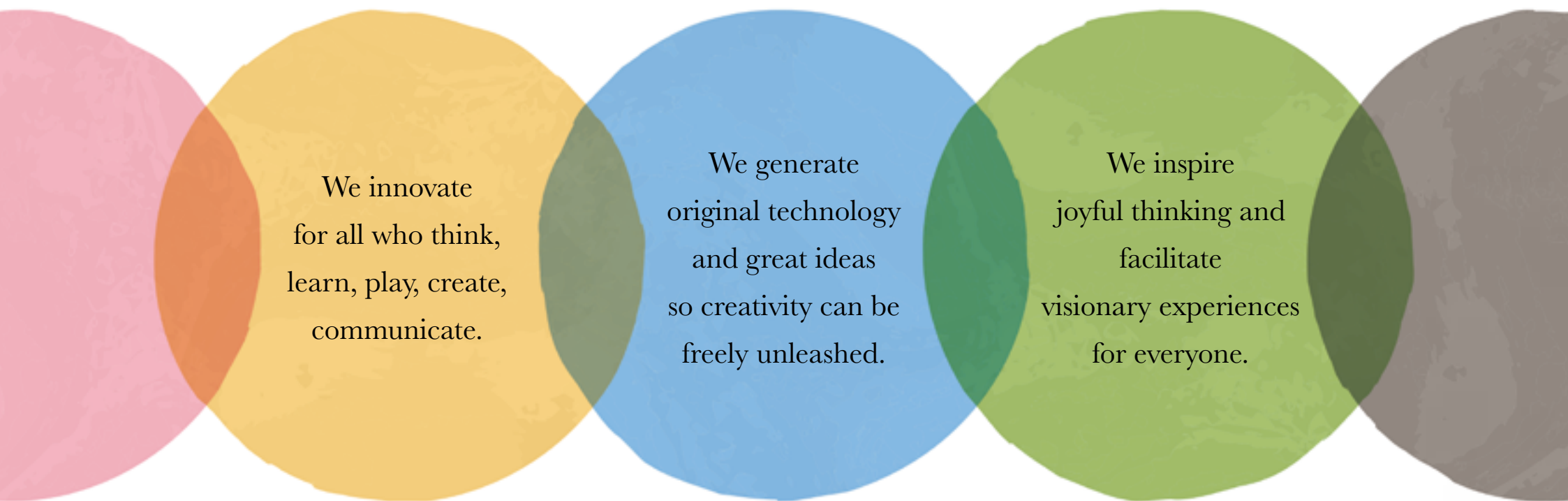


Our Creations Inspire Creativity



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.

The PILOT Group faces demands to respond to global advances in digitalization of writing instruments and diversification of consumer purchasing channels, as well as addressing various supply chain risks and solving social issues.

To respond appropriately to these changes and push forward with our management, we established our Purpose in 2022 as our unwavering management commitment.

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. In those days, trade ships were loaded with imported goods, while there were almost no exports of domestically produced items. Eventually, the two began to passionately discuss their future dream of bringing to the world Japanese products that they can be proud of. On February 9, 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.

Our company name, PILOT, embodies our determination to forge new paths as the industry's navigator and leader, as well as our commitment both to creating never-before-seen products through the pursuit of innovative ideas and technology, and to creating new markets around the world.

Subsequently, as our business continued to grow, we established the ideals of our two founders as our management guidelines, and we adopted five Guiding Principles as our company policy. They are "*San-Sha-Tei-Ritsu* (Three forces in balance with each other)," "*U-Ki-Wa-Sei-Shin* (Shared joys and shared sorrows)," "*Nan-Kan-Top-Pa* (Overcoming difficulties)," "*Ich-Nichi-Is-Shin* (One step, one day)" and "*Shi-Sei-Shin-Ken* (A very sincere approach)."

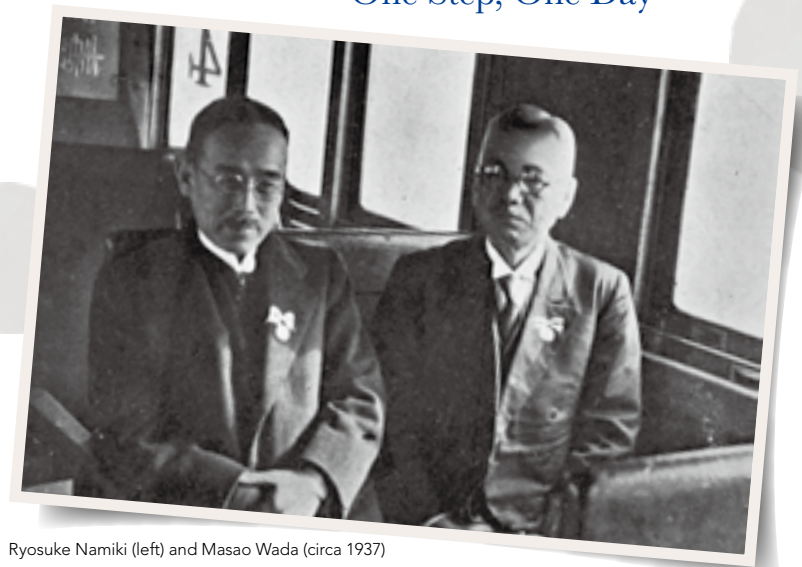
At the time of our founding, when Japan was rapidly modernizing, with Western advanced nations serving as its model, our two founders, having both studied at mercantile marine schools, had discovered as young sailors that great possibilities lay overseas. For the two of them, business was not merely a means of pursuing profit, but of creating high-quality products from Japan that could compete globally—and demonstrating that capability to the world.

At the same time, this meant establishing a company, creating Japanese-made products, working hard at the export business, and contributing to the nation and society through these efforts. This was the equivalent of what we call corporate social responsibility today, and even now, that spirit continues to be passed down to each and every employee through the five Guiding Principles that serve as our company policy.

Three Forces in Balance with Each Other

Shared Joys and Shared Sorrows

One Step, One Day



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

Overcoming Difficulties

A Very Sincere Approach

Our Pioneering Spirit Innovation Spirit

Our company has pursued global expansion since its founding. By the 1920s, shortly after our founding, we had already established sales offices in New York, Shanghai, Singapore, and London. Over the 100-year period since then, we have made inroads into each country on our own, and have steadily developed our own sales channels to reach each and every store in each country, as well as each and every individual user. Today, our products are sold in more than 190 countries and regions. This is the fundamental spirit that has been passed down from 100 years ago, when our founders traveled around the world with several fountain pens in their luggage—a spirit that forms the core of who we are.

This pioneering spirit is evident not only in our overseas expansion, but also in our success in becoming a

technological pioneer and demonstrating our capabilities in domains beyond writing instruments. Our FRIXION series of erasable ballpoint pens, which came to fruition after a development period spanning 30 years, truly exemplifies our spirit of constantly searching for new value even within the mature writing instrument market. Additionally, the spirit of the relentless pioneer who constantly strives to overcome the status quo can clearly be seen in the various new businesses that our company develops.

We will continue to evolve without fearing change and keep challenging ourselves without being bound by past successes. Even now, more than 100 years since our founding, the pioneering spirit flows through our core.



The early fountain pen model that crossed the sea with our founders (image)



The FRIXION series, which has sold over 4.7 billion units cumulatively worldwide (as of the end of December 2024)

Integrated Production Pride in PILOT Made

We have manufactured almost all the components and conducted the assembly processes for our fountain pens with our own hands. There are few companies in the world that handle everything in-house, from manufacturing the pen point at the tip of the nib to product packaging.

We know from experience that this is indeed the most effective manufacturing method. And we know that the key to manufacturing lies in the details. Even if you gather parts made according to the blueprints, they do not always assemble into products that meet the quality standards we demand.

We design and manufacture the molds that form the basis for plastic molding. Molds are never completed in a single attempt. We make repeated adjustments many times until we attain a form suitable for mass production, searching for the optimal shape for stable production.

Additionally, we sometimes design and manufacture the production machinery itself to make it more user-friendly.

This is because we consider optimization not only of the performance of individual production machines, but of the entire process, including the preceding and subsequent steps.

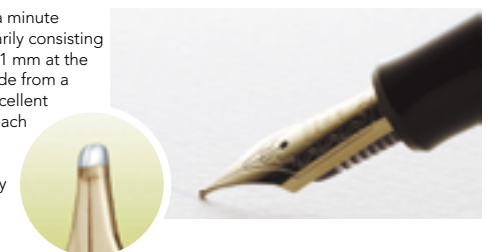
In this way, our strength lies in understanding every production process and making the necessary adjustments. We are flexible about incorporating the latest technologies as well. We optimize through repeated selection and focus while maintaining a grasp of the whole. This is what our integrated production system is about.

At the same time, this integrated production means that we achieve consistent quality—that is, PILOT-standard quality—no matter which of our factories around

the world produces the product. Skilled craftsmen from our Japanese factories visit local sites to provide careful technical support.

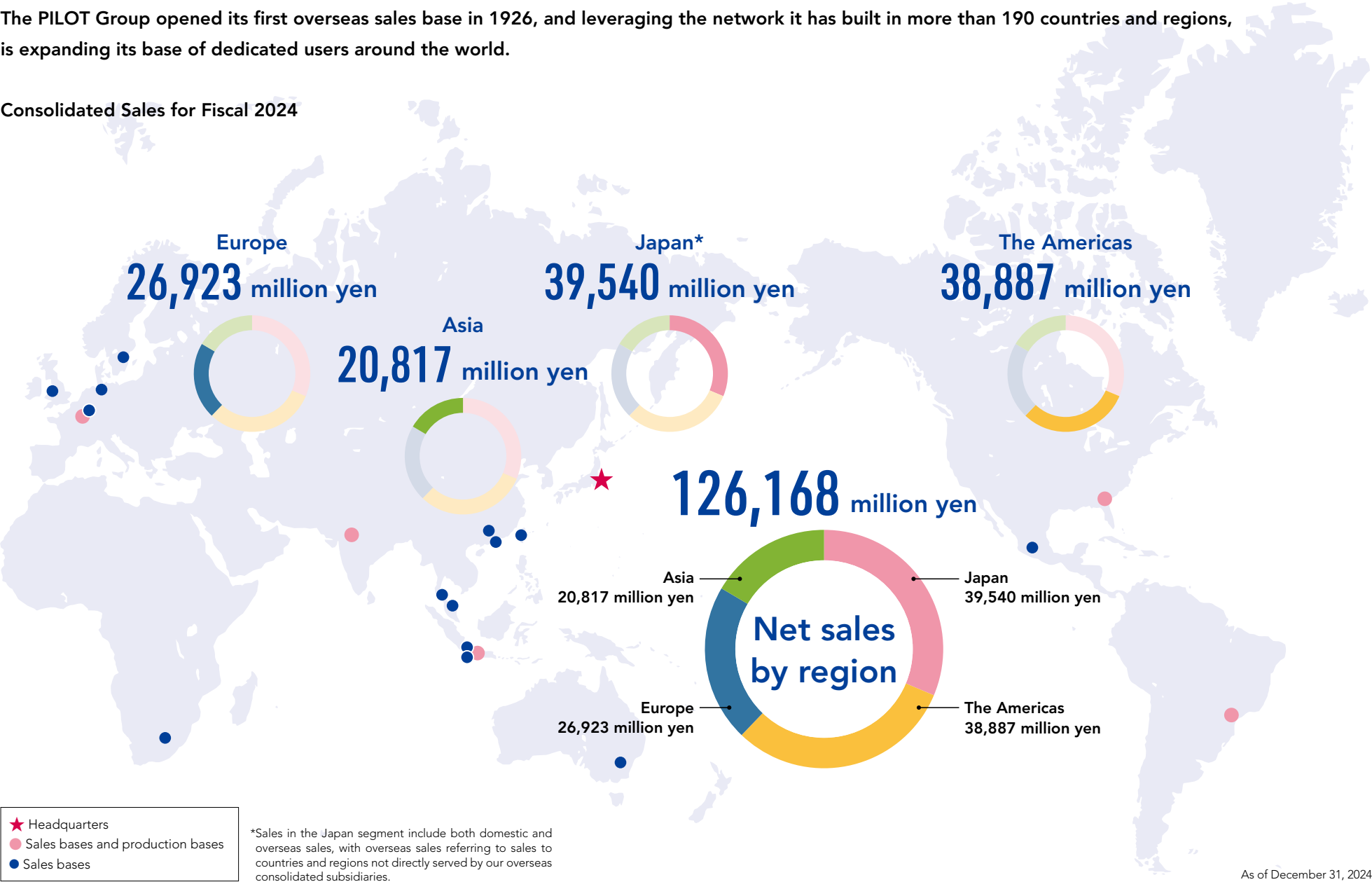
We spare no effort in making the quality of PILOT-made products something that brings joy to our users. We are a company that has grown by tackling and solving problems on our own, and we believe this is precisely why we have developed a resilient nature that enables us to respond to myriad changes.

The pen point is a minute component primarily consisting of approximately 1 mm at the tip of the nib. Made from a hard alloy with excellent wear resistance, each and every unit is hand-polished to achieve a uniquely stunning writing quality.



The PILOT Group opened its first overseas sales base in 1926, and leveraging the network it has built in more than 190 countries and regions, is expanding its base of dedicated users around the world.

Consolidated Sales for Fiscal 2024



Pilot Corporation of
Europe S.A.S./France

Pilot Pen (Shenzhen)
Co., Ltd./China

Pilot Corporation of
America/U.S.

France



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

Claire Goudeaux

Since its establishment in 1996, 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 PET bottles in 2009 and launched our “Bottle to Pen” product line. In 2025, we are selling “FRIXION ball +” in Europe, which combines FRIXION ink technology with recycled PET bottles.

As a CSR Manager, I drive various sustainability projects while ensuring compliance with CSR regulations and fostering collaboration across the Group to advance our sustainability efforts. Our goal is to establish ourselves as the definitive brand in the European writing instrument market. Over the coming years, we aim to foster sustainable innovation ideas within the Group and expand our business potential on eco-designed ranges.



“FRIXION ball +” is made from over 80% recycled PET bottles and is refillable. It features an elegant matte black design and a comfortable triangular grip shape for writing.

