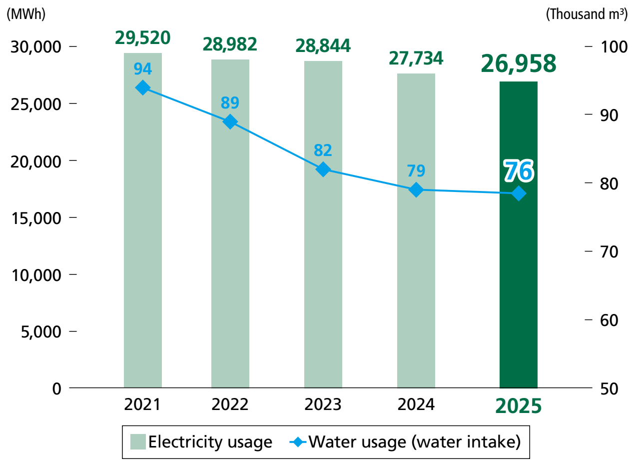
*1 Percentage of employees who responded "strongly agree" or "agree" to the question "Are you satisfied with (or do you accept) this indicator (item)?"
*2 As of 2026, the employee satisfaction survey has been replaced with an engagement survey.
Scope: HQ

Greenhouse Gas Emissions (Scope 1, Scope 2)



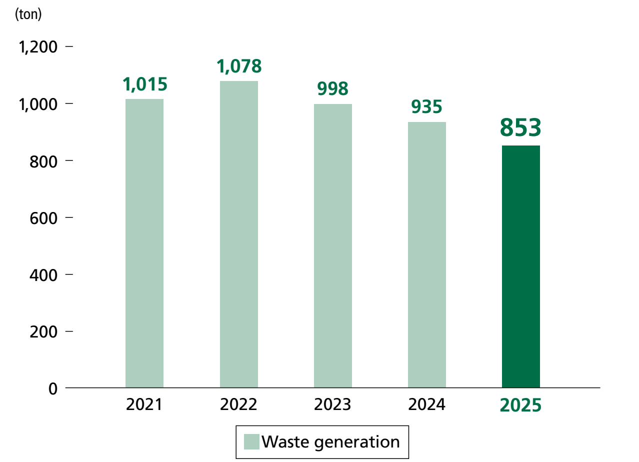
Scope: HQ

Electricity and Water Usage



Scope: HQ

Waste Generation



Scope: HQ

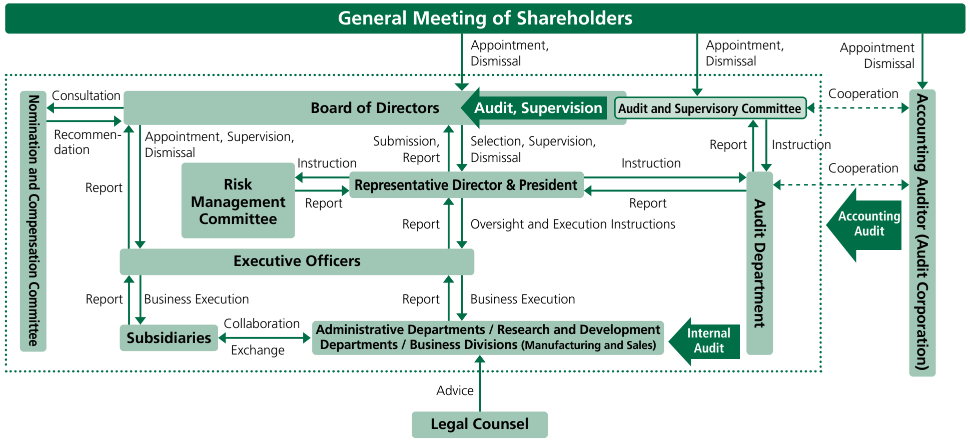
Corporate Governance

Basic approach

Our Group is committed to enhancing the objectivity and transparency of our management while inheriting the traditions and technologies we have cultivated. We will establish a more effective corporate governance system that adapts to changes in the times and environment and incorporates the voices of our shareholders, customers, employees, and local communities worldwide. We will strive to strengthen and enrich this governance framework. To strengthen this initiative, we have chosen to adopt a company structure with an Audit and Supervisory Committee.

Corporate governance structure

Our Group has established a governance structure with enhanced objectivity and transparency through our audit and supervision system led by the Audit and Supervisory Committee, featuring a Board of Directors with management supervisory functions comprised of diverse outside directors, and the Audit and Supervisory Committee's oversight of the Board. Executive directors and executive officers carry out their duties with swift and responsible decision-making under authority delegated by the Board of Directors, maintaining separation between supervision and execution. Additionally, we have established a Nomination and Compensation Committee as a discretionary advisory body that provides recommendations to the Board of Directors.



- **Board of Directors**

The Board of Directors consists of 10 members, including six Outside Directors (all six of whom are Independent Outside Directors), and based on the Board of Directors Regulations, deliberates on and decides important matters related to our management while supervising overall management, including business execution. By delegating authority to directors within the scope of the law, the Board of Directors clarifies the roles of supervision and business execution, accelerates business execution decision-making, and creates a system that allows the Board to focus more on discussing highly important issues such as basic management policies and strategies.

- **Audit and Supervisory Committee**

The Audit and Supervisory Committee consists of three members, including two independent outside directors, with one member serving as a full-time Audit and Supervisory Committee member. The Audit and Supervisory Committee has established a system that ensures independence and effectiveness based on the Audit and Supervisory Committee Regulations and related internal regulations, and receives audit reports from the accounting auditor. Additionally, it audits and supervises the Board of Directors' decision-making and directors' execution of duties through systematic auditing with internal control departments, attendance at important meetings including board meetings, investigation of business and financial conditions, and exercising authority over the appointment and dismissal of accounting auditors and their compensation.

- **Nomination and Compensation Committee**

To strengthen the independence and objectivity of the Board of Directors' functions related to decisions on the nomination and compensation of directors and senior management (executive officers), and to fulfill accountability, we have established a Nomination and Compensation Committee as an advisory body to the Board of Directors, with Independent Outside Directors comprising the majority of its members. An independent outside director serves as the committee chair, ensuring the independence of the Nomination and Compensation Committee.

The committee deliberates on matters referred by the Board of Directors, including the selection of director candidates and compensation, and provides recommendations to the Board of Directors.

- **Risk Management Committee**

We have established a Risk Management Committee to appropriately and centrally manage risks related to the Group's business, recognizing uncertain factors that affect the Group's performance and business continuity as risks. The Representative Director & President chairs the committee, with committee members consisting of directors who also serve as executive officers and executive officers responsible for business execution, and the full-time Audit and Supervisory Committee member participates as an observer. The Risk Management Committee oversees risk management across the Group and plays a role in ensuring the stable development of our business and continuously enhancing corporate value, supervising and providing direction on responses to risks deemed important from the perspective of overall Group optimization.

- **Accounting Auditor**

We have appointed ARK LLC as our accounting auditor and receive accounting audits from them.

Corporate Governance

Business execution system

• Executive Officer System
We have adopted an executive officer system to clearly separate management oversight from business execution functions, enabling efficient and agile business operations.

• Management Execution Meeting
We have established a Management Execution Meeting as a deliberative body for deciding important business execution matters. This meeting comprises directors who concurrently serve as executive officers and executive officers responsible for business execution, facilitating efficient and agile decision-making.

• Internal Audit Function
We have established an Audit Department to evaluate the effectiveness of internal audits for the entire Group and internal controls related to financial reporting.

• Department Managers' Meeting
Attended by directors who concurrently serve as executive officers, executive officers, and department heads, this meeting facilitates communication on management tasks, coordination of opinions, and shared understanding of current situations and challenges.

Appointment and dismissal of directors and senior management (executive officers) and nomination of candidates

Our policy is to select director and senior management (executive officer) candidates who can fulfill their fiduciary duties to shareholders, possess extensive management experience and deep insight, and can fully execute their responsibilities. Based on this policy, for the appointment of directors, after deliberation and recommendation by the Nomination and Compensation Committee, which serves as an advisory body to the Board of Directors, the candidates are resolved by the Board of Directors and appointed at the General Meeting of Shareholders.