China



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

Leo Wang

PPSZ, which was established in 2004, primarily imports writing instruments from our Japanese headquarters and distributes them throughout China. Of our approximately 300 employees, sales staff account for about 220, connecting 26 locations in total to provide writing instruments to our business partners. Twenty years after our establishment, we have now achieved the No. 1 market share among imported writing instrument brands in China.

As a Sales Manager, my ultimate goal is to achieve the No. 1 share in China’s overall writing instrument market. Through an unwavering determination to overcome difficulties, we will forge ahead to achieve our goals. At PPSZ, I have spent 18 years learning advanced skills and management practices. In the future, I aspire to acquire even higher expertise and skills, become an exceptional leader, contribute to the company, and be someone my family can rely on.



P-500 achieves a smooth writing experience through a structure that supports the ball at the pen tip at three points. With its excellent water-resistant and lightfast ink, it is popular among Chinese students and recognized as the No. 1 imported brand for examination pens.

U.S.



Pilot Corporation of America (PCA)
Senior Manager of Sales Planning

Lindsey Holtz

PCA was established in 1972 and takes pride in being a leading manufacturer and distributor of high-quality writing instruments in the United States. Our mission is to provide customers with innovative writing instruments of exceptional quality that enable their self-expression and help them achieve their goals.

I oversee the Office Superstore Division and work closely with other sales divisions to improve all business channels. To drive sales growth, I promote communication and collaboration around new product launches and marketing support, while developing cross-functional projects. My vision is for PILOT to continue leading the market with high-quality products, genuine innovation, and a strong organization, consistently meeting user expectations.



G-2 is America’s best-selling pen thanks to its reliable quality, extensive color variety, and universal design. The gel ink is beloved by countless consumers in the United States and supports our customers’ goals for sales and innovation.

● Pilot Pen South Africa (Pty) Ltd./
South Africa

● Pilot Pen Australia Pty. Ltd./Australia

● Pilot Pen do Brasil S/A./Brazil

South Africa



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

Brendon Marchbank

PPSA specializes in sales of high-quality writing instruments. We distinguish ourselves through reliable solutions that emphasize innovation, durability, comfort, and sustainability.

I develop promotional activities to enhance brand visibility at retail locations while managing inventory. I dedicate myself to brand growth, building customer relationships, and delivering services, with a focus on improving customer satisfaction and expanding our market presence.

Going forward, as a Sales Executive, I aim to grow by strengthening customer relationships, expanding market share, and driving innovative sales strategies. Additionally, by collaborating across departments with other teams, I aim to further enhance my professional skills and contribute to PPSA's success.



PILOT G-2 Gel pen is remaining our No. 1 seller, with sales and market share growing year after year.

Australia



Pilot Pen Australia Pty. Ltd. (PPA)
Marketing Assistant

Stephanie Janolo

At PPA, we offer an extensive product lineup that delivers an unparalleled writing experience with limitless possibilities.

My role is in digital marketing. I manage our social media platforms and website, ensuring content remains fresh, engaging, and on-brand at all times. Creating content that reflects our brand personality is creative and exciting work. I'm also thrilled to help PILOT's writing instruments grow in the digital space. Through playful social campaigns, collaborations with content creators, and storytelling that reflects our brand personality, I want to express how writing continues to evolve.



In Australia, FRIXION ball is the first pen used by children who "graduated" from pencils around age eight or nine. As the advantages of its erasability become more widely known, we estimate that brand recognition will exceed 50%.

Brazil



Pilot Pen do Brasil S/A. (PPB)
Sales Assistant

Bruna de Oliveira

PPB, established in 1954, specializes in the production and distribution of high-quality writing instruments.

As a Sales Assistant, I support the sales team in managing product-related processes and ensuring efficient, high-standard customer service.

PILOT products consistently receive positive feedback from consumers, with no reported complaints, reinforcing the brand's solid reputation in Brazil for quality, sustainability, and environmental responsibility.

As a proud member of the PILOT Group, I am committed to promoting the superior quality of our products and contributing to the continued growth of PPB by enhancing its presence in the writing instrument market.



Among the products PPB handles, we particularly focus on the markers LUMI COLOR and RETRO PROJOTOR. LUMI COLOR boasts excellent ink quality that doesn't bleed through and offers superior durability. Meanwhile, RETRO PROJOTOR's defining feature is ink that remains resistant to fading over time, with excellent adhesion properties.

PILOT Group by the Numbers

Net sales

126,168
million yen

Sales of FRIXION erasable ballpoint pens

Cumulative total

Over **4.7** billion

"Mellchan" doll sales

Cumulative total

Over **10** million units

"Mellchan" domestic
market share

89%

Industry-leading sales
network

Over **190**

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

Overseas net sales ratio

Over **75%**

We will communicate the vision behind “Our Creations Inspire Creativity” and our initiatives and strategies for making this a reality in a broad, substantive, and comprehensive manner.

This integrated report is published to help all stakeholders clearly understand how the PILOT Group is pursuing sustainable corporate value enhancement, what initiatives we are advancing, and how we are transforming our business portfolio. It aims to communicate our strengths, the direction we aspire to, and our value creation activities in an accessible manner.

This year, while emphasizing the vision embedded in our Group’s Purpose, “Our Creations Inspire Creativity,” we introduce the initiatives we have implemented thus far to achieve our 2030 Vision, which is to “support the act of writing around the world and at the same time support society and culture in fields other than writing.” We also present our future strategies based on the 2025-2027 Medium-Term Management Plan. In addition to financial information based on our management strategy, we include non-financial information such as our engagement with society and the environment through business activities, and governance initiatives that support corporate value enhancement.

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 and the Year on the Cover

This report primarily covers fiscal 2024 (January 1, 2024 to December 31, 2024), but we have included the latest information available at the time of publication wherever possible. Additionally, starting this year, we have changed the year on the cover to “2025” to match the year of the report’s publication (last year’s cover displayed “2023,” which was the financial year covered).

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.

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

Introduction

Starting from our Purpose, we delve into the characteristics of the PILOT Group through our corporate culture, which has persisted from our founding to the present day and spread across the globe.

iroshizuku: hana-ikada

Value Creation Story

The President’s message presents our overall picture of value creation, telling our story across past, present, and future.

iroshizuku: to-ro

Strategy for Achieving Value Creation

Introduces our financial strategy in the message from the Senior Managing Executive Officer (Finance). And introduces business strategies based on putting our pioneering spirit into practice and working toward integrated production, presented by the officers in charge.

iroshizuku: ama-iro

Foundation Supporting Value Creation

Introduces our engagement with society and the environment through business activities and governance initiatives that help to enhance corporate value.

iroshizuku: chiku-rin

Data

Contains medium- to long-term financial and non-financial information as well as the latest company and stock information.

iroshizuku: take-sumi

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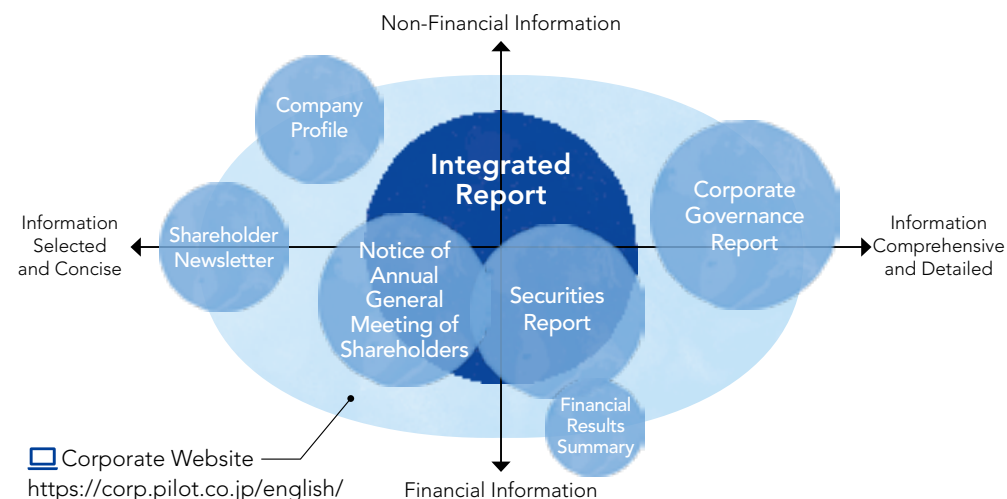
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Value Creation Story

The President's message presents our overall picture of value creation, telling our story across past, present, and future.

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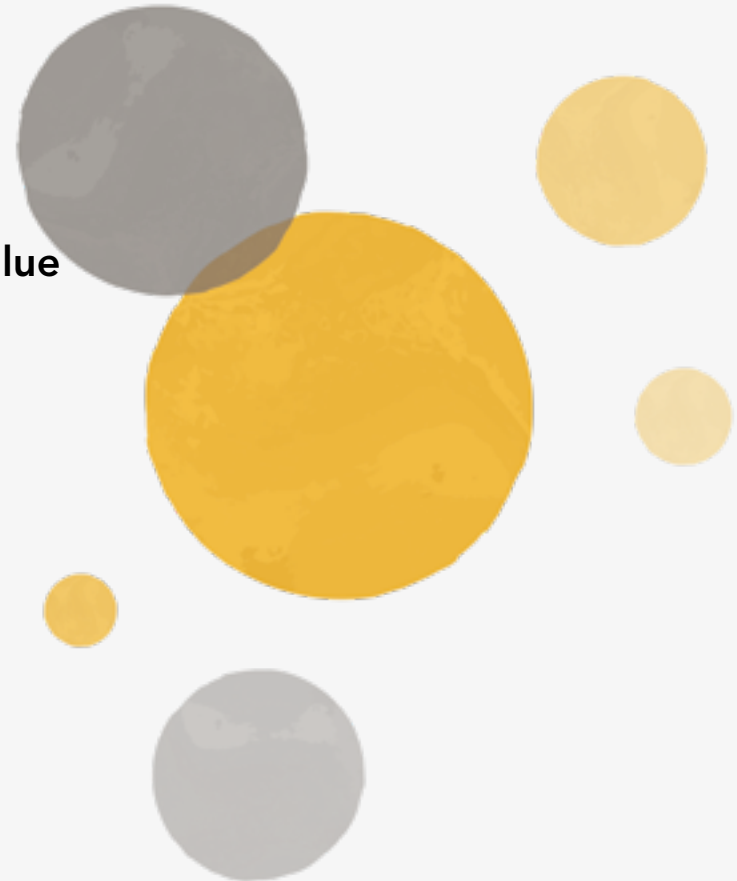
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**We aim to
create value unique to PILOT,
built on the foundation of our
Group Purpose:
Our Creations Inspire Creativity**

**Representative Director & President
Fumio Fujisaki**

Our Commitment to the Group Purpose

In March 2022, the PILOT Group established its Group Purpose, “Our Creations Inspire Creativity” to redefine its reason for existence and establish this as its unwavering management philosophy. To achieve a long-term competitive advantage, companies must remain essential to society. At the same time, to grow sustainably amid rapid global change, organizations need a guiding principle for decision-making—a fulcrum that remains steady regardless of external shifts. With this in mind, our Purpose expresses our vision of who we want to be for society.

Throughout our history spanning more than 100 years, we have brought people intellectual joy and cultural experiences through the act of writing with our writing instruments. Looking ahead, we aspire to deliver these same intellectual joys and cultural experiences in areas that extend beyond writing. To achieve this, we will use our Purpose as our guiding principle, rapidly incorporating it into our management decisions and embracing new challenges.

A Pioneering Spirit and Integrated Production Cultivated Through Our Founding Spirit

As embodied in the Company’s Guiding Principles of “Three Forces in Balance with Each Other” and “Shared Joys and Shared Sorrows,” our Group maintains a deep-rooted corporate culture of understanding people in different positions and recognizing one another’s value. Furthermore, guided by “A Very Sincere Approach” we maintain our longstanding customer-first approach, always considering the customer’s perspective with genuine care and dedication. In addition, by demonstrating the spirit of “Overcoming Difficulties” we continue to grow with strength and resilience even in the face of difficulties,

while embracing “One Step, One Day” as our motto. We believe that this commitment to continuous, unwavering effort is essential to business growth.

The distinctive strengths we have cultivated through this founding spirit are our “Pioneering Spirit” and “Integrated Production.” Today, our Group’s overseas sales ratio has exceeded 75%, and we have built a system capable of delivering products worldwide. Behind this achievement lies the pioneering spirit inherited from our founders, who expanded overseas just eight years after the Company’s establishment in 1918. Our commitment to manufacturing, which has preserved integrated fountain pen production that is unparalleled anywhere in the world, also serves as a driving force supporting the Group. We have been able to develop innovative products that once did not exist, such as our FRIXION erasable ballpoint pens and G-2 gel ink ballpoint pens, which enjoy high acclaim overseas, and continue to produce and provide them while maintaining consistent quality worldwide precisely because of our pioneering spirit and integrated production.

Our comprehensive Group capabilities, which enable us to leverage these strengths in every region around the world, represent another significant advantage. While Japanese expatriates initially serve as presidents when overseas subsidiaries are established, we gradually hand over leadership to local management talent. Drawing on the expertise in optimizing Group management that we have cultivated through more than 100 years of overseas expansion, we develop businesses that leverage our strengths in pioneering spirit and integrated production in ways suited to each region.

Advancing Foundation Building Toward Our 2030 Vision

Fiscal 2024 marked the final year of our 2022-2024



Medium-Term Management Plan (previous plan). As the first phase toward realizing our 2030 Vision, we established five basic strategies under the theme of Reform and Challenge: (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, and (5) Formulate and implement the long-term design of human resources. As a result of our efforts to build a foundation for our 2030 Vision, we believe we were able to implement our initiatives as planned overall.

In particular, under (1) Further strengthen functions for business expansion, establishing sales bases in growth markets such as India and the ASEAN region represents a significant achievement, and we are confident this will serve as a driving force for future business expansion. Under (2) Set to work on capital and business alliances and new business concept, we established a capital and business alliance with MARK’S INC and launched

new businesses through our newly established Future Creations Office. For (3) Strengthen the overall Group governance system, we developed governance mechanisms and regulations. Regarding (4) Integrate sustainability and the Medium-Term Management Plan, we established the Sustainability Promotion Group and built a system capable of responding to various external requirements. We also moved quickly on (5) Formulate and implement the long-term design of human resources, expanding our development training programs to include hands-on experience programs where participants learn while living overseas, as part of our efforts to strengthen globally capable talent. We have begun developing talent with the skills and determination to engage in overseas business not only in our overseas sales departments, but across all divisions.

Meanwhile, these three years have also revealed challenges for the next phase. In particular, amid rapid changes in the business environment, accelerating our information gathering, analysis, and effective

implementation of measures has emerged as a critical challenge. Other issues include inventory management, and we believe we need to prioritize our efforts from a comprehensive Group-wide perspective.

How to Execute the Second Phase of Our 2030 Vision

Our new 2025-2027 Medium-Term Management Plan launched in fiscal 2025. This Medium-Term Management Plan positions us in “Reinforcing the Group’s management foundation for adapting to changes” as the second phase as we work toward our 2030 Vision. Under the theme of Ceaseless Evolution, we have identified four management challenges: (1) Increasing the global market share of writing instrument business, (2) Reinforcing the structure of non-writing instrument businesses, (3) Finding new alliance partners, and (4) Driving sustainable management of the Group. We have divided (4) Driving sustainable management of the Group into (4)-1 Driving operational reforms from the viewpoint of total optimization, (4)-2 Reinforcing the Group management structure and driving human resource development, and (4)-3 Reforming the global supply chain of writing instrument business, bringing our total to six management challenges. Of these six, the first three represent practical initiatives, while the latter three are initiatives that support implementation. Our intention is to establish a solid revenue structure in our core writing instrument business and invest the funds generated there into our non-writing instrument business to drive future growth.

This Medium-Term Management Plan was formulated through multifaceted consideration, with a view to resolving issues that emerged during the previous plan. For (1) Increasing the global market share of writing instrument business, we will focus on expanding business

in the Indian and ASEAN markets where we established production and sales bases during the previous plan. As population growth is expected to continue in these regions, we can anticipate significant growth in our writing instrument business. We will work to enhance recognition of our corporate and product brands while introducing a wide range of products to these markets. For (2) Reinforcing the structure of non-writing instrument businesses, we will work on overseas expansion of our toy business and strengthening our IP business. Additionally, centered on PILABOT, the new business promotion platform created by our Future Creations Office, we will collaborate with internal departments and external partners to identify new growth businesses. For (3) Finding new alliance partners, we will leverage our experience from the capital and business alliance with MARK’S INC achieved during the previous plan to develop alliance experts within our company and accelerate M&A activities and business partnerships.

Our Group’s supply chain extends around the world. While the previous Medium-Term Management Plan focused primarily on procurement measures, we will pursue (4) Driving sustainable management of the Group to improve the overall system from demand forecasting through ordering, production, and sales. Under (4)-1 Driving operational reforms from the viewpoint of total optimization, we will advance business reforms that enhance productivity and introduce new core systems to strengthen our information gathering and analysis functions, leading to faster management decisions. The first stage will be completed during this Medium-Term Management Plan, and we will continue these efforts going forward. Since we began reviewing on-site operations before implementation, we expect to see benefits from an early stage. For (4)-2 Reinforcing the Group management structure and driving human resource development, we will advance the creation of



systems that enable each employee to fully demonstrate their capabilities while providing opportunities for further growth to elevate our overall human resources. In (4)-3 Reforming the global supply chain of writing instrument business, we will review our global supply chain and improve each process—demand forecasting, procurement, production, inventory storage, and sales—from a perspective of overall optimization. We will include foreign exchange trends as a factor for consideration while also addressing the reduction of fluid risks.

Developing Human Resources Who Can Take on New Challenges in an Era of Rapid Change

The PILOT Group faces demands to respond to global advances in digitalization and diversification of consumer purchasing channels, as well as addressing various supply chain risks and solving social issues. In times like these, we will leverage the corporate culture of pioneering spirit to cultivate talent who can question current assumptions and take on new challenges.

We aim to develop human resources who can be autonomous, learning and communicating independently, who can sense signs of change and challenge themselves without fear, and who can collaborate with others by accepting and respecting different values. To facilitate employees' autonomous activities, we provide opportunities for them to fully demonstrate their abilities and take on challenges, in addition to creating comfortable work environments and enhancing our training systems. As part of this initiative, we have begun dispatching middle managers in their forties to lead our overseas subsidiaries. By immersing them in societies and cultures different from those of Japan and having them accumulating an unprecedented breadth of experiences, we will develop them into management talent capable of demonstrating strong capabilities even in times of rapid

change.

I also advocate a spirit of collaboration among our employees. Having worked in various departments including corporate planning and overseas sales, I have experienced firsthand both the high capabilities of our individual Group employees and how much closer we come to our goals when these capabilities unite.

One reason for establishing our Purpose is to ensure that each PILOT Group employee understands and feels that their work contributes to meaningful goals, enabling them to have hope for the future and find fulfillment and satisfaction in their daily work. As a leader, I am committed to providing unwavering support for our employees' growth.

To All Our Stakeholders

My role, as the one entrusted with the future of the PILOT Group, is to maximize our Group's strengths as we steadily approach the year 2030, while ensuring that our Purpose—which represents what we aspire to—feels personal to all Group employees and is firmly passed on to the next generation so that we can move forward with a sense of unity. Through our "executive caravan" initiative, which we have conducted since 2022 to embed our Purpose throughout the Group, we have achieved direct dialogue between directors and all employees of the headquarters. Since last year, we have begun initiatives to spread our Purpose to Group companies, including those overseas. I believe we can further strengthen our Group by leveraging our strengths while drawing out the power of our human resources.

The act of writing, which forms the foundation of our business, is indispensable to all human beings. While still under research, the effects of writing, including its impact on the human brain, learning effectiveness, and potential in dementia prevention, are filled with various possibilities.

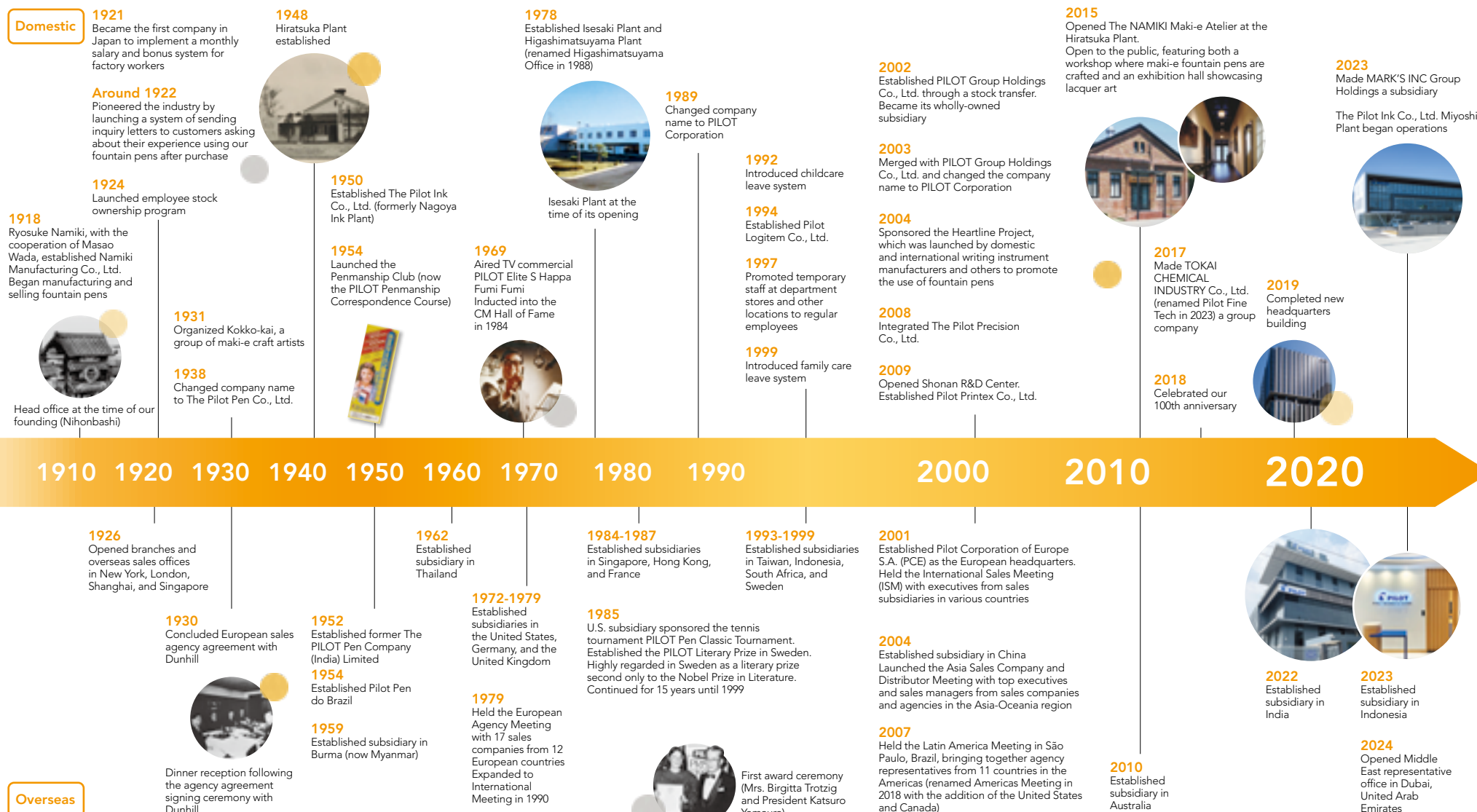
By incorporating these unexplored possibilities into our business, we believe our Group's value will grow even more. Moreover, writing instruments are closely linked to education, and providing high-quality, user-friendly writing instruments in countries and regions experiencing significant population growth also contributes culturally.

Along with achieving this value creation unique to PILOT, we will promote management that is conscious of capital costs and stock prices so that we can continue to live up to your support and expectations. To this end, as a leader, I will work to enhance our Group's earning power and strive to build a structure that generates stable revenue. We will also work to provide value based on our Purpose, ensuring that our Group's business contributes to society as a whole.

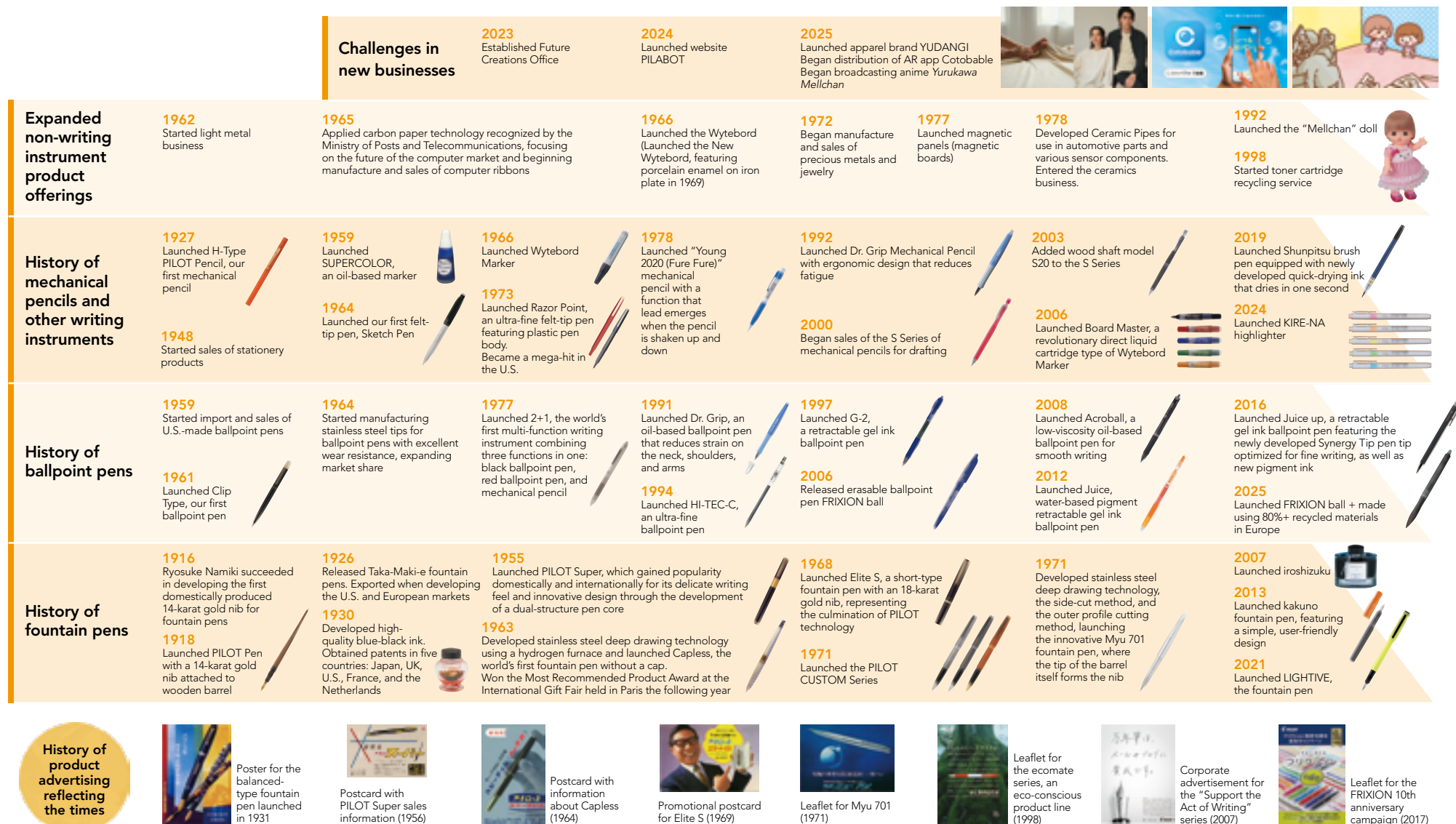
Besides continuing to grow our core writing instrument business, we will persist in our efforts to make our 2030 Vision a reality, including establishing our non-writing instrument business as a second pillar. We ask for your continued and unwavering support.



Founded in 1918, our company embarked on full-scale overseas expansion in 1926. Since then, as we have expanded our business both domestically and internationally, we have been the first company in Japan to undertake certain initiatives and have pioneered various activities in the industry, with the aim of achieving the No. 1 global market share in writing instruments.