The Audit and Supervisory Committee member nominations require candidates with appropriate experience, abilities, and necessary knowledge in finance, accounting, and legal matters. These appointments require consent from the Audit and Supervisory Committee, review by the Nomination and Compensation Committee, Board resolution, and final approval at the General Meeting of Shareholders.

For senior management (executive officers), based on this same policy, the Representative Director & President prepares a draft list of candidates and proposes it to the Nomination and Compensation Committee, and appointments are determined by the Board of Directors following recommendations from the committee.

Regarding the dismissal policy, directors and senior management (executive officers) may be dismissed through the same procedural process as appointments when: they engage in improper acts including legal or charter violations; they suffer physical or mental impairment that prevents job performance without prospect of recovery; or they are deemed to be underperforming based on appropriate evaluation criteria. Appointments and dismissals of the Chief Executive Officer (Representative Director & President) are decided by Board resolution following Nomination and Compensation Committee review and recommendation, based on established selection or dismissal criteria.

Succession plan

To continuously enhance corporate value, we position the development of successors to top management, centered on the Representative Director & President, as a key management priority, and we are advancing a planned and continuous succession plan. We clearly define the qualities and abilities required of the Representative Director & President and of directors as top management, including leadership that drives transformation and challenges, sound judgment based on an overall perspective, and the ability to engage in dialogue with diverse stakeholders. Based on these qualities, we form a candidate pool from a broad perspective, not limited to direct successors to the president, with the aim of securing personnel who could lead our future management, and we carry out a phased and systematic development program. We periodically report the status of candidate selection and the content and progress of the development program to the Nomination and Compensation Committee, where it is reviewed and discussed. Under the oversight of the Board of Directors, we work to ensure transparency and objectivity.

Director training policy

In accordance with our development plan, we provide directors with opportunities to acquire and update the knowledge needed to fulfill their roles and responsibilities, as well as train future successors, through external seminars and training sessions with outside instructors. To help outside directors deepen their understanding of our Group's history and business operations, we provide comprehensive briefings upon appointment and arrange opportunities including site visits to our business facilities. Newly appointed senior executive officers participate in external residential training programs conducted by third-party organizations.

Corporate Governance

Related party transactions

Our Board of Directors has established that competitive transactions and conflict of interest transactions with our officers require Board resolution based on the Board of Directors Regulations. Additionally, our Audit and Supervisory Committee has established that directors' conflicts of interest transactions must be resolved by the Committee in accordance with the Audit and Supervisory Committee Regulations. In accordance with the Accounting Standard for Related Party Disclosures and the Guidance on Accounting Standard for Related Party Disclosures, we investigate and identify related parties that could affect our financial position or business performance once a year, assess the existence and significance of transactions with such related parties, and ensure timely and appropriate disclosure of any reportable transactions.

Analysis and evaluation of Board of Directors effectiveness

To enhance management objectivity and transparency and strengthen and enhance a more effective corporate governance system, our Board of Directors annually analyzes and evaluates the effectiveness of the Board as a whole, with reference to self-evaluations by each director.

Issues identified in the fiscal 2024 effectiveness evaluation

(1) Board of Directors composition
(2) Discussions on nomination strategy, including the succession plan for the Representative Director & President
(3) Management strategy discussions
(4) Group governance of overseas subsidiaries
(5) Enhancing the functions of the Board of Directors Secretariat

Results of main initiatives in fiscal 2025 addressing issues identified in the fiscal 2024 effectiveness evaluation

(1) Review of the number of Board members and the proportion of Outside Directors
(2) Implementation of development programs at each level
(3) Formulating a grand design and advancing the delegation of authority to the executive side
(4) Provision of information, such as status reports on major overseas subsidiaries
(5) Establishment of a dedicated Board of Directors Secretariat

- **Fiscal 2025 effectiveness evaluation process and method**

We conducted an internal evaluation for the fiscal 2025 evaluation of Board of Directors effectiveness. The evaluation process and methodology are as follows:

Evaluation process and methodology

(1) Evaluation period: January 2025 to December 2025
(2) Design of evaluation items and review of survey content
(3) Questionnaire distributed to all 10 directors
(4) Tabulation and analysis of survey responses
(5) Board of Directors deliberation and self-evaluation of analysis results

- **Summary of fiscal 2025 evaluation results**

Our Board of Directors has been recognized for steadily advancing the delegation of authority and promoting the shift to monitoring.

In fiscal 2025, improvements in the functions of the Board of Directors were confirmed through work on issues identified in the previous year's effectiveness evaluation, and along with the items below, our Board of Directors has concluded that it has secured effectiveness on par with the previous year. We will continue to build on these identified strengths to ensure our Board of Directors demonstrates sufficient effectiveness.

Strengths identified in the fiscal 2025 evaluation

(1) Appropriateness of the number of Board members
(2) Appropriate explanation of agenda items and provision of sufficient information
(3) Establishment of systems for constructive dialogue with shareholders and the effectiveness of their operation
(4) Improved effectiveness in the operation of the Audit and Supervisory Committee

Issues identified in the fiscal 2025 evaluation

(1) Management Strategy Discussions
(2) Board Composition
(3) Discussions on risk management
(4) Supervision of Group companies
(5) Promoting candid exchanges of opinion and strategic discussions

Fiscal 2026 initiative policy

(1) Holding discussions on medium- to long-term growth strategy and related matters
(2) Providing prior briefings to Outside Directors
(3) Appointment and securing of women and specialist personnel to ensure diversity
(4) Appropriate proportion of Outside Directors
(5) Strengthening the system that ensures the effectiveness of risk management
(6) Strengthening the monitoring system for Group companies
(7) Creating settings for candid exchanges of opinion among Internal and Outside Directors

Corporate Governance

Director compensation

Basic policy

The compensation system for directors (excluding outside directors and directors who are Audit and Supervisory Committee members; the same applies hereinafter) consists of basic compensation as fixed compensation, year-end compensation linked to each period's performance, and stock compensation. Basic compensation is calculated based on the officer compensation standard table according to each officer's duties and responsibilities. Year-end compensation is linked to company performance and determined by Board of Directors resolution following consultation with the Nomination and Compensation Committee, within the compensation limit approved at the General Meeting of Shareholders. Stock compensation is determined according to the provisions of the stock delivery regulations within the limits of compensation amount and number of shares approved at the General Meeting of Shareholders. This is our basic policy. For outside directors and directors who are Audit and Supervisory Committee members, considering their roles and independence, compensation consists only of basic compensation. Compensation amounts for directors who are Audit and Supervisory Committee members are determined through consultation among the directors who are Audit and Supervisory Committee members.

Policy for determining individual basic compensation (monetary compensation) amounts

Monthly fixed compensation is determined in a comprehensive manner, taking into account position, responsibilities, compensation levels at other companies, our company's performance, and employee salary levels.

Policy for determining content and amounts or calculation methods for performance-linked compensation and non-monetary compensation

Performance-linked compensation consists of year-end compensation (monetary compensation) and stock compensation (non-monetary compensation). Year-end compensation is paid at a set time each year, with payment amounts determined according to the degree of achievement against consolidated net sales and the consolidated operating margin. In addition, stock compensation is determined considering consolidated net sales, consolidated operating margin, consolidated ROE, and social value indicators for each fiscal year, based on the provisions of the stock grant regulations. In principle, shares calculated according to performance are delivered after the completion of the medium-term management plan. Additionally, regarding stock compensation, individual delivery numbers are determined based on the stock delivery regulations, and stock compensation shall be returned if certain conditions specified in the stock delivery regulations, such as misconduct, are recognized. Performance indicators are selected with the purpose of instilling awareness of overall consolidated management in each director.

Policy for determining the ratio of individual director compensation amounts

Compensation levels are set based on factors such as comparison and analysis against our Group's management environment and the compensation levels of a benchmark group of companies drawn from external databases, and the ratio of compensation by director category is determined with reference to companies of a similar business scale or in related industries. The structure is designed so that higher positions have a greater weight of performance-linked compensation, with the target ratio by compensation type starting from Fiscal 2026 (for the Representative Director & President) being Basic Compensation : Year-end Compensation : Stock Compensation = 40:30:30 (when the financial targets of the medium-term management plan are 100% achieved).