Starting with fountain pen manufacturing, our company has continuously taken on challenges in ideas and technology for over 100 years since our founding, creating many innovative products that had never existed before. While leveraging the technology born from writing instrument manufacturing, we will continue into the next 100 years as a support for people, society, and culture in areas beyond writing instruments.



For over 100 years, our Group has supported people around the world in generating abundant creativity through the act of writing—thinking, recording, drawing, communicating, and preserving—by manufacturing and selling writing instruments. Moving forward, under our Purpose, “Our Creations Inspire Creativity,” we will make endeavors not only in writing-related areas, but also expand into other areas. We aim to provide products and services that go beyond traditional manufacturing, including experiences and innovative value creation.

BUSINESS MODEL

Strengths of the PILOT Group

Over 100 years of accumulated expertise

Pioneering spirit

Integrated production

Business Development

New business
creation

Future Creations Office

Alliances

Application of
writing instrument
manufacturing
technology

Toys
Metamo
technology

Ceramics
Microfabrication
technology

Jewelry
Metal processing
technology

Writing instrument business

INPUTS

Diverse Capitals Supporting Sustainable Growth

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

Financial Strategy

Achievement of Medium-Term Management Plan targets

Non-financial Strategy

Initiatives for sustainability material tasks

OUTPUTS

(2030 Vision)

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

Purpose of
the PILOT Group

**Our Creations
Inspire
Creativity**

A society where our Purpose
has been achieved

OUTCOMES

Economic Value

Provision of products and services
beloved by customers

Stable shareholder returns

Social Value

Creation of social and cultural value
Provision of healthy workplace environments
Contribution to environmental issues

Response to Risks and Opportunities

Intellectual Capital

Number of intellectual properties held Approx. 3,650

R&D expenses 2.197 billion yen

Our Group conducts product development centered on writing instruments. In 2011, we integrated the development organizations that had been separated among the Hiratsuka Plant, Isesaki Plant, and Pilot Ink into the Shonan R&D Center, thereby improving the working environment for researchers and moving toward shortening development periods and developing higher value-added products. In the development of new products, we leverage our proprietary technological resources, draw inspiration from market feedback, and capitalize on technological innovation trends such as digital advancements. We also integrated our intellectual property department in 2011, and through the introduction of IP landscaping, which has allowed us to quickly identify trends across various industries and discover the potential latent within our proprietary technologies, we have been utilizing information related to intellectual capital in our management strategy.

Human Capital

Number of employees 2,965 (Consolidated)

Human resources investment 266 million yen (Combined total for the Company and four Group companies)

As we consider human capital to be an important element for sustainable growth, we established a human resources strategy in 2023 that focuses on acquiring diverse talent, developing autonomous and creative talent who can thrive globally, improving employee engagement, and creating a work environment that promotes both mental and physical health. We are implementing measures related to human capital to evolve into an organization that draws out users' creativity while demonstrating our own creative abilities.

Manufacturing Capital

Capital investment 11.81 billion yen (Consolidated)

Production results 45.207 billion yen (Japan)

Our Group's production bases are primarily located in Japan. At the Hiratsuka Plant, we manufacture high-end writing instruments such as fountain pens. Each fountain pen is carefully crafted by hand through every stage, from the pen point to assembly, with all processes handled in-house. The Hiratsuka Plant also maintains integrated production of high-end ballpoint pens, mechanical pencils, multi-function writing instruments, jewelry, and ceramic products. The Isesaki Plant features advanced processing technology and automated production lines, serving as our core production facility for lower-priced writing instruments. It manufactures gel ink ballpoint pens such as G-2 and oil-based ballpoint pens such as Acroball. Everything is handled in-house, from parts mold design and resin molding to ink manufacturing, tip processing, and assembly. Pilot Ink, which has its roots in fountain pen ink manufacturing, draws on advanced technology cultivated over many years to produce the FRIXION series, Juice up and Hi-Tec-C gel ink ballpoint pens, and board markers.

Social and Relationship Capital

Number of domestic retail partners Approx. 7,000 stores

Number of overseas sales companies and agencies Approx. 150

While many writing instrument manufacturers sell through distributors, we have prioritized a direct sales system within Japan. We value direct dialogue with retailers and go out of our way to conduct demonstration sales at stores. Since 2009, we have developed a membership organization called Premium Members, which connects specialty stationery stores. For large retail chains, we also propose store layouts and promotional campaigns. We maintain long-term business relationships with retailers while carefully gauging consumer needs and feeding this information back to various internal departments to enhance product development and service improvements. We are also expanding our sales channels to include online shopping and e-commerce to increase purchasing opportunities. In addition, through Pen Doctor repair services and other events, we are increasing opportunities to connect with users. Internationally, we employ a one-distributor-per country system, establishing locally focused sales networks, and conducting sales activities aligned with the regional characteristics and cultures of each country.

Financial Capital

Equity ratio 79.1%

Interest coverage ratio 152.3x

Our Group maintains strong financial health and high profitability independent of external conditions, including ample cash reserves. Given expectations of continued labor cost increases for talent acquisition, sustained high capital investment, and challenging overseas market conditions, we are working to control our SG&A ratio while reducing inventory levels. At the same time, we are working to improve capital efficiency based on the allocation between growth investments and shareholder returns.

Natural Capital

Greenhouse gas emissions 17.6% reduction (compared to FY2021)

Waste emissions 7.9% reduction (compared to FY2021)

Working toward a sustainable society, we are addressing environmental impact reduction at multiple stages to minimize our environmental footprint across all business activities, including product planning, design, production, and sales. We are implementing various measures to minimize environmental burdens, such as installing solar power generation in parts of our factory buildings and promoting resource-efficient product development, including the effective use of packaging materials. In our production processes, we promote the 3Rs (Reduce, Reuse, Recycle) for plastic raw materials while working to increase recycling rates through the installation of plastic collection boxes.

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.

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

Financial KGI

2022-2024 Medium-Term Management Plan (Results)

2025-2027 Medium-Term Management Plan (Targets)

Indicators (Units)	FY2022 December	FY2023 December	FY2024 December	FY2025 December	FY2026 December	FY2027 December
Consolidated net sales (million yen)	112,850	118,590	126,168	133,000	139,000	145,000
Operating margin (%)	18.8	16.0	14.1	13.5	15 or higher	16 or higher
ROE (%)	14.5	11.1	11.2	10.0	10 or higher	11 or higher
Dividend payout ratio (%)	22.5	28.9	30.1	—	—	—
Total shareholders return ratio (%)	—	—	—	50 or higher	50 or higher	50 or higher

(Post-January 2025 exchange rate forecasts: 1 USD = 150 yen, 1 EUR = 160 yen, 1 CNY = 21.4 yen)

2028-2030 Medium-Term Management Plan

Creating and providing new value

Exploring Ways to Our Next Endeavors

Realization of
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**
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

2025-2027 Medium-Term Management Plan: Growth Opportunities and Risks, Key Management Tasks to Focus On, and Major Actions

We analyze growth opportunities and risks from three perspectives—markets, technologies, and sustainability—to identify key management issues our Group should focus on and promote specific actions.

	Trends	Growth Opportunities	Risks	Key Management Tasks	Major Actions	Related Pages
Markets	<ul style="list-style-type: none"> • Areas with high economic growth rates • Expansion of e-commerce • Diversification of lifestyles 	<ul style="list-style-type: none"> • Growing demand in areas with growing population, or in Indian and ASEAN markets in particular • Diversifying points of contact with customers • Growing interest in experience instead of goods • Increasing mobility in the labor market 	<ul style="list-style-type: none"> • Intensifying competition in existing markets • Foreign exchange risk • Securing labor 	1 Increasing the global market share of writing instrument business	1 <ul style="list-style-type: none"> • 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 	▶ P.32 ▶ P.13 ▶ P.29
Technologies	<ul style="list-style-type: none"> • Development of robotics • Shift to smart factories • Sophistication of on-time data analysis 	<ul style="list-style-type: none"> • Higher precision of marketing research and demand forecast • Productivity improvement attained by applying technologies such as AI and automation technologies • Progress in technologies which reduce the environmental impact 	<ul style="list-style-type: none"> • Increase in system investment • Shortage of system personnel 	2 Reinforcing the structure of non-writing instrument businesses	2 <ul style="list-style-type: none"> • 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. 	▶ P.36 ▶ P.37 ▶ P.36
Sustainability	<ul style="list-style-type: none"> • Sustainable procurement by companies • Increase in the number of products with considerations for the environment and diversity • Tighter environmental regulations 	<ul style="list-style-type: none"> • Rising demand for products and services with considerations for the environment and universal design • Emergence of new business models • Technological progress for complying with various regulations 	<ul style="list-style-type: none"> • Tighter regulations • Risk of tariff hike • Logistics risk • Increase in cost • Natural disaster risk 	3 Finding new alliance partners	3 <ul style="list-style-type: none"> • Finding new partners by applying intellectual property landscaping 	▶ P.36
				4 Driving sustainable management of the Group <ul style="list-style-type: none"> (1) Driving operational reforms from the viewpoint of total optimization (2) Reinforcing the Group management structure and driving human resource development (3) Reforming the global supply chain of writing instrument business 	4 - (1) <ul style="list-style-type: none"> • Introducing a new core system through operational reforms 4 - (2) <ul style="list-style-type: none"> • Sophistication of collection and utilization of Group company information • Stepping up investment in human resource development 4 - (3) <ul style="list-style-type: none"> • Optimizing inventory levels at overseas sales bases 	▶ P.13 ▶ P.13 ▶ P.24

Strategy for Achieving Value Creation

Introduces our financial strategy in the message from the Senior Managing Executive Officer (Finance).

And introduces business strategies based on putting our pioneering spirit into practice and working toward integrated production, presented by the officers in charge.

Financial Strategy

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Pioneering Markets Through Products

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Pioneering Markets Through Technology

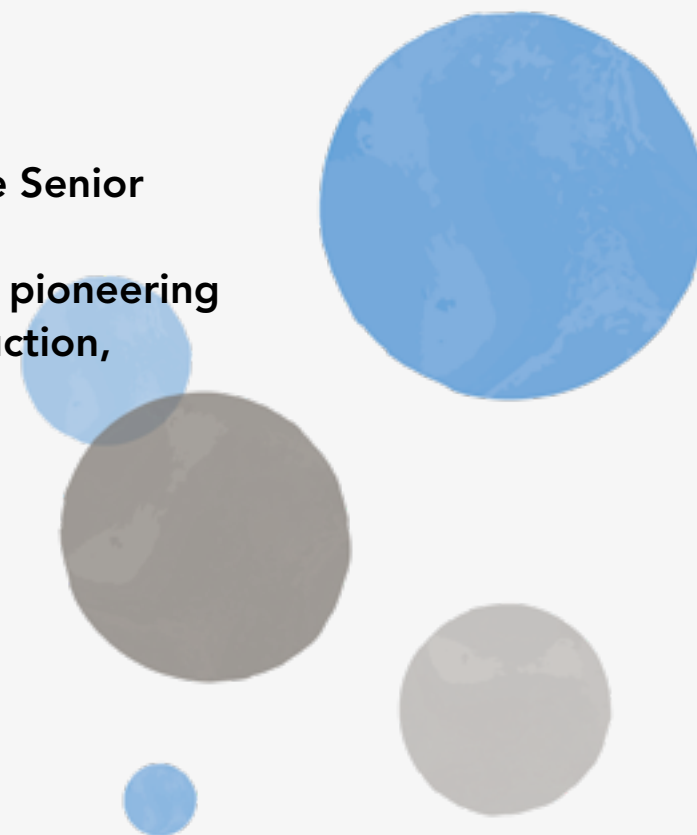
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Practicing management that pays serious attention to capital costs and stock prices

Our Group implements a medium-term management plan at three-year intervals to achieve the objectives of our 2030 Vision: being the No. 1 brand in the global writing instrument market, growing the non-writing instrument market as a second pillar, and offering value to the environment, society, and employees. Financially, our fundamental policy is to provide apt support for the smooth advancement of our various business operations based on a sound and stable financial foundation. Our Group, which operates extensively both domestically and internationally and maintains a global supply chain, faces constant exposure to a diverse array of risks, including foreign exchange fluctuations. While minimizing risk factors, we are establishing a business structure capable of achieving sustainable growth, working to provide appropriate shareholder returns, and maintaining ongoing dialogue with our shareholders as we make sincere efforts to implement management practices mindful of capital costs and stock prices.

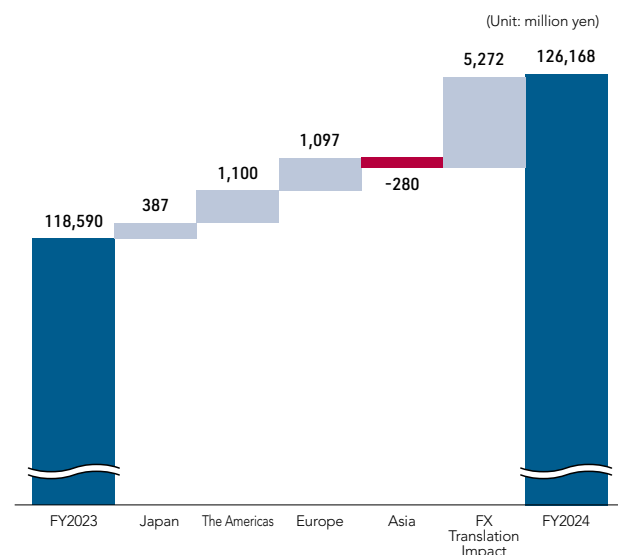
Fiscal 2024 achieved record sales, but saw operating profit decline

In fiscal 2024 (the fiscal year ended December 31, 2024), Japan saw stagnation in personal consumption due to rising prices, but the writing instrument business performed solidly against a backdrop of gradual economic recovery. Internationally, amid persistent global economic uncertainty—including the protracted Ukraine situation, continued inflation in Europe and the United States, and China's prolonged economic downturn—demand remained weak in some key markets. We faced particularly challenging conditions due to the major impact of China's economic downturn and

continuing inventory adjustments at certain distributors in the Middle East and Asia. Meanwhile, the G-2 gel ink ballpoint pen performed well in the United States, as did the V BOARD MASTER whiteboard marker in Brazil, and the FRIXION series showed signs of recovery in Europe. Despite difficult business conditions both domestically and overseas, we achieved measurable results thanks to the efforts of our frontline employees.

Our Group's consolidated results showed net sales of 126,168 million yen—a record high and up 6.4% year-over-year, aided in part by the impact of exchange rates. Operating profit was 17,805 million yen, down 6.3% year-over-year; ordinary profit was 20,110 million yen, down 3.5%; and net income attributable to parent company shareholders was 15,181 million yen, up 11.1%. While operating profit and ordinary profit declined, we achieved increased revenue and profit in both top-line and bottom-line results.

Analysis of Changes in Sales (Local Currency Base)

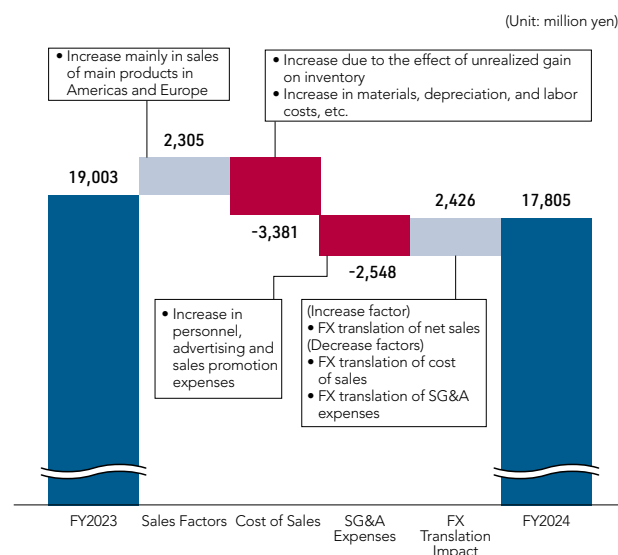


Making growth investments in human resource development, business domains, and capital and business alliances

We established the theme of our 2022-2024 Medium-Term Management Plan (our previous plan), the first phase toward the achievement of the 2030 Vision, as Reform and Challenge, and promoted activities aligned with our Five Basic Strategies to build our foundation.

To establish sales bases in growth markets, we founded a manufacturing and sales company in India, and in Indonesia, we made our joint venture manufacturing company a 100% subsidiary while also establishing a sales company and an ASEAN regional headquarters. Additionally, to strengthen and expand the domestic sales channels, we pursued initiatives in one-price shops, expanded transactions through EC channels, and increased our share of the OEM market. Meanwhile, to

Analysis of Changes in Operating Profit



prepare production bases, including with regard to BCP measures, we implemented decentralization by partially transferring lower-priced writing instrument production from the Ilesaki Plant, which is where it had been concentrated, to the Hiratsuka Plant. Furthermore, as part of the reorganization of our materials procurement division, we integrated and streamlined the purchasing departments of both the Hiratsuka and Ilesaki Plants into a unified materials procurement division, achieving cost reductions while strengthening relationships with suppliers and subcontractors.

While initiatives under the previous plan were largely completed and sales made favorable progress, we fell short of our operating profit margin and ROE targets. This revealed a new issue: an insufficient ability to gather and analyze timely information so that we could examine the impact of dramatic business environment changes on profits and losses and develop countermeasures. The reasons for missing our operating profit margin and ROE targets include soaring material prices and our inability to implement price transfers promptly amid intensifying

competition in global inflation. While we did raise prices on some domestic lower-priced writing instruments in October 2024, we recognize that a major factor was our inadequate management infrastructure for making such decisions quickly and efficiently. Additionally, improving our global supply chain to reduce inventory across our Group emerged as another challenge from the previous fiscal year.

The breakdown of the 42,300 million yen growth investment in the previous plan consists of 1,300 million yen for human resource development, 40,000 million yen for business domains, and 1,000 million yen for capital and business alliances. The effects of capital and business alliances are already reflected in sales and profits, with further synergies expected going forward. While it is difficult to quantify returns from human resource development investments within a defined timeframe, we expect that increased employee engagement through specialized recruitment and career development support will significantly contribute to strengthening our Group

management structure. Capital investments in business domains have been comprehensively promoted as measures for production expansion, BCPs, and energy conservation and environmental initiatives. As these are implemented continuously and systematically within the long-term process toward the achievement of the 2030 Vision, we anticipate that increased depreciation may temporarily reduce profit margins. However, we believe that as sales progress as planned, the increased depreciation will be absorbed, and results will steadily materialize, though this may take some time.

Financial targets and strategy in the second phase of the 2030 Vision

In the 2025-2027 Medium-Term Management Plan (the current plan), which is the second phase toward our 2030 Vision and has the theme set as Ceaseless Evolution, we recognize increasing the global market share of the writing instrument business as our top management priority. We will maintain and improve profit margins by creating attractive, high-value-added products and launching them at appropriate prices that reflect their added value, while simultaneously improving capital profitability by strengthening our management foundation and reforming our global supply chain.

Our financial targets include consolidated sales of 145,000 million yen, an operating profit margin of 16% or higher, an ROE of 11% or higher, and the total payout ratio of 50% or higher. Consolidated sales were set based on the planned figures from each business unit head. To become Global No. 1 in the writing instrument market, we are aiming for 4-5% revenue growth each fiscal year. The cost ratio was set after taking into consideration growth investments and current trends in material and labor costs, while selling, general, and administrative expenses were established based on planned figures

from each company and department that incorporated cost control initiatives.

In addition, to promote management that is conscious of capital costs and stock prices, we will reduce inventory levels across the Group and work to improve capital efficiency through rigorous investment decisions. Internal reserves will be allocated to investments for maintaining and expanding existing business domains, strengthening Group management systems, and developing growth business domains as well as enhancing systems for these domains. We calculate our shareholder capital cost based on the Capital Asset Pricing Model (CAPM) and Residual Income Model (RIM), recognizing it at around 7%. Going forward, we will focus on key measures to widen the spread with ROE and aim for a SG&A to sales ratio of 35% or less through cost control. With regard to inventories (stock), we will strive to lower the inventory levels through supply chain reforms, by assuming levels before the COVID-19 pandemic (2019). Further, we will work to improve ROE by reviewing our balance sheet, including shareholders' equity considerations.

Additionally, using 60,000 million yen in operating cash flow along with cash on hand and external funding as resources, we will implement capital and system investments to improve management efficiency while strengthening shareholder returns. We plan to allocate 45,000 million yen to maintaining and expanding existing business domains, 3,000 million yen to strengthening our management foundation, and 2,000 million yen to growth fields and domain expansion. While we had suppressed capital investment until the mid-2010s when our investment capacity was limited, for maintaining and expanding existing business domains, we will allocate funds to capital investments in production facilities, including repairs and renovations of aging factory buildings, for the sake of future production expansion, BCP measures, and production efficiency improvements. To



strengthen our management foundation, we will allocate funds to building new infrastructure systems to enhance the information gathering and analysis capabilities that emerged as challenges during the previous plan period, accelerating the speed of management decisions. For growth fields and domain expansion, we will strengthen business portfolio management while accelerating efforts to grow our non-writing instrument business into a second pillar. We plan to consider increasing investment amounts while evaluating the growth potential.

Regarding shareholder returns, we plan to allocate 40,000 million yen, targeting a total payout ratio of 50% or higher.

Enhancing shareholder returns

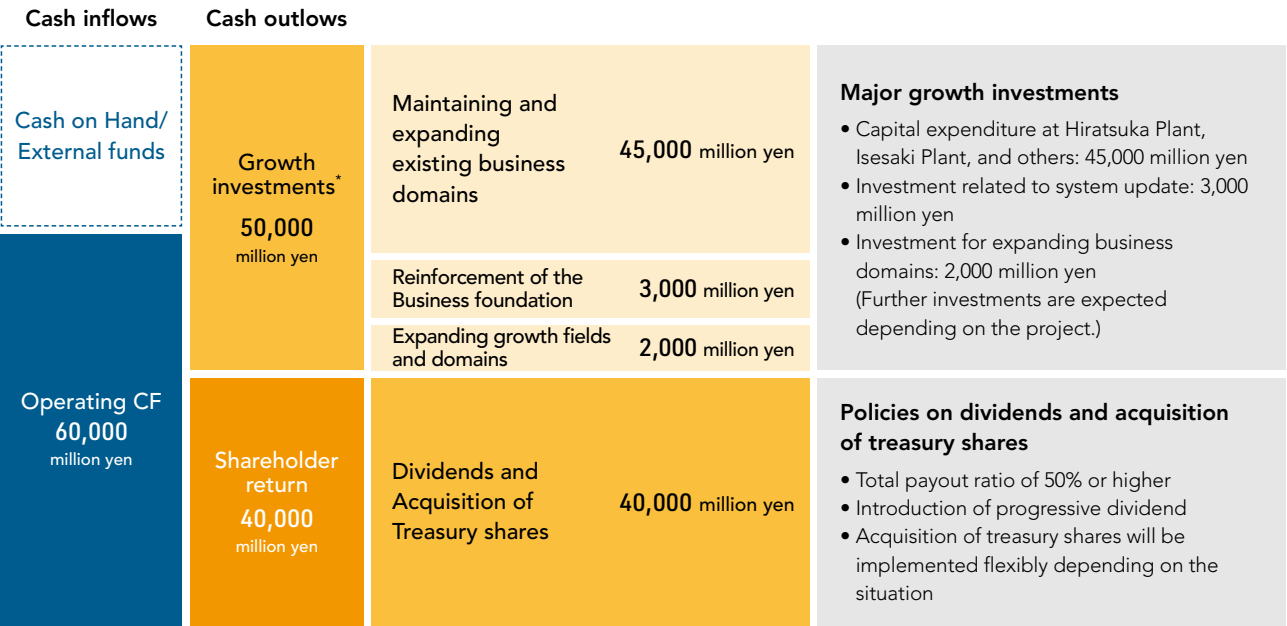
We have established continuous stable dividends as our principle for shareholder returns and have aimed for a payout ratio above 30% by implementing consecutive dividend increases. For fiscal 2024, our annual dividend was 117 yen per share (payout ratio 30.1%), our ninth consecutive year of dividend growth. We also acquired and canceled 909,200 treasury shares during fiscal 2024 to enhance shareholder value.

Starting in fiscal 2025, we adopted a shareholder return policy targeting a total payout ratio of 50% or higher to enhance returns to shareholders. For fiscal 2025, we will acquire treasury shares up to 1,600,000 shares (or 6,000 million yen). Additionally, we are introducing progressive

dividends in this Medium-Term Management Plan. While maintaining stable dividends that are not affected by revenue fluctuations in principle, even amid exchange rate fluctuations and other volatility risks, we will continue to flexibly acquire treasury shares when we determine such actions will enhance shareholder value in response to changes in the business environment, with the goal of improving capital efficiency.

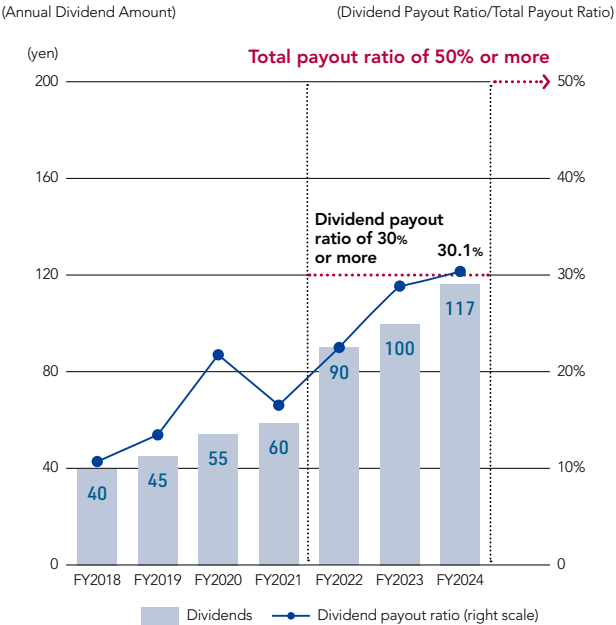
We established an IR Department in fiscal 2024, creating a structure for more proactive dialogue with shareholders and investors. We will continue working to provide information with a high degree of transparency while maintaining smooth communication with all of you. We ask for your continued support.

Cash Allocation (2025-2027 Cumulative)

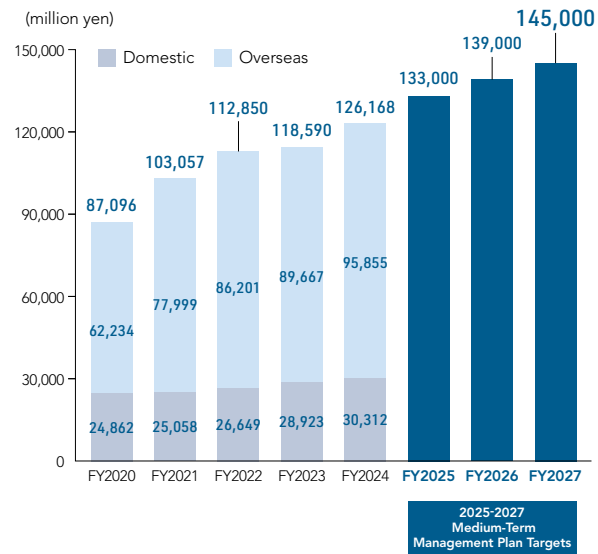


*Excluding HR development and R&D expenses

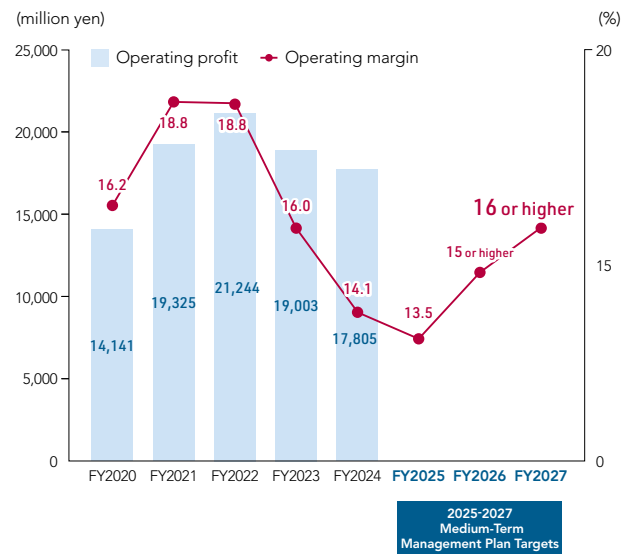
Annual Dividend Amount and Dividend Payout Ratio Trends