Policy for determining the details of individual director compensation

Individual compensation amounts are delegated to the Representative Director & President based on Board of Directors resolution, with its scope of authority covering the determination of each director's basic compensation amount and the evaluation and allocation of year-end compensation based on each director's business performance. The Representative Director & President consults with the Nomination and Compensation Committee on a draft proposal and receives its recommendation so that this authority is exercised appropriately, and the Representative Director & President, having received this delegation, must make decisions in accordance with the content of that recommendation.

Stock compensation is granted as points according to the stock delivery regulations established by Board of Directors resolution following consultation with and recommendation from the Nomination and Compensation Committee, up to the limit approved at the General Meeting of Shareholders separately from the monetary compensation framework.

Total compensation by officer category, total by compensation type, and number of officers

Officer Category	Total Compensation (Million Yen)	Total by Compensation Type (Million Yen)			Number of Officers (People)
		Basic Compensation	Year-end Compensation	Stock Compensation	
Director (Excluding Audit and Supervisory Committee Members and Outside Directors)	211	162	29	19	7
Audit and Supervisory Committee Members (Excluding Outside Directors)	21	21	–	–	1
Outside Officers	53	53	–	–	6

(Notes) 1. The above table includes three directors (excluding Audit and Supervisory Committee members and Outside Directors) and one Outside Officer who retired at the conclusion of the 23rd Annual General Meeting of Shareholders held on March 28, 2025.
2. For stock compensation (BIP Trust), based on the number of points expected to be granted during this fiscal year, we recorded 19 million yen in provision for officer stock benefits (including a 5 million yen reversal of provision for officer stock benefits).

Corporate Governance

Executive officer compensation

Compensation structure

Executive officer compensation, similar to that of directors (excluding outside directors and directors who are Audit and Supervisory Committee members), consists of basic compensation as fixed compensation, year-end compensation linked to each period's performance, and stock compensation.

Decision process

Basic compensation is calculated based on the officer compensation standard table according to each executive officer's duties and experience, while year-end compensation is determined by the Representative Director & President's decision, taking into account company performance. Stock compensation is determined according to each fiscal year's performance and other factors, based on the provisions of the stock delivery regulations.

Performance-linked compensation indicators

Year-end compensation is linked to consolidated operating margin and other factors. Stock compensation is determined considering consolidated net sales, consolidated operating margin, consolidated ROE, and social value indicators for each fiscal year. In principle, shares calculated according to performance are delivered after the completion of the medium-term management plan. Additionally, regarding stock compensation, individual delivery numbers are determined based on the stock delivery regulations, and stock compensation shall be returned if certain conditions specified in the stock delivery regulations, such as misconduct, are recognized.

Strategic shareholdings

Our basic policy is to reduce existing strategic shareholdings. As part of regular reporting to the Board of Directors, we comprehensively review whether the holdings will contribute to the management of our Group over the medium to long term, including factors such as the state of business relations with the issuing company and economic rationale that takes into account both returns and risks. If we determine that holding a particular stock is no longer necessary, we will consider selling it. Our policy is to hold only shares that we have determined to be strategically necessary for business continuity and the enhancement of medium- to long-term corporate value, taking into account factors such as their strategic importance to our business and our business relationship with the issuing company.

Regarding voting rights for strategic shareholdings, while respecting the management policies of the issuing companies, we make judgments based on criteria such as whether they will contribute to our sustainable growth and the enhancement of our medium- to long-term corporate value, and whether they will benefit our shareholders and investors over the medium to long term.

Policy on constructive dialogue with shareholders

We strive to promote constructive dialogue with shareholders to contribute to the Company's sustainable growth and enhancement of medium- to long-term corporate value. For dialogue with shareholders and investors, we established the Investor Relations Division in July 2024, with the director in charge holding overall responsibility. In cooperation with related departments, the IR team responds appropriately to the investors' requests.

Methods of dialogue

In addition to the General Meetings of Shareholders, in IR meetings following quarterly earnings announcements, we explain our management situation and business activities to securities analysts, investors, and others. Additionally, we post notices of General Meetings of Shareholders, financial information, medium-term management plan materials, and securities reports on our website, striving for simultaneous disclosure in Japanese and English as far as possible. We also hold earnings briefings by the Representative Director & President twice a year.

Opinions, expectations, and concerns identified through dialogue with securities analysts and investors are reported to the Board of Directors quarterly and also provided as feedback to executive officers and related departments. We use this as reference for management and, based on the feedback, review and enhance our disclosure information.

Corporate Governance

Compliance

Based on our fundamental management philosophy of Three Forces in Balance with Each Other, which is our company policy, we have established the PILOT Group Code of Conduct as a common code for our entire Group, and strive to ensure compliance-prioritized behavior by communicating the actions that all officers and employees should take.

• Implementation system
At our company and major domestic subsidiaries, under the executive officer in charge of Compliance, compliance promotion leaders in each department work to promote compliance on a daily basis. At other domestic and overseas subsidiaries, compliance is promoted with appropriate content and methods suited to their respective circumstances, following our basic approach to internal control systems.

• Compliance education
Once a year, our compliance promotion department issues a Compliance Guide to educate compliance promotion leaders and raise employee awareness. Additionally, our Group conducts education and training on laws and internal rules that must be observed to establish the compliance knowledge necessary for business operations.

• Internal reporting system
Our Group has introduced an internal reporting system to prevent and detect misconduct early, including compliance violations of laws, internal regulations, codes of conduct, corporate ethics, or corporate social responsibilities, and to improve the Company's self-cleansing capabilities and ensure social credibility. We have established and operate three reporting channels: an internal channel, an external channel, and an Audit and Supervisory Committee channel.

• Anti-corruption measures
Our Group has established an anti-corruption and anti-bribery policy aimed at preventing all forms of corruption including bribery, acting with integrity based on high ethical standards, and earning society's trust.

PILOT Group Corruption and Bribery Prevention Policy

• Internal control
Regarding the system to ensure the appropriateness of our business operations, the Board of Directors has resolved on the basic internal control principles and is advancing its implementation.

Basic Internal Control Policy

Risk management

Based on the PILOT Group Risk Management Regulations, we manage risks that affect the management of our company and subsidiaries and work to minimize losses. Additionally, we have established a Risk Management Committee based on these regulations to strengthen responses through risk avoidance and reduction.

When risks materialize, we establish a response headquarters as an organization to quickly determine and implement specific measures to minimize losses based on the Management Risk Control Regulations and respond appropriately. The internal audit department audits the risk management status of each department and regularly reports its activities to the Board of Directors, Audit and Supervisory Committee, and Management Execution Meeting.

Subsidiaries understand the intent of our PILOT Group Risk Management Regulations and Management Risk Control Regulations, establish regulations and other systems for managing risk of loss, and address management risks with consideration for laws and the environment surrounding each company.

Additionally, when risk of loss arises at a subsidiary, we require reporting to our company based on the PILOT Group Company Management Regulations. In response to reports from subsidiaries, our related departments analyze the probability and impact of such risks, identify risks that have a significant impact on management, and determine whether focused measures should be taken.

Business Risks

Information security

As a company bearing social responsibility, we recognize the importance of information risk management and strive to improve information security by protecting information assets (both information itself and devices such as computers and recording media) from threats including unauthorized access, information leaks, and system disasters, aiming to build a sound and rich communication society.

PILOT Group Information Security Policy

Executive Officers (as of March 31, 2026)

Fumio Fujisaki

Representative Director & President

Number of Shares Held 12,900

April 1984	Joined The Pilot Pen Co., Ltd. (currently PILOT CORPORATION)
September 2011	General Manager, Corporate Planning Department
March 2015	Executive Officer
March 2019	Senior Executive Officer
March 2022	Director & Senior Executive Officer
March 2024	Representative Director & President (present)

Takeshi Kodaira

Representative Director

Number of Shares Held 5,400

April 1985	Joined The Pilot Pen Co., Ltd. (currently PILOT CORPORATION)
March 2015	General Manager, Manufacturing Department, Hiratsuka Business Site
March 2015	Executive Officer
March 2022	Director & Senior Executive Officer
March 2025	Representative Director & Senior Managing Executive Officer (present)

Toshiyuki Kikawa

Director

Number of Shares Held 400

April 1989	Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.)
October 2012	General Manager, Namba Department II, Namba Branch, Mizuho Bank, Ltd.
April 2014	General Manager, Umeda Corporate Department, Umeda Branch, Mizuho Bank, Ltd.
January 2018	Joined PILOT CORPORATION
July 2018	General Manager, Information Systems Office
March 2022	Executive Officer, General Manager of General Affairs Department
March 2026	Director & Managing Executive Officer (present)

Masanobu Muramatsu

Outside Director

Number of Shares Held 1,200

March 1983	Registered Certified Public Accountant
November 1989	Registered Certified Tax Accountant (deregistered in November 2021)
November 2012	Representative Partner, GYOSEI Certified Public Tax & Accountants' Co.
June 2013	Outside Audit & Supervisory Board Member, Yachiyo Industry Co., Ltd.
March 2020	Outside Director, PILOT CORPORATION
December 2021	Standing Advisor, Azabu Partners Tax & Accounting Co. (present)
March 2022	Outside Director (Audit & Supervisory Committee member), PILOT CORPORATION
March 2024	Outside Director (present)

Misuzu Shibata

Outside Director

Number of Shares Held —

October 2000	Registered Attorney
November 2001	Partner, Attorney at law, NS Law Office (present)
October 2007	Assistant Manager, Financial System Stabilization Management Office, General Affairs Group, Supervision Bureau, Financial Services Agency
April 2017	Civil Defense Instructor, Legal Research and Training Institute
June 2017	Outside Director, DELICA FOODS HOLDINGS CO., LTD. (present)
June 2020	Outside Director, Sompo Holdings, Inc. (present)
June 2020	Outside Director, SPACE VALUE HOLDINGS CO., LTD.
March 2023	Outside Director, PILOT CORPORATION (present)

Hiroshi Kawano

Outside Director

Number of Shares Held —

April 1985	Joined Sony Corporation (currently Sony Group Corporation)
April 2003	SVP, Sony Electronics Inc. (USA)
April 2012	Representative Director & President, Sony Marketing Inc.
June 2012	Board member, Sony Computer Entertainment Inc.
April 2018	Representative Director and Deputy President, Sony Imaging Products & Solutions Inc.
April 2021	Senior Executive Officer, Sony Corporation
April 2024	Representative, Office K LLC (currently Representative Director, Office K, Inc.) (present)
June 2024	Outside Director, Interworks Confidence Inc. (present)
March 2025	Outside Director, PILOT CORPORATION (present)

Yoshimi Ogata

Outside Director

Number of Shares Held 100

April 1984	Joined Tokyu Department Store Co., Ltd.
October 2001	General Manager, Sales Headquarters, Parfums Givenchy K.K.
June 2007	Representative Director, Swatch Group Japan K.K.
September 2010	Representative Director & President, Luxury Timepieces Japan K.K. (currently KERING JAPAN LIMITED)
October 2018	Representative Director, Office Ogata Co., Ltd. (present)
March 2026	Outside Director, PILOT CORPORATION (present)

Harunobu Terada

Director (Full-time Audit & Supervisory Committee Member)

Number of Shares Held 3,500

April 1988	Joined The Pilot Pen Co., Ltd. (currently PILOT CORPORATION)
March 2022	General Manager, Accounting & Finance Department
July 2024	Executive Officer
March 2026	Director (Full-time Audit & Supervisory Committee Member) (present)

Toshizo Kamiyama

Outside Director (Audit & Supervisory Committee Member)

Number of Shares Held 700

April 2001	Registered Certified Public Accountant
November 2010	Registered Certified Tax Accountant
November 2010	Representative Partner, Kamiyama Accounting, Certified Public Tax Accountant (present)
July 2013	Audit & Supervisory Board Member, ATL Systems, Inc. (present)
July 2015	Established Toshizo Kamiyama Certified Public Accountant Office
October 2015	Representative Partner, ALT Tsukiji Audit LLC (present)
March 2020	Outside Audit & Supervisory Board Member, PILOT CORPORATION
March 2022	Outside Director (Audit & Supervisory Committee Member) (present)
June 2023	Audit & Supervisory Board Member, Heibonsha Co., Ltd. (present)
October 2025	Audit & Supervisory Board Member, NEXT Arc United, Inc. (present)

Tsugukiyo Fujita

Outside Director (Audit & Supervisory Committee Member)

Number of Shares Held 700

April 2000	Registered Attorney
April 2000	Attorney at Law, Nagatacho Law Office
November 2003	Partner, Attorney at law, Nagatacho Law Office (present)
March 2022	Outside Director (Audit & Supervisory Committee Member), PILOT CORPORATION (present)

(Notes) 1. Director Misuzu Shibata's registered name is Misuzu Koyama.
2. The Company has adopted an executive officer system. The number of executive officers who do not concurrently serve as directors is 11.

Executive Officers (as of March 31, 2026)

Name	Position	Reason for Appointment	Skills Matrix ○: Items of expectation									
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fumio Fujisaki	Representative Director & President	Has extensive experience and achievements in various departments at the Company, including the Accounting & Finance Department, Planning Department, and International Sales Department, and has made significant contributions, including serving as president of an overseas subsidiary since 2019. Since 2022, has served as a director responsible for domestic and international sales departments, among others, and was appointed Representative Director in 2024, making this individual suitable based on his track record.	○	○	○	○	○	○	○	○	○	○
Takeshi Kodaira	Representative Director	Has extensive experience and achievements in the production and planning departments at the Company. After being appointed Executive Officer in 2015, led the production department as General Manager of the Manufacturing Department at Hiratsuka Business Site, and has served as General Manager of the Corporate Planning Office since 2016, making significant contributions to enhancing corporate value. Was appointed Representative Director in 2025, making this individual suitable based on his track record.	○	○	○				○	○	○	
Toshiyuki Kikawa	Director	Has extensive experience and achievements at a financial institution, and at the Company has also accumulated extensive experience and achievements in corporate departments, making significant contributions. Since 2022, has served as an Executive Officer responsible for the General Affairs Department and for handling special assignments, making this individual suitable based on his track record.	○	○	○					○	○	○
Masanobu Muramatsu	Outside Director	Utilizing expertise as a certified public accountant and as an auditor of business companies, has provided appropriate advice since being appointed as Outside Director in 2020, Outside Director (Audit & Supervisory Committee Member) in 2022, and Outside Director in 2024. Additionally, contributions to strengthening the supervisory function and ensuring transparency of the Board of Directors are expected, and this individual is deemed capable of fairly and appropriately performing duties as an Outside Director of the Company. Expected to leverage expertise as a certified public accountant to work toward strengthening supervisory functions over management as a whole, primarily from an accounting perspective.	○				○					○
Misuzu Shibata	Outside Director	Utilizing extensive knowledge, experience, and broad insight as an attorney and outside director of business corporations, has provided appropriate advice since being appointed as Outside Director of the Company in 2023. Additionally, contributions to strengthening the supervisory function and ensuring transparency of the Board of Directors are expected, and this individual is deemed capable of fairly and appropriately performing duties as an Outside Director of the Company. Expected to leverage expertise as an attorney to work toward strengthening supervisory functions over management as a whole, primarily from a legal perspective.	○		○	○					○	
Hiroshi Kawano	Outside Director	Utilizing extensive knowledge, experience, and broad insight as an executive at a private company, has provided appropriate advice since being appointed as Outside Director of the Company in 2025. With this broad insight, is deemed capable of fairly and appropriately performing duties as an Outside Director of the Company. Expected to leverage management experience and broad insight gained at business companies to provide supervision and advice on the Company's management as a whole.	○	○		○	○	○				
Yoshimi Ogata	Outside Director	Has extensive knowledge, experience, and broad insight as an officer of private business companies, and is deemed capable of fairly and appropriately performing duties as an Outside Director of the Company based on this broad insight. Expected to leverage broad expertise in the brand business to provide supervision and advice on the Company's management as a whole.	○	○	○		○	○				
Harunobu Terada	Director (Full-time Audit & Supervisory Committee Member)	At the Company, has managed overseas Group companies in the Planning Department and served in overseas assignments and as a department head in the Accounting and Finance departments, with extensive experience and achievements and significant contributions. Since 2024, has served as an Executive Officer responsible for the Accounting & Finance Department, among other roles, making this individual suitable based on his track record.	○				○					○
Toshizo Kamiyama	Outside Director (Audit & Supervisory Committee Member)	In addition to expertise as a certified public accountant and tax accountant, as well as an auditor of business companies, also has experience in international accounting practices. Since being appointed as Outside Auditor in 2020 and Outside Director (Audit & Supervisory Committee Member) in 2022, has appropriately performed duties as a Director of the Company based on broad insight. Expected to leverage expertise as a certified public accountant and tax accountant to work toward strengthening supervisory functions over management as a whole and supervisory functions over conflicts of interest, primarily from tax and accounting perspectives.	○				○					○
Tsugukiyo Fujita	Outside Director (Audit & Supervisory Committee Member)	Has extensive experience and deep insight as a legal expert. Since being appointed as Outside Director (Audit & Supervisory Committee Member) in 2022, has appropriately performed duties as a Director of the Company based on broad insight. Expected to leverage expertise as an attorney to work toward strengthening supervisory functions over management as a whole and supervisory functions over conflicts of interest, primarily from a legal perspective.	○		○						○	