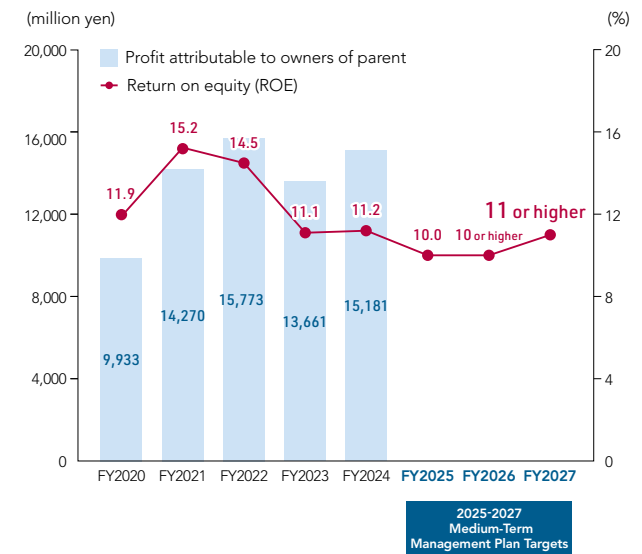
Net Sales (Domestic/Overseas)



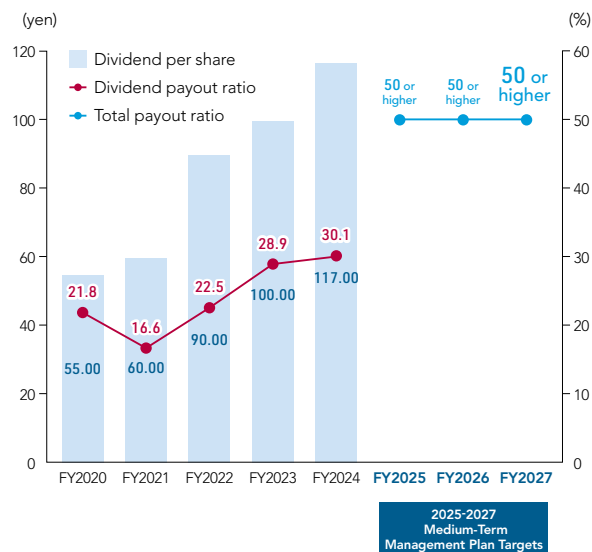
Operating Profit/Operating Margin



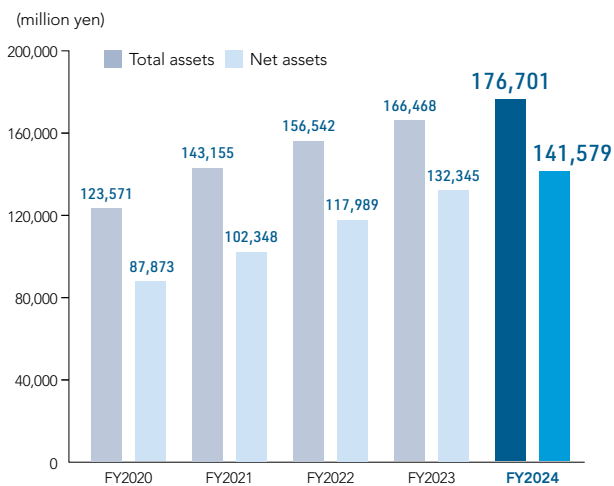
Profit Attributable to Owners of Parent/Return on Equity (ROE)



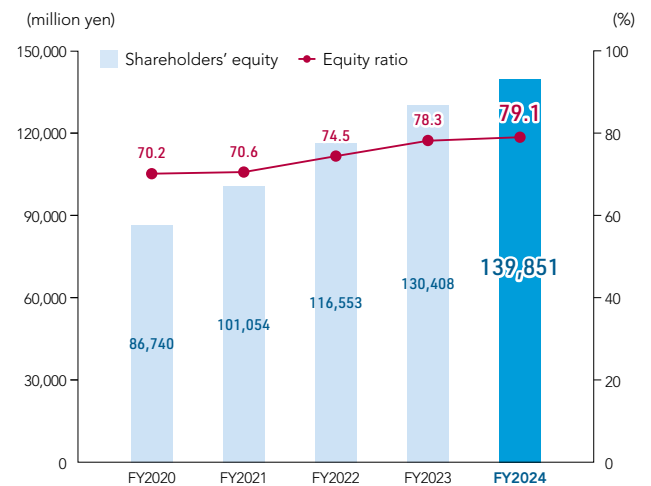
Dividend Per Share/Dividend Payout Ratio



Total Assets/Net Assets



Shareholders' Equity/Equity Ratio





A finely tailored system covering the entire nation

Our domestic sales organization for writing instruments and stationery is structured in terms of individual sales channels (stationery specialty stores, mass retailers, e-commerce, etc.), with each division maintaining branch offices and sales offices in major regions nationwide. Combined with sales support organizations such as back offices and promotional planning, we have an organization of over 300 people in total. We are confident in our ability to provide meticulous support through our nationwide channel-specific structure.

Taking pride in our direct sales system

We want to sell high-quality products ourselves with

confidence. This belief lies at the core of who we are.

From our early founding to the postwar economic expansion and the period of business expansion into regional areas, we provided products to retailers through wholesalers, but we subsequently built our current direct sales system by absorbing and merging wholesalers.

This direct sales system not only allows us to directly promote the quality of our products, but also provides valuable opportunities to hear the voices and various needs of consumers and retailers directly, such as what kinds of products they are looking for. One could say that our ability to offer products in all writing instrument categories, from fountain pens to markers, is largely due to this direct sales system.

Our direct sales system, which allows us to directly identify needs on the ground, has also been utilized in product development, and we have consistently released new products with cutting-edge technology for each era. FRIXION erasable ballpoint pens can be considered one of the prime examples of this.

Not just those involved in sales, but the entire company takes pride in the direct sales system, and this drives PILOT's motivation.

Restructuring our system to accommodate all channels

In the Japanese market, stationery retail stores have decreased in number significantly due to prolonged deflation as well as the declining birthrate and aging population. What has emerged in their place are 100-yen shops that sell items at one price, and e-commerce channels led by Amazon. For our company to succeed in these markets, overwhelming brand power and price competitiveness are essential. The situation has become one where we cannot survive unless we become the dominant player in each and every writing instrument

category we have developed.

Since the role of brick-and-mortar stores—strengthening product brands and nurturing new products—remains unchanged, our company has worked to restructure our system to accommodate all channels.

In the e-commerce domain, which is the enhancement target, we have reinforced our lineup by actively deploying young staff, including hiring dedicated graphic designers to strengthen promotions. Additionally, we are shoring up our total production capabilities to handle promotional planning that encompasses both brick-and-mortar stores and e-commerce.

Even more than product information, our business partners seek market information about what is selling and how it is selling. We also want to develop our future sales personnel as marketers who can provide comprehensive information, from an understanding of the market to promotional planning.

Aiming for category-leading products

Japan's writing instrument market is composed of extremely high-quality product groups even by global standards, and competition is very intense. Products that gain acclaim and survive in this market go on to spread to the rest of the world.

While our company excels in terms of the overall strength of our products, we have not yet achieved market dominance in terms of the number of category-leading products. We will continue to conduct sales activities with market-in awareness and strengthen our organization to develop as many category-leading products as possible.

Approaching different industries to expand sales channels

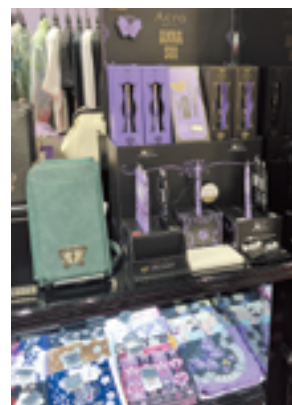
The NC (New Channel) Development Department is working on opening up new sales channels. In Japan, while existing stationery stores are decreasing in number, general merchandise stores that handle various products in one shop are increasingly appearing in commercial buildings where many people gather. Additionally, the routes via which we provide our products to consumers are changing in diverse ways, such as apparel stores handling branded general merchandise. The NC Development Department conducts new business development aimed at transactions with industries outside of stationery stores, with the goal of delivering products to a broad base of consumers. Our approach targets span a wide range including apparel, general merchandise specialty stores, and food retailers, and we propose how our products can solve the challenges these stores face.

Recently, we have been developing limited edition products and standard products primarily in general

merchandise specialty stores, and we are also creating custom-made products for apparel brands and textile brands.



Laura Ashley, Tobu Department Store Ikebukuro



Anna Sui, Laforet HARAJUKU Store



Anna Sui, LUCUA Osaka Store

Efficiently developing business partners through digitalization of sales activities

Our company established an inside sales team in 2023 and is promoting the digitalization of sales activities. Specifically, by introducing the Sales Force Automation (SFA) system, we have been able to broadly collect sales information that was previously aggregated by area, and by passing high-probability sale opportunity information to field sales staff (sales staff who visit customers directly to conduct business negotiations), we have achieved more efficient business partner development.

For example, when we contact users with high affinity for stationery, such as schools, through direct mail and

receive requests in response, utilizing SFA enables information sharing with field sales staff through a flow consisting of information accumulation, analysis, issue identification, and refinement, allowing for more efficient sales activities. Additionally, field sales staff can concentrate on their in-person work, which also helps to use time effectively. To widely disseminate SFA within our company, we are also working on improvements aimed at making it a more user-friendly tool.

To further improve productivity, we are also providing support through digitalization for the entire sales

organization. For example, we have begun working on automating business processes through Robotic Process Automation (RPA). We have recently begun with automatic transcription to transition from old forms to new forms, but we plan to utilize this for more central operations in the future. Through utilization of digital technology, sales and support will become integrated, enabling us to accelerate response times to our business partners and enhance service quality.



We will create a world where PILOT is always
the pen people naturally reach for
in their daily lives

Executive Officer, General Manager of International Sales Division

Mashiho Kojo

Built our foundation on a global vision since our founding

In 1918, founders Ryosuke Namiki and Masao Wada founded PILOT to become pioneers in the writing instrument industry, having discovered great potential overseas. We have been pursuing overseas expansion since immediately after our founding, and in the 1920s, we established four overseas sales bases and subsequently achieved aggressive expansion and results, including a business partnership with British company Dunhill for Maki-e fountain pens. In the 1950s, we boldly launched joint ventures in Asia, India, and Brazil, and from the 1970s onward, we established local subsidiaries primarily in developed countries. After entering the current century, we expanded into China as our next business pillar starting in 2004, and in recent years, we have made many

investments in India and the ASEAN region. Currently, we operate in more than 190 countries and regions, with our overseas sales ratio exceeding 75%.

One factor in our success thus far has been product innovation through our product development capabilities and production technology. The second is our global sales channels and customer base built through daily effort, and the third is the power of our approximately 3,000 diverse Group employees active around the world.

To become No. 1 in the global writing instrument market

Amid a rapidly changing global environment, it is important to be at the top of the industry in terms of management strategy, and aiming for No. 1 in the global writing instrument market is essentially inevitable. Naturally, what is most important for achieving to be No.1 is the power of products that satisfy customer needs.

Going forward, we will push our customer development to new heights, with a particular focus on fountain pens and FRIXION. We are confident that the quality of our fountain pens, made through integrated production, is among the best in the world. We will further expand the supreme-quality writing experience that is our pride and joy. FRIXION has sold over 4.7 billion units globally, with a focus on Europe, but we believe there is still room to expand the new experience that erasable ballpoint pens provide, so we will strive for further development.

To conduct this development more effectively, we will emphasize market-in thinking that incorporates the needs of each region into product development. To this end, we will enable the sharing of best practices among our 19 overseas subsidiaries, including five production bases spread around the world, and we will also promote structural optimization to create a system in which responsible parties in each major global area have

authority to make swift decisions.

The International Sales Division that promotes these initiatives has a workplace environment that places particular emphasis on diversity to deliver value to as many people overseas as possible. The makeup of the personnel has been consciously balanced, with a mix of different age groups, genders, career professionals, foreign nationals, returnees, and those with overseas study experience. Additionally, we are utilizing OJT guidance provided by internationally experienced executives at all development stages to develop skilled human resources.

Bringing PILOT pens to greater parts of the world

Due to the nature of my work, I travel around the world. In various countries, I encounter people using our products not only as students and office users, but also at airports, hotels, and restaurants. Each time, I wonder if they are satisfied and make it a point to ask them how they feel about the pen they're using. Initially, I often receive puzzled looks, but when I explain the reason behind the question, their expressions soften, and I usually receive high praise—perhaps partly out of politeness—with comments such as “it’s excellent.” My dream is simple: to create a world where people everywhere reach for PILOT pens without thinking twice, where exceptional writing comfort is simply part of daily life. I firmly believe that a company is its people. Everything—both processes and outcomes—depends on people. I want to create a positive workplace where all Group employees can thrive with enthusiasm, joy, and energy, enabling them to perform at their very best.

Brazil

Developing regional markets through exhibitions at the “NewOffice” stationery trade show

We have continued exhibiting at NewOffice, a stationery trade show that has run for 10 years in Brazil. While this event initially took place in a single city, its scale has expanded year by year, and in 2024 it came to be held in all 19 cities in Brazil.

In Brazil, due to its vast land area, it is extremely difficult to meet business partners directly to introduce new products, share product knowledge, and make sales proposals. While stationery trade shows offer valuable opportunities to introduce our products directly to visiting business partners, major trade shows are limited to large cities such as São Paulo and Rio de Janeiro, creating

significant financial and time burdens for regional business partners and causing some to forgo attendance.

For this reason, viewing this as an opportunity to connect directly with regional business partners, we began exhibiting at NewOffice in 2022. This has led not only to new customer development, but also to stronger relationships with existing customers. We will continue exhibiting and strive to enhance our sales promotions through diversifying displayed products, increasing staff, and expanding leaflets and promotional materials, thereby bringing PILOT products to even more customers.



We can provide detailed product explanations to visitors and allow them to test the products.

**South
Africa**

Taking on market development—establishing products one store at a time

Pilot Pen South Africa was established in South Africa in 1998, and in 2012 relocated its headquarters and warehouse to Johannesburg, the economic hub, establishing a system to handle business expansion, including into neighboring countries.