(1) Group Governance (2) Long-term Strategic Thinking (3) Sustainability (4) Human Resources Management (5) Global Management (6) Marketing and Sales (7) Manufacturing, Technology, Development, and Intellectual Property (8) DX and IT (9) Risk Management (10) Finance and Accounting

Messages from Outside Directors

Masanobu Muramatsu
Outside Director

Persuasively communicating the company's sustainability

I see my role as drawing on my knowledge of accounting and taxation as a certified public accountant to strengthen the oversight function of management as an Outside Director.

On the Board, I examine matters such as the necessity and appropriateness of growth investments, the risks they entail, and their impact on capital efficiency, and I offer advice from the standpoint of whether decisions will lead to improved corporate value over the medium to long term.

As the mechanical technology of writing instruments has continued to evolve at each company, I feel that differentiating products from those of other companies has become more difficult than before. In addition, the writing instrument market is in an environment where major change must be addressed, including the digitalization of society. Against this backdrop, I believe there is significant potential in finding new businesses that can become pillars of growth by drawing on the intellectual property and intangible assets cultivated in the writing instrument business.

The medium-term management plan is also advancing various initiatives related to sustainability, and I believe it is important to connect these to enhancing future corporate value. I would like the Company to communicate, through a compelling value creation story, that the Company is one capable of enhancing corporate value over the long term and on a sustainable basis.

In addition, to enable individuals to fully demonstrate the capabilities that drive enhanced corporate value, I think it would be beneficial to further expand initiatives that improve employee engagement.

Misuzu Shibata
Outside Director

Strengthening our foundation and organizational structure to deliver value to society is a key issue

In my role as an Outside Director, I value bringing perspectives that differ from those inside the company, including by raising candid questions about our Group's customs and conventional wisdom. I work to contribute to building systems related to governance including the effectiveness of the Board of Directors and to human resource development, based on my experience as an attorney and as an outside officer at other companies, and to contribute to enhancing the motivation and opportunities for female officers and employees from a woman's perspective. On that foundation, I understand that outside directors are expected not to put the brakes on the management team's decisive decisions but to support them, while ensuring the appropriateness of those decisions.

While the targets have been revised in the first year of the 2025-2027 Medium-Term Management Plan, I appreciate not only the negative aspects but also the very fact that, beyond recognizing the external environment, the Company looked squarely at the current state of internal structures and necessary improvements and began transformation. At the Nomination and Compensation Committee in fiscal 2025, we were also able to make significant changes to the officer compensation system. I see it as significant that the internal officers did not cling to the previous content of the system in response to outside opinions and were able to discuss the matter based on the objective of revision and a future-oriented perspective.

I regard the key issues as realizing and achieving these revised targets and the aims of the new systems; showing the path more concretely, with a sense of urgency and speed, so that our Group can deliver value to society based on the technology, rarity, history, and trust it has cultivated in its products; and strengthening the foundation and organizational structure to support this across the Group.

Messages from Outside Directors

Hiroshi Kawano
Outside Director

Putting future-oriented reforms into action without hesitation

As an outside director, I see my role as questioning what PILOT has done over the generations and proposing change.

With global competition now unavoidable across every part of the business, from how we draw up business plans to how we communicate with stakeholders, I believe PILOT must transform and evolve the way it works today to stay prosperous for the long term. My years at my former company, Sony, were a story of constant reinvention, and I want to draw on that experience and share what I learned to help PILOT find a new way forward of its own.

The first year of the 2025-2027 Medium-Term Management Plan, I have to say, was a very hard one. Meeting our medium-term goals for growth, profit, social value, and corporate value will take a response with a real sense of urgency behind it. I have urged a fundamental rethink of how the businesses are run, and the creation of an organization, and a way of running it, that makes clear who is accountable for each business.

At the same time, if PILOT can clearly convey to the world the commitment to quality it has held since its founding, and what that quality is worth, I believe it can carve out a position all its own. On offense, that means investing strategically in the development of the technologies that keep us ahead, and giving real shape to our scenarios for future growth. On defense, I want to see management made transparent and, under strong leadership, the business portfolio focused and pared down without compromise, with efficiency pursued to the very limit.

Yoshimi Ogata
Outside Director

Raising writing instruments to a new level of experiential, cultural, and brand value

My career has been in brand businesses, building the value of products, marketing them, improving the retail floor and the customer experience, and running organizations. What I have learned is that a company's growth comes down to one thing: knowing who you are serving, what value you are bringing them, and in what experience you deliver it.

As a newcomer, I want first to understand the businesses and the front lines properly, then say plainly what needs saying, and help build the company's future together with everyone here.

Writing instruments and other stationery products are far more than tools. They support our ability to express, think, learn, and create, and I believe that through the creative endeavors can nurture art and culture and enrich both the human spirit and society itself.

Since our flagship products are writing instruments, they are, I think, vulnerable to a maturing market, to digital alternatives, and to price competition. Japan is a mature market with little room to grow over the medium to long term, as a falling birthrate shrinks the population, and on top of that, digitalization is eroding the very occasions on which people write each day. What I see as an opportunity is the way the value of writing as an experience is being rediscovered, whether in the learning benefits of handwriting, the spark of creativity, or stationery as a personal pleasure.

The real question ahead, I believe, is whether we can lift these products beyond mere stationery and consumables into something with experiential, cultural, and brand value. I think that communication taking in hands-on events, education and handwriting research, and programs for schools and businesses could win us still more devoted fans.

Messages from Outside Directors

Toshizo Kamiyama

Outside Director (Audit & Supervisory Committee Member)

Hoping for distinctive, innovative new products

As an outside director on the Audit and Supervisory Committee, I believe my part is to bring my background as a certified public accountant and tax accountant to bear, offering useful advice and information to the Board of Directors and applying the brakes when they are needed. As a member of the Nomination and Compensation Committee, I also see it as my part to help choose incentives that motivate the people running the company and to nominate the right successors.

Beyond my oversight work, such as audit reporting, I have advised on accounting and tax matters and on internal control. The original plan for the first year of the 2025-2027 Medium-Term Management Plan was, regrettably, not met, but with uncertainty growing around the world, I hope we can put a range of measures in place to reach it over the two years that remain.

Trouble securing raw materials amid the military conflict involving Iran, together with the effects of tariffs and environmental regulation, is making the business climate more uncertain still. In the writing instrument industry, I think we need the right strategies to counter both the erosion of our competitive edge as Chinese and other products rise in quality and the harm this does to our brand.

The tasks ahead, as I see them, are to hold down the rising cost of production that comes with soaring raw material prices and higher labor costs, by improving how we work with the latest IT, and to sharpen accountability and put the necessary internal controls in place through a more accurate consolidated budget and sound management accounting. Under our Group Purpose, I look to PILOT to create distinctive, innovative new products.

Tsugukiyo Fujita

Outside Director (Audit & Supervisory Committee Member)

A call for a bold, enterprising spirit

Over a long career as a lawyer, I have handled a great deal of corporate legal work, and along the way I have developed both a knack for finding the facts that matter in a flood of information, and a lawyer's habit of mind. I want to put that experience to use in helping oversee the running of the company as a whole.

In the boardroom, with the separation of supervision and execution in mind, I have called for more active Executive Management Meeting and a clearer route to the 2030 Vision. The first year of the 2025-2027 Medium-Term Management Plan was, in the numbers, a very hard one. Reaching the targets, I believe, will call for supple management: bringing the right new products to market, keeping costs in check, and building out the organization further.

On the business climate, the future of the writing instrument market, our mainstay, has grown hard to read, and the quality of low-priced writing instruments from China, India, and elsewhere has risen sharply. As a global company, our Group has to meet these conditions quickly and effectively.

Going forward, in the writing instrument market that is our mainstay, we have to set ourselves apart from the Chinese and Indian products coming up behind us and build our brand, and at the same time grow a second pillar beyond writing instruments. In a business climate that is hard to read, an open, candid culture is taking hold, emerging in the boardroom, and I feel that every employee, taking the Purpose, "Our Creations Inspire Creativity," to heart as their own, is now being called on to act with a bold, enterprising spirit.

11-Year Key Consolidated Financial Data

		Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net sales		million yen	99,164	98,350	104,117	104,038	103,714	87,096	103,057	112,850	118,590	126,168	126,391
By segment	Domestic	million yen	34,059	35,220	34,626	33,318	31,254	24,862	25,058	26,649	28,923	30,312	29,353
	Overseas	million yen	65,104	63,130	69,490	70,720	72,459	62,234	77,999	86,201	89,667	95,855	97,037
By business	Writing instrument business	million yen	87,689	86,322	91,914	92,400	93,133	77,919	92,993	101,679	106,273	113,003	113,143
	Non-Writing instrument business	million yen	11,474	12,028	12,202	11,638	10,580	9,177	10,063	11,171	12,317	13,165	13,247
Operating profit		million yen	19,313	21,013	19,974	20,932	19,141	14,141	19,325	21,244	19,003	17,805	16,649
Operating margin		%	19.5	21.4	19.2	20.1	18.5	16.2	18.8	18.8	16.0	14.1	13.2
Ordinary profit		million yen	19,281	21,052	20,561	21,010	19,215	14,356	20,362	22,633	20,840	20,110	17,855
Profit attributable to owners of parent		million yen	12,009	14,454	15,497	14,589	13,277	9,933	14,270	15,773	13,661	15,181	12,064
Comprehensive income		million yen	9,164	13,707	16,288	11,274	13,197	9,118	16,773	18,417	17,993	17,644	15,902
Net assets		million yen	65,386	78,309	59,972	69,688	81,179	87,873	102,348	117,989	132,345	141,579	146,079
Total assets		million yen	102,699	114,775	111,964	115,065	125,934	123,571	143,155	156,542	166,468	176,701	179,906
Net assets per share		yen	1,386.51	1,651.06	1,485.64	1,732.42	2,023.41	2,199.11	2,562.01	2,954.51	3,305.72	3,628.73	3,909.89
Profit per share		yen	258.81	309.86	361.72	369.87	336.62	251.84	361.81	399.86	346.31	388.53	317.02
Dividend per share		yen	31.00	22.00	32.00	40.00	45.00	55.00	60.00	90.00	100.00	117.00	120.00

(Notes) 1. Sales to Malaysia and India that had been included in the domestic segment were moved to the Asia segment in 2025 due to new consolidation.
2. The significant decrease in net assets and significant decline in the equity ratio in 2017 was due to the acquisition of treasury shares and other factors.

11-Year Key Consolidated Financial Data

	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dividend payout ratio	%	8.1	7.1	8.8	10.8	13.4	21.8	16.6	22.5	28.9	**30.1**	**37.9**
Equity ratio	%	62.7	67.3	52.3	59.4	63.4	70.2	70.6	74.5	78.3	**79.1**	**80.8**
Return on equity (ROE)	%	19.9	20.4	22.8	23.0	17.9	11.9	15.2	14.5	11.1	**11.2**	**8.5**
Price-to-Earnings Ratio (PER)	times	19.3	15.6	15.0	14.4	13.1	11.5	12.2	12.0	12.1	**12.5**	**15.4**
CAPEX	million yen	3,888	3,759	4,231	4,036	6,033	3,650	4,239	5,881	11,021	**11,810**	**7,856**
R&D expenses	million yen	1,468	1,407	1,349	1,395	1,434	1,467	1,649	1,851	2,065	**2,197**	**2,462**
Cash flows from operating activities	million yen	14,195	9,752	17,875	14,116	15,189	15,137	19,815	13,753	10,175	**22,727**	**16,999**
Cash flows from investing activities	million yen	(4,027)	(3,208)	(5,642)	(2,920)	(5,481)	(4,461)	(3,598)	(5,350)	(10,707)	**(11,054)**	**(11,125)**
Cash flows from financing activities	million yen	(4,451)	1,174	(19,739)	(6,866)	(2,089)	(5,397)	(7,965)	(8,370)	(7,380)	**(11,039)**	**(8,015)**
Cash and cash equivalents at the end of period	million yen	20,279	28,127	20,461	24,785	32,488	37,724	45,844	45,444	38,329	**39,112**	**38,581**

(Notes) 1. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards No. 28, February 16, 2018) and related standards have been applied from the beginning of 2019, and the key management indicators and other figures for 2018 reflect the retrospective application of such accounting standards and related standards.
2. "Accounting Standard for Revenue Recognition" (Accounting Standards No. 29, March 31, 2020) and related standards have been applied from the beginning of 2022, and the key management indicators and other figures for 2022 and thereafter reflect the application of such accounting standards and related standards.

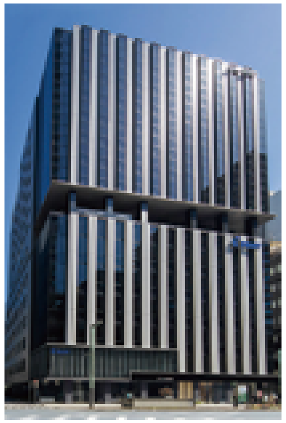
6-Year Key Non-Financial Data

	Unit	2020	2021	2022	2023	2024	2025
Number of employees (group)	people	2,609	2,629	2,707	2,831	**2,965**	**3,175**
Number of employees	people	991	1,007	1,013	1,056	**1,094**	**1,092**
Percentage of female among new hires	%	—	41.0	46.0	45.2	**50.0**	**50.0**
Number of mid-career hires	people	—	10	20	39	**36**	**11**
Number of non-Japanese nationals hired	people	—	1	4	1	**3**	**0**
Percentage of female managers	%	7.1	8.1	9.9	8.3	**10.3**	**11.1**
Gender wage gap	%	—	65.1	66.8	68.2	**70.3**	**72.7**
Paternal leave usage rate (male)	%	22.2	10.0	50.0	42.9	**100.0**	**92.3**
Childcare leave usage rate (female)	%	100.0	100.0	100.0	100.0	**100.0**	**100.0**
Paid leave usage rate	%	62.0	58.9	65.2	70.8	**74.0**	**73.5**
Training and education expenses per employee	thousand yen	15	35	49	75	**91**	**63**
Employee satisfaction	%	72.6	70.9	69.0	69.6	**71.4**	**—**
Number of occupational accidents	cases	—	1	4	5	**2**	**2**
Greenhouse gas emissions	t-CO_2	13,467	14,524	14,488	12,515	**11,975**	**13,169**
Electricity consumption	MWh	27,115	29,520	28,982	28,844	**27,734**	**26,958**
Water intake	thousand m^3	81	94	89	82	**79**	**76**
Wastewater discharge	thousand m^3	—	94	88	81	**78**	**76**
Waste generation	ton	940	1,015	1,078	998	**935**	**853**
Recycling volume	ton	—	711	753	690	**621**	**703**
Landfill disposal volume	ton	—	304	325	308	**314**	**150**