Initially, we targeted the affluent class by selling high-value-added products such as G-2 and the FRIXION series imported from Japan. In recent years, however, we have been approaching the market with low-priced ballpoint pens as our weapon, aiming to reach the middle-income demographic. We bring pens primarily to areas called townships, visiting small shops one by one and steadily establishing our products through persistent effort.

The relocation to Johannesburg became a turning point for steady sales growth, with revenue tripling in the

decade-plus since the move. We continue to maintain consistent growth today. Exports to neighboring countries are also growing reliably, with neighboring countries currently accounting for about 10% of sales.

Moving forward, we will implement a two-stage strategy—entering markets with low-priced products and then deepening value with premium offerings—as we pursue further sales growth in neighboring countries. Sales to townships also continue to grow. In recent years, in addition to sales to shops, we have begun approaching nearby schools. By providing affordable, quality pens, we indirectly support children’s studies while steadily growing our base of PILOT fans.



Sales booth at an exhibition in an urban area



Sales activity in a township area



For the rapid expansion of products in global markets

In July 2023, we established the Global Marketing Division to consolidate product planning and strategy functions in order to rapidly expand PILOT's writing instruments and stationery products in global markets. This division handles planning, design, sales promotion, research, and analysis for our core product offerings, including luxury writing instruments such as Namiki fountain pens, general writing instruments, stationery, and limited edition items. It also manages everything from strategic product planning to post-sales product data management.

Our major mission is to transform and evolve our existing business model. Until now, our overseas expansion has often involved selling products in various countries that had already achieved a certain level of

success and proven track record in the Japanese market. We are changing this approach to develop and plan products that meet the needs of different regions around the world.

For example, in Japan, through extensive research with students, we discovered their latent need to draw clean lines, and in response, we developed and launched the highlighter, KIRE-NA. We have identified similar needs in other Asian markets with a high degree of academic pressure, and are rolling out this product in those markets as well.

In Europe, where the FRIXION series already enjoys high popularity, we discovered needs among adults and business users for a pen with a better grip and for a more environmentally conscious pen. We are selling the FRIXION ball + exclusively in Europe, featuring our proprietary triangular grip shape that provides a comfortable hold and incorporating approximately 80% recycled materials.

Developing professional talent capable of responding flexibly to change

We aim to develop professional talent capable of responding flexibly to change. With the goal of succeeding globally, we are advancing initiatives that include not only local research, but also long-term business trips to local markets. We believe that global talent should be diverse (in terms of gender, age, nationality, etc.), and we want to build an organizational structure that spans multiple regions in terms of work locations and other factors. Talent of various nationalities and with diverse skills will address their respective missions around the world. For example, a project manager might spend this week attending training on new marketing methods to advance their daily self-development, then spend about a month from the following week conducting local user

market research in the United States alongside designers, and afterwards hold meetings with the development department in Japan about new products. We aim to be a group of people who are active like this.

Regarding teamwork, we continuously advance initiatives aimed at fulfilling our mission in parallel with our primary duties. Specifically, we have diverse teams including the ILMILY Team, which handles the development and sales of ballpoint pens targeted at women; various project teams; joint teams with domestic and international sales divisions; product planning teams in collaboration with overseas subsidiaries; product planning teams with Group companies such as MARK'S INC, a stationery planning, manufacturing and sales company with which we formed a partnership in 2024; and teams that organize pen clinics overseas. Through these teams, we deliver products that respond to needs in fine detail. To incorporate customer feedback in a more concrete manner, we have also made organizational adjustments, such as bringing the Customer Service Group and repair departments into our division.

Quickly adapting to external environmental changes

Through these initiatives centered on our division, I believe we can strengthen our organizational capability to quickly adapt to external environmental changes—in other words, enhance our business agility.

Our division has many talented staff members. Going forward, we intend to develop into an organization that rapidly responds to changes and needs in global markets, and to serve as a leader guiding PILOT toward a bright future.

KIRE-NA

Addressing students' dissatisfaction with highlighters

We developed the highlighter KIRE-NA to meet the needs of students in Japan who want to boost their motivation to study with neatly organized notes and textbooks, and have been selling it at stationery stores and mass retailers nationwide since October 2024.

This product was developed to resolve dissatisfaction with highlighters among students, based on research into their complaints. The unique pen tip structure, which combines plastic Precision Guides attached to both ends of the pen tip with a soft, flexible tip, prevents the original text from smudging even when marking over written text, and the tip itself is less likely to get dirty. Additionally, because it fits even curved surfaces such as textbooks,

it is easy to draw straight lines and maintains a stable line width. By using quick-drying ink, it can dry in just one second on copy paper and in five seconds even on difficult-to-dry surfaces such as textbook pages.

The ink comes in a total of 10 colors. There are the five basic colors of pink, orange, yellow, green, and blue, as well as five pale tone colors with gentle hues: pale pink, pale orange, pale green, pale blue, and warm gray.

In the future, we plan to strengthen sales not only at stationery stores and mass retailers, but also at e-commerce sites, making it an item that students nationwide can purchase anytime, anywhere.



A colorful lineup of 10 colors. Easy to draw straight lines even on curved surfaces, with excellent quick-drying properties.

FRIXION ball +

Meeting the needs of adults and business users in Europe

In January 2025, we launched FRIXION ball + exclusively in Europe, adding new value to the existing FRIXION series. It is already being sold in more than 20 countries.

While this series is popular in Europe as a study tool for elementary school students, to meet the needs of adults and business users, FRIXION ball + enhances comfort through its triangular grip shape.

Additionally, in response to Europe's high level of environmental consciousness, we use 80% or more recycled post-consumer materials (mainly recycled PET plastic) collected from used products. Furthermore, we have adopted a refillable design that allows repeated use as a retractable ballpoint pen, and we use paper

rather than plastic for packaging to show environmental consideration. In addition to the existing features of high-quality writing feel and the ability to rewrite, this is the first eco-design in the FRIXION series, featuring a comfortable grip and environmentally conscious materials.

The ink comes in four colors—black, red, blue, and green—with a 0.7 mm tip diameter.

We plan to actively expand sales of FRIXION ball + in the future, including developing collaboration products with attractive features aimed at adults and business users.



The body uses 80% or more recycled PET plastic, and the packaging uses 100% FSC-certified or PEFC-certified paper, making this the first eco-design in the FRIXION series.



Integrating the Group's research and development departments

The Shonan R&D Center handles the development of most of our products, focusing on writing instruments as well as ceramics and chromic* materials. It was established in 2009 by integrating the research and development departments of PILOT Group companies.

In writing instrument development, we conduct everything from basic research to new product development across all areas pertaining to writing instruments, including ink development, product design, mechanism development, tip development, and lead composition studies for ballpoint pens, markers, fountain pens, and mechanical pencils. In domains beyond writing instruments, we conduct research on fine ceramics with microscopic shapes using extrusion molding and firing

technologies, develop toy products that apply chromic technology and microcapsule technology, and with an eye toward new business domains, we are advancing both basic research and applied technology development through the fusion of our proprietary technologies with those of other companies.

FRIXION, developed over more than 30 years

Our signature product, FRIXION, was born from the accumulated improvement research of successive generations of researchers over more than 30 years since the discovery of the basic principle behind Metamo Color, a thermochromic material that changes color with temperature changes.

We succeeded in applying this to writing instrument ink, which initially proved impossible, and created a new category of erasable writing instruments. Through continued technological innovation combined with tireless research efforts, we have achieved cumulative global sales of 4.7 billion units in the series. Even now, about 20 years after the launch of the first FRIXION ball, our maintenance of an extraordinary global market share is the result of our proud business strategy consisting of three pillars: development strategy, intellectual property strategy, and product strategy.

Creating various new products through the deepening of proprietary technologies

Additionally, we succeeded in developing the Synergy Tip, which combines the advantages of cone tips with our proprietary pipe tip technology. As our third type of tip, it provides users with a new writing experience, and in combination with our specially formulated gel ink, we launched Juice up, which provides a smooth writing.

Additionally, the Board Master provided stable,

dense writing from start to finish and the convenience of a cartridge system through the conception and establishment of a new ink supply mechanism called the Twin Pipe Feeder (TPF), demonstrating a new form of whiteboard marker to the world.

Innovating what does not exist in the world

At our company, we persist in continuing with basic research on ink, tips, mechanisms, and materials to develop products that establish themselves as one-of-a-kind and No. 1. This stems from the culture and foundation of our development department, which has inherited both the steady persistence in conviction-driven basic research—even when immediate commercialization is not possible—and a spirit of challenge unbound by conventional wisdom or precedent. The transmission of this technology and culture has generated new insights, and by fusing multiple technologies, we have developed new products possessing functions and characteristics that have never before existed.

Moving forward, we will conduct fresh research into the neuroscientific importance of writing as an act that supports human creativity. We will pursue verification of handwriting's effects, including memory retention and brain activation, while analyzing relationships with our successful products. As we advance next-generation writing instrument development, we will also apply the unique technologies we have cultivated over time to other fields, exploring possibilities for new businesses only we can achieve and bringing them to practical application. We will strive to develop products that inspire people and lead to greater convenience.

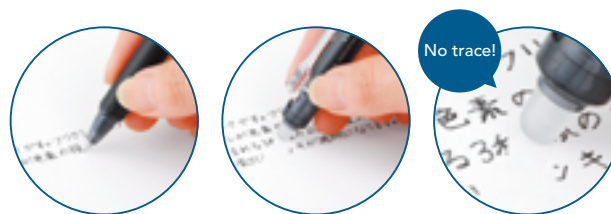
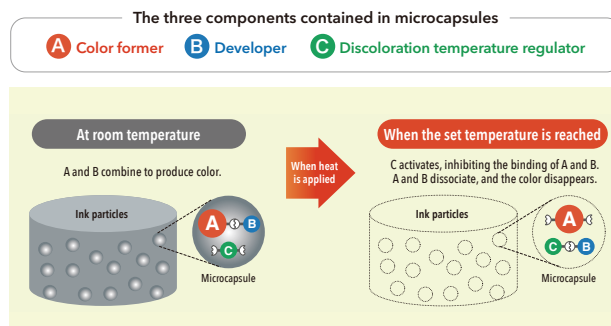
*Chromic: Reversible changes in color and other properties due to external stimuli (temperature, light, water, etc.)

FRIXION Ink that becomes transparent (colorless)

FRIXION Ink is the result of improvement research and evolution of Metamo Color ink, whose basic principle was discovered in 1975.

The principle behind Metamo Color involves uniformly mixing leuco dye—the component that determines colors such as black and red—with a color developer and discoloration temperature regulator within a microcapsule, then encapsulating them to create a pigment. The combination of the three components contained in the capsule changes due to friction heat, causing the ink to become transparent (colorless).

The greatest feature of FRIXION Ink is the discoloration temperature regulator. The development of a new discoloration temperature regulator enabled the completion of FRIXION, which can be erased using frictional heat.



(1) Made a mistake?

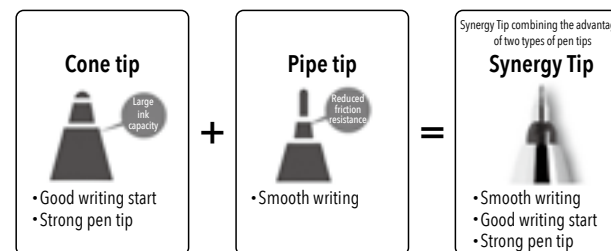
(2) Rub it...

(3) And it's gone!

The Synergy Tip, optimal for fine-writing ballpoint pens, achieves smooth writing starts and high-quality writing

The Synergy Tip is a pen tip optimal for fine-writing ballpoint pens. It has a structure and shape that leverage the advantages of both the pipe tip, which supports the ball at points by creating indentations at the end of a stainless steel pipe, and the cone-shaped cone tip commonly used in ballpoint pens, which provides stable and easy writing.

While maintaining a thin pipe-shaped pen tip, the strength is enhanced by thickening the rear portion of the pipe. Additionally, the widened ink pathway allows for smooth ink supply, enabling fluid writing. These features achieve smooth writing starts and high-quality, fluid writing even in fine writing. We have received positive feedback for products such as Juice up.



Cone tip



Pipe tip

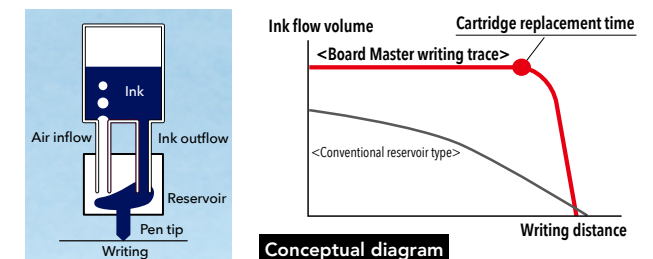


Synergy Tip

TPF (Twin Pipe Feeder) that maintains dark, even lines in a stable manner

The TPF (Twin Pipe Feeder) employed in the Board Master whiteboard marker is a system that can provide stable supply of ink. It suppresses excess ink discharge and stably maintains dark, even lines from the beginning of use until the cartridge ink runs out.

By controlling the density of the reservoir with two pipes, this mechanism stably supplies ink to the pen tip without any action required. Of the two pipes, one sends ink to the reservoir, while the other sends air to the ink tank. The reservoir functions like a pen core, controlling the ink and sending it to the pen core.





We take on challenges in new business domains unconstrained by past history, experience, or existing frameworks

As the means for creation continue to diversify

We have established Our Creations Inspire Creativity as our Group Purpose. In recent years, the things, activities, and spaces that connect people with creativity have changed significantly with the times. From an era when writing instruments served as the primary tools for creation, the means of creation are becoming increasingly diverse in response to digitalization and shifts in human behavior. We believe that properly recognizing this reality and creating value to connect people with creativity and to support the future even in this new era will lead to the sustainable growth of our Group.

To achieve this, we believe it is necessary—and entirely possible—to fuse the analog writing assets we have cultivated with digital technologies such as smartphones, smart glasses, and AI. These activities can also contribute to the evolution and expansion of writing itself. For example, our Future Creations Office, an organization within our Group aimed at creating new value, has developed an application called Cotobable. This truly next-generation communication app offers a novel experience. Users write text or illustrations by hand in AR space, and when recipients tap the floating “bubbles” in the air, messages are drawn as handwritten strokes, delivering them right before the recipient’s eyes with the warm ambience of authentic handwriting.