(Notes) 1. The number of employees does not include average temporary employees.
2. The scope of coverage for hiring, female manager ratio, gender wage gap, childcare leave usage rate, paid leave usage rate, training and education expenses per employee, employee satisfaction, number of occupational accidents, greenhouse gas emissions, electricity usage, water intake, wastewater discharge, waste discharge, recycling volume, and landfill disposal volume is the Company.
3. The female manager ratio is based on actual figures as of July 1 of the target year.
4. The calculation period for the paid leave usage rate is from March 21 of the subject year to March 20 of the following year.
5. The number of occupational accidents includes accidents involving dispatched workers. Non-lost-time accidents and commuting accidents are not included.
6. Greenhouse gas emissions are the total of Scope 1 and Scope 2.
7. The recycling volume of waste generation includes thermal recycling (energy recovery).

Corporate Information (as of June 30, 2026)

Corporate name	PILOT CORPORATION
Founded	January 27, 1918
Established	January 4, 2002
Representative	Fumio Fujisaki, Representative Director & President
Headquarters	6-21, Kyobashi 2-Chome, Chuo-ku, Tokyo, 104-8304 Japan TEL +81-3-3538-3700
URL	https://www.pilot.co.jp/english/
Business	Manufacturing, purchase, and sale of writing instruments and other stationery goods, toys, rings and other precious metal accessories, ceramic parts and other products
Fiscal year	From January 1 to December 31 of each year
Number of employees	Consolidated: 3,175 (as of December 31, 2025) Non-consolidated: 1,092 (as of December 31, 2025)
Capital stock	2,340,728,000 yen
Net sales	126,391 million yen (fiscal year ended December 2025)
Listings	Tokyo Stock Exchange (Prime Market)
Securities code	7846
Auditing firm	ARK LLC



Offices

Headquarters

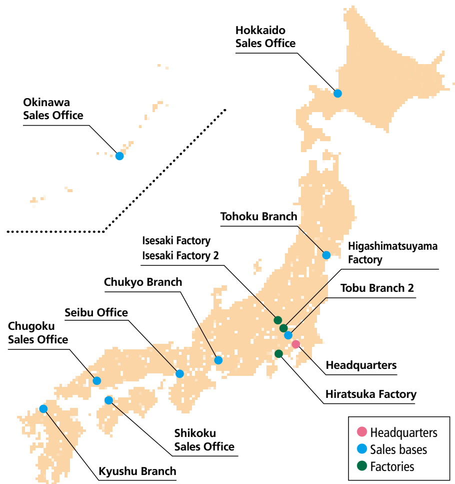
6-21, Kyobashi 2-Chome, Chuo-ku, Tokyo, 104-8304 Japan
TEL +81-3-3538-3700

Branches / Sales Offices

Tobu Branch 2	PRS Building 3F, 1-40, Takahana-cho, Omiya-ku, Saitama-shi, Saitama, 330-0803 Japan TEL +81-48-650-4730
Hokkaido Sales Office	de AUNE Sapporo 3F, 4-1-7 Kitarokujo Higashi, Higashi-ku, Sapporo-shi, Hokkaido, 060-0906 Japan TEL +81-11-748-8555
Tohoku Branch	4-18-15 Yamatomachi, Wakabayashi-ku, Sendai-shi, Miyagi, 984-0042 Japan TEL +81-22-783-3051
Chukyo Branch	IT Meieki Bldg. 2, 3F, 3-10-17 Meieki, Nishi-ku, Nagoya-shi, Aichi, 451-0045 Japan TEL +81-52-433-7230
Seibu Office	Shin-Dai Bldg. 5F, 1-2-1 Douzimahama, Kita-ku, Osaka-shi, Osaka, 530-0004 Japan TEL +81-6-6478-8401
Chugoku Sales Office	2-3-8 Tokaichimachi, Naka-ku, Hiroshima-shi, Hiroshima, 730-0805 Japan TEL +81-82-292-3371
Shikoku Sales Office	AIG Matsuyama Building 3F, 4-8-11 Sanbancho, Matsuyamashi, Ehime, 790-0003 Japan TEL +81-89-943-4640
Kyushu Branch	Urban Center Hakata 3F, 3-1-10 Hakataeki-Minami, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0016 Japan TEL +81-92-441-4391
Okinawa Sales Office	2-7-15 Matsuyama, Naha-shi, Okinawa, 900-0032 Japan TEL +81-98-868-6649

Factories

Hiratsuka Factory	1-4-3 Nishiyawata, Hiratsuka-shi, Kanagawa, 254-8585 Japan TEL +81-463-35-8000
Isesaki Factory	Isesaki South Industrial Park, 1744-2 Naganuma-machi, Isesaki-shi, Gunma, 372-8567 Japan TEL +81-270-32-7131
Isesaki Factory 2	Isesaki South 3rd Industrial Park, 1577-1 Shimohasu-cho, Isesaki-shi, Gunma, 372-0852 Japan TEL +81-270-31-7070
Higashi-matsuyama Factory	Higashimatsuyama Industrial Park, 25-8 Oaza Miyako, Namegawa-machi, Hiki-gun, Saitama, 355-0812 Japan TEL +81-493-57-1107



Corporate Information (as of June 30, 2026)

Group Companies

Domestic

- **THE PILOT INK CO., LTD.**
  Business: Manufacturing of products
  Company Category: Consolidated subsidiary
  https://www.pilotink.co.jp/ *Only in Japanese

- **PILOT FINE TECH Co. Ltd.**
  Business: Manufacturing of parts for writing instruments and other products
  Company Category: Consolidated subsidiary
  https://www.pilotft.co.jp/ *Only in Japanese
- **Pilot Logitem Co., Ltd.**
  Business: Logistics
  Company Category: Consolidated subsidiary
- **Pilot Printex Co., Ltd.**
  Business: Name-imprinting services
  Company Category: Non-consolidated subsidiary
- **PILOT Resin Co. Ltd.**
  Business: Processing, manufacturing, and sale of synthetic resin materials
  Company Category: Non-consolidated subsidiary
- **MARK'S Inc.**
  Business: Planning, manufacturing, and sale of design stationery and lifestyle products; directly managed stores and retail business
  Company Category: Consolidated subsidiary
  https://www.marks.jp/
- **Westek Inc**
  Business: Import, export, and domestic sale of office machinery and equipment, daily sundries, and the like
  Company Category: Non-consolidated subsidiary
  https://westek.co.jp/ *Only in Japanese

Overseas

- **Pilot Corporation of America**
- **Pilot Pen de Mexico S. de R.L. de C.V.**
- **Pilot Pen do Brasil S/A.**
- **Pilot Corporation of Europe S.A.S.**
- **Pilot Pen France S.A.S.**
- **Pilot Pen (Deutschland) GmbH**
- **The Pilot Pen Company (U.K.) Ltd.**
- **Pilot Nordic AB**
- **Pilot Pen Australia Pty. Ltd.**
- **Pilot Pen (Shenzhen) Co., Ltd.**
- **Pilot Pen Co., (Hong Kong) Ltd.**
- **The Pilot Pen (Taiwan) Co., Ltd.**
- **PT PILOT PEN SOUTH EAST ASIA**
- **Pilot Pen (S) Pte Ltd.**
- **Pilot Pen (Malaysia) Sdn. Bhd.**
- **PILOT PEN & STATIONERY COMPANY (INDIA) PRIVATE LIMITED**
- **Pilot Pen South Africa (Pty) Ltd.**
- **PT Pilot Pen Marketing Indonesia**
- **PT Pilot Pen Indonesia**

External Evaluations and Certifications

Pilot Corporation of Europe S.A.S. received the top "Platinum" sustainability rating from EcoVadis

Pilot Corporation of Europe S.A.S. received a Platinum rating from the international assessment body EcoVadis, awarded to companies ranking within the top 1% of all companies assessed worldwide for corporate sustainability.

Outstanding Health and Productivity Management Organization 2026 (Large Enterprise Category)

Recognized for the planned promotion of various measures to maintain and improve employee health, including raising health literacy, improving lifestyle habits, encouraging opportunities for exercise, and supporting women's health, the Company was certified as an Outstanding Health and Productivity Management Organization 2026 (Large Enterprise Category) by NIPPON KENKO KAIGI.

Eruboshi certification for the promotion of women's active engagement (highest level, three stars)

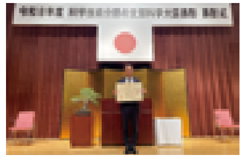
Recognized for its commitment to creating an environment where diverse personnel can work with peace of mind, the Company received Eruboshi certification (highest level, three stars) based on the Act on the Promotion of Women's Active Engagement in Professional Life from the Ministry of Health, Labour and Welfare, effective November 26, 2025.

Kurumin certification

Recognized for its efforts to develop a workplace environment that makes it easier for employees to balance work and childcare, the Company received Kurumin certification as a childcare support company designated by the Ministry of Health, Labour and Welfare, effective March 5, 2026.

FY2026 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology, Science and Technology Award (Development Category)

Received for achievements relating to "the development of writing instruments whose writing can be erased through frictional heat," the core technology of the FRIXION series.



GOOD DESIGN AWARD 2025

The KIRE-NA highlighter and the Onamae Jozu oil-based marker won a GOOD DESIGN AWARD 2025.

Grand Prize, Stationery Shop Awards 2025

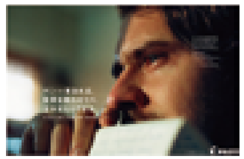
In a contest that invites sales-floor staff who are stationery experts from well-known stationery stores to serve as judges and reviews products released over the past year, the KIRE-NA highlighter won the Grand Prize.

Japan PTA National Council Recommendation Mark

Products including the Dr. Grip mechanical pencil series and the KIRE-NA highlighter received the Japan PTA National Council Recommendation Mark, which is awarded to products and services that contribute to children's safety and growth.

73rd Asahi Advertising Award (Category Award)

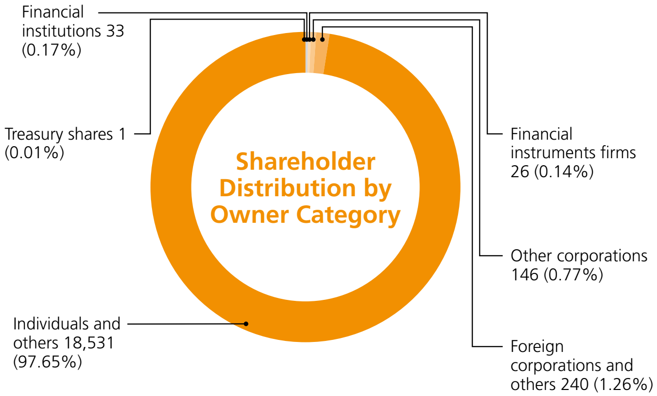
A corporate advertisement reading "With a single pen, you can make the world laugh or cry," published in the Asahi Shimbun on November 3, 2024 (Culture Day), won a Category Award at the 73rd Asahi Advertising Award competition (fashion, watches, musical instruments, household goods, and sporting goods).

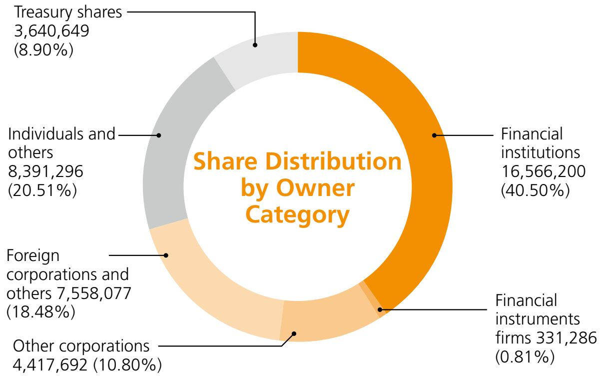


Stock Information (as of December 31, 2025)

Number of shares authorized	180,000,000
Number of shares issued	40,905,200
Number of shareholders	18,977
Annual general meeting of shareholders	March every year
Transfer agent Account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation

(Notes) 1. In connection with the stock split with a record date of June 30, 2026, the total number of shares authorized for issue will become 440,000,000 as of July 1, 2026.
2. In connection with the cancellation of 3,500,000 treasury shares carried out on March 31, 2026 and the stock split with a record date of June 30, 2026, the total number of shares issued will become 112,215,600 as of July 1, 2026.



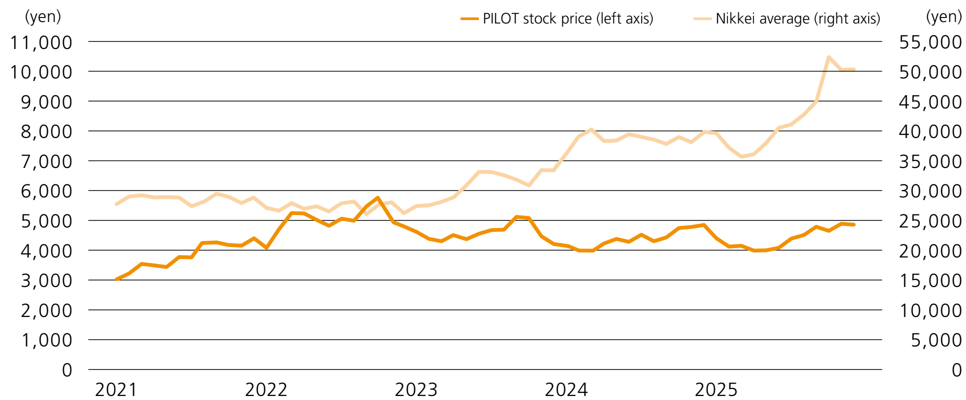


Major Shareholders

Name	Number of shares held	Percentage of total voting rights
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,999,000	10.73 %
Custody Bank of Japan, Ltd. (Trust Account)	2,495,600	6.69
MUFG Bank, Ltd.	1,718,600	4.61
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Re-trustee: Custody Bank of Japan, Ltd.	1,602,000	4.29
Asahi Mutual Life Insurance Company	1,134,000	3.04
Mitsubishi UFJ Trust and Banking Corporation	1,100,400	2.95
Shochiku Co., Ltd.	972,000	2.60
KOREA SECURITIES DEPOSITORY–SHINHAN SECURITIES	944,912	2.53
Employees' Stockholding	841,500	2.25
Daiichi Life Insurance Co., Ltd.	720,000	1.93

(Notes) 1. PILOT Corporation owns treasury shares totaling 3,640,649 shares, but the total has been excluded from the table of major shareholders. The treasury shares do not include 65,400 shares held by BIP Trust for the Company's performance-linked stock remuneration plan for directors.
2. In calculating the percentage of total voting rights, treasury shares were excluded. The percentage was rounded down to the second decimal place.
3. Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. is a trust asset entrusted with the Company's shares previously held by Mizuho Bank, Ltd. as a retirement benefit trust, and voting rights are to be exercised at the direction of Mizuho Bank, Ltd. In addition to the above, Mizuho Bank, Ltd. holds 1,600 shares under its own name.

Stock Price Trends (5 Years)



High and Low Stock Prices by Fiscal Year

	FY2021 Financial Results	FY2022 Financial Results	FY2023 Financial Results	FY2024 Financial Results	FY2025 Financial Results
High (Yen)	4,535	6,060	5,477	5,082	5,082
Low (Yen)	2,903	3,965	3,935	3,681	3,698

(Note) Stock prices are from the Tokyo Stock Exchange (Prime Market) from April 4, 2022 onward, and from the Tokyo Stock Exchange (First Section) prior to that date.