Venturing into non-writing instrument domains through the application of writing instrument technology

Our ventures into non-writing instrument domains began by applying production technologies from writing instruments. We leverage the technology developed through processing precious metal specialty materials for pen nibs to manufacture jewelry such as seamless rings. Additionally, extrusion molding technology, the manufacturing method for mechanical pencil leads, has enabled us to produce ceramics that are long, thin, and feature microscopic holes like mechanical pencil leads, which we have applied to components across various domains, including semiconductors and electronic parts.

Meanwhile, in the toy domain, Mellchan, the doll we manufacture and sell, features temperature-responsive color-changing hair that utilizes Metamo Color, the same technology found in FRIXION. While advancing these ventures into traditional non-writing instrument domains, we have begun taking on new business areas to deliver fresh value from the perspective of our Group Purpose, Our Creations Inspire Creativity, unbound by past history, experience, or existing frameworks.

Representative Director, Senior Managing Executive Officer
Senior Executive Officer in charge of Non-Writing Instrument Business

Takeshi Kodaira

Initiatives to go beyond writing and generate seeds of future creation and new value

The Future Creations Office, a specialized organization for new business development established in 2023, is working on creating experiences including Cotobable, as well as the development and sales of YUDANGI, our company's first apparel product, and the It's Okay to Make a Mess! Project. Additionally, we are pushing forward with business partnerships to achieve joint development that leads to the realization of our Purpose with related industries and completely different industries. In 2023, we formed a business partnership with MARK'S INC., which manufactures and sells design stationery and lifestyle products, and in 2025, we entered into a business partnership with ViXion Inc., which provides next-generation visual support devices that automatically adjust focus.

Pioneering step by step through trial and error

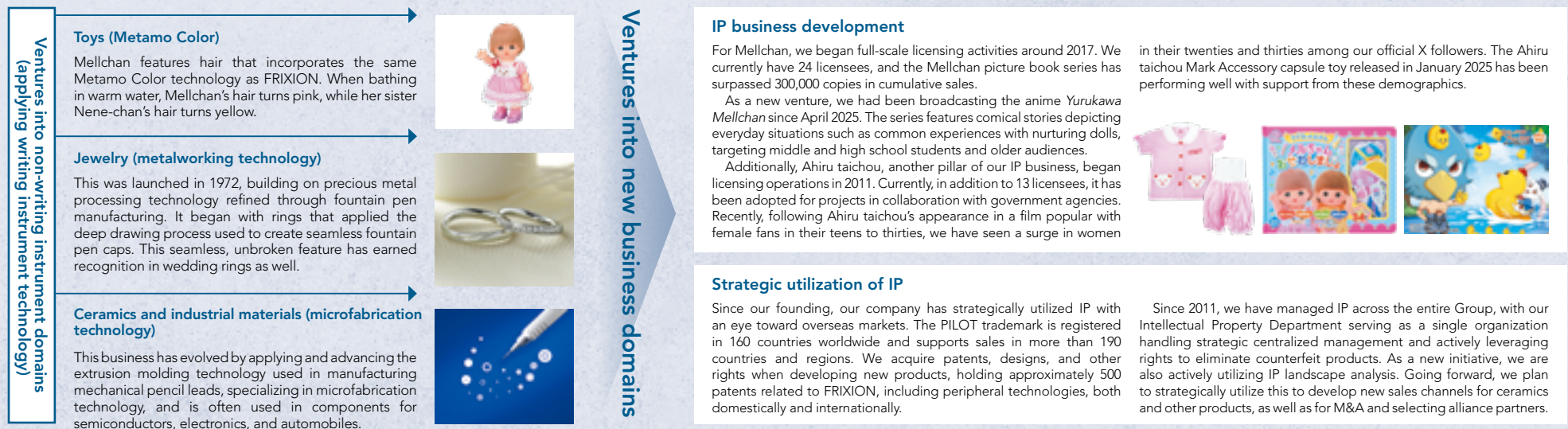
Writing instruments and toys have traditionally developed sales channels through conventional sales activities, with established distribution channels ensuring that newly planned, developed, and produced products would appear on store shelves. However, with products developed in areas new to our Group, every activity leading to purchase—from making customers aware of products to helping them understand product benefits and letting them experience products firsthand—requires building relationships with new stakeholders. We are truly pioneering our way forward step by step. Every related initiative becomes a valuable experience and provides lessons for the future.

This approach embodies PILOT's character, echoing the pioneering spirit of our founding era when we ventured to Europe and the United States with fountain pens in hand, and the passionate commitment of our establishment.

To diverse areas

Going forward, with Mellchan at the forefront, we will advance initiatives across diverse domains: promoting the IP business in the toy division, expanding toys and ceramics overseas, pursuing digital fusion centered on the Future Creations Office, developing solutions that address inconveniences, cultivating alliance partnerships through IP landscape analysis, and promoting collaborations.

From ventures in non-writing instrument domains to IP business development



Projects promoted by the Future Creations Office

The Future Creations Office aims to generate “seeds of creation” that lead to new business development and transform them into tangible products and experiences. To date, we have launched multiple initiatives.

It's Okay to Make a Mess! Project

With “Making messes is great!” as our rallying cry, we have launched a project that transforms children's anxiety about getting messy into enjoyment and creativity.



YUDANGI

Focusing on clothing, which, like writing instruments, is an everyday item that can become a cherished possession, we developed YUDANGI based on the concept of “everyday wear for creation.” These are clothes that are so comfortable you inadvertently let your guard down, yet feature simple and reliable quality suitable for various life scenarios, including work and home.



Cotobable

This is an app developed from the belief that personal handwriting has the power to move people's hearts. Using smartphone cameras, it creates a novel communication experience where users write and share handwritten messages in the AR space before them.



We have established “PILABOT,” a platform for nurturing projects such as these, and are advancing collaboration with internal departments that possess technical and conceptual capabilities while partnering with external partners.

Launching development and sales of products that expand the possibilities of writing and seeing

We have entered into a capital and business partnership with ViXion Inc., which advances body augmentation device businesses in the visual domain, including the ViXion01 series of autofocus eyewear. Together, we have begun developing and selling autofocus eyewear products that expand the possibilities of writing and seeing.

ViXion is a startup company working to bring next-generation visual support devices that automatically adjust focus into widespread use. With the prediction that the global population of people with myopia will rapidly increase to approximately five billion by 2050, the Company provides products and solutions to address this issue.

Both companies share the conviction that expanding visual possibilities—a domain adjacent to writing—will enrich creativity. Through value co-creation via this partnership, we aim to further expand and evolve our business domains. Going forward, both companies will promote value co-creation through joint development of innovative new products and product sales.



The lens shape changes instantly according to viewing distance. It provides a visual experience in which both near and far objects appear clearly.



We will continue to evolve through
selection and concentration

Senior Executive Officer, Head of Production Division

Tomoo Koike

Extensive factory operations both domestically and internationally

Our Group operates factories in three regions within Japan: the Hiratsuka Plant in Kanagawa Prefecture, the Ilesaki Plant in Gunma Prefecture (Ilesaki Factory 1, Ilesaki Factory 2, and Higashimatsuyama Plant), and Pilot Ink's facilities in the Tokai region (Togo Plant, Tsu Plant, and Miyoshi Plant). Internationally, we operate factories in five countries: the United States, France, Brazil, Indonesia, and India.

The Hiratsuka Plant manufactures premium writing instruments centered around fountain pens, the instrument PILOT was founded on, as well as multi-color and multi-function writing instruments, urushi lacquerware writing instruments (Namiki fountain pens), and other writing instruments. It also produces industrial materials

such as ceramics and jewelry. The Ilesaki Plant produces lower-priced writing instruments such as ballpoint pens and mechanical pencils priced at 1,000 yen or less.

Each of Pilot Ink's plants produces lower-priced writing instruments including the FRIXION series, gel ink ballpoint pens, and felt-tip pens.

Our overseas factories manufacture products tailored to the needs of each region based on the principle of local production for local consumption.

Integrated production of fountain pens unparalleled around the world

What is particularly noteworthy about our fountain pen manufacturing is that we perform all processes in-house, including the production of pen points (iridosmine spheres). As a writing instrument manufacturer that produces even its own pen points, we believe we are unparalleled globally. In addition, at the Hiratsuka Plant we design and manufacture deformation processing dies for metal, while at the Ilesaki Plant we design and manufacture injection molds, the very foundation for creating our products.

Coordination capability cultivated through integrated production

By understanding all processes, we cultivate an environment where we can generate optimal solutions on our own for challenges arising at any stage. When seeking optimal solutions, we often find answers not by addressing each process in isolation, but through complementary efforts between the preceding and succeeding processes. We believe PILOT's strength lies in its ability to solve problems through the capacity for coordination cultivated within its integrated production system, which encompasses all processes. While

dividing processes and entrusting them to specialized manufacturers might sometimes be more efficient, we deliberately maintain these processes in-house because we believe this ability to coordinate constitutes PILOT's core strength.

Addressing stable operations and quality improvement from various perspectives

We operate our facilities with redundancy across multiple plants for identical processes as a safeguard against natural disasters and other risks. Specifically, we have implemented BCP measures such as transferring a portion of the ballpoint pen tip processing, ink manufacturing, and gel ink ballpoint pen assembly from the Ilesaki Plant to the Hiratsuka Plant. Additionally, aiming to improve warehouse efficiency, we began operating an automated warehouse at the Hiratsuka Plant in 2025. Following operational verification, we plan to expand this system to the Ilesaki Plant.

Regarding quality control, the QC Office takes the lead in holding regular online meetings with domestic and international plants to maintain and improve quality across all of PILOT. For the development of personnel working on-site, we have implemented organizational designs and various initiatives aimed at improving the motivation of factory workers. As a result, our stress check scores for mental health have improved significantly over the past few years.

While we believe our production methods based on integrated production have been sound, we do not consider them to be the only correct answer. We will continue to evolve by incorporating the latest technologies while maintaining our focus through selection and concentration.

Hiratsuka Plant



Head of Hiratsuka Plant
Norio Matsumoto

Operations began in 1948, and the plant currently produces high-priced writing instruments, notably fountain pens, as the only such facility in the PILOT Group. Furthermore, we handle non-writing instruments including jewelry, stationery products, and ceramic components, providing a diverse range of products.

In recent years, as part of our BCP response, we have transferred part of the gel ink ballpoint pen production from the Isesaki Plant, supporting stable production across the entire company.

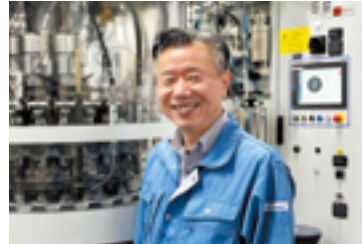
The major characteristic of the Hiratsuka Plant is that we consistently produce fountain pens, the product that got our company started, entirely within our own factory. We perform everything in-house, from precision components such as pen nibs and feeds to metal processing, resin molding, and decorative processes such as plating and painting. In particular, we are the only fountain pen manufacturer in the world that produces pen points, the tips of pen nibs, in-house, and the high level of technical capability that combines precise mechanical processing with the eyes and sensibilities of our craftspeople is what keeps the Hiratsuka Plant reliable.

We will continue to enhance PILOT's brand value as an important base supporting the manufacture of traditional fountain pens.



The fountain pen ink, iroshizuku inspired by beautiful Japanese scenery. Fountain pens featuring maki-e and other traditional techniques.

Isesaki Plant



Head of Isesaki Plant
Hirohisa Ota

The Isesaki Plant started operations in 1978, and we opened Factory 2 in 1999. It primarily manufactures ballpoint pens, mechanical pencils, and mechanical pencil leads priced at 1,000 yen and lower, while also supplying ink and components used in production at our overseas plants. In addition to components, we send production equipment and injection molds from Japan, transferring our production technology expertise. We have established a technical support system to continue producing products with the same PILOT-standard quality as those made in Japan.

Furthermore, as the Isesaki Plant focuses on lower-priced writing instruments, it handles an extremely large variety of products, with mass production technology being a major differentiator from other plants. The strength supporting this mass production technology is our commitment to self-reliance. PILOT is the only writing instrument manufacturer in Japan that performs metal component plating in-house, and for injection molds, we handle everything from design to production within the plant.

We value self-reliance and work daily to accumulate differentiating technologies and skills, as well as cultivate human resources by passing down knowledge.



Product lines mass-produced at the Isesaki Plant. Water-based gel ink ballpoint pens, mechanical pencil leads, and eco-friendly ballpoint pens.

Pilot Ink Miyoshi Plant



Head of Miyoshi Plant
Fumihiro Kimura

The Miyoshi Plant began construction in November 2021, and over approximately three years, the water-based ink building and assembly building began operations sequentially, with the office building starting operations in August 2024, making it the newest plant in our Group.

It consists primarily of groups that manufacture water-based inks and assemble writing instruments, along with related departments for equipment maintenance, quality control, and in-plant logistics. Currently, we are engaged in integrated production, spanning everything from ink manufacturing to assembly of writing instruments, all within the same plant for Juice up, which is expanding in Japan and across Asia; KIRE-NA, which launched late last year and won the Stationery Shop Award; and the Hi-tecpoint V5/V7 RT and V-ball RT water-based ballpoint pens for the Americas, Europe, and Asia. We serve as the core of water-based writing instrument manufacturing for the PILOT Group.

The Miyoshi Plant's building footprint represents 26% of the total site area, allowing for flexible response to our 2030 Vision and plans for the future beyond.



Integrated production covering everything from ink manufacturing to assembly for the Juice up series and KIRE-NA.

Foundation Supporting Value Creation

Introduces our engagement with society and the environment through business activities and governance initiatives that help to enhance corporate value

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We will create
environments where people
can express their creativity,
work to solve social issues,
and contribute to the
realization of a sustainable
society

Director and
Senior Executive Officer

Katsuji Hatano

Leading the way in tackling social issues

Since our founding in 1918, we have carved out 107 years of history with the support of all our stakeholders. Our ability to endure for such a long period stems from our history of pursuing consistent quality while setting our sights on global markets from day one, our pioneering spirit that drives us to keep taking on new challenges, and our integrated production system that has enabled us to independently develop and manufacture products that didn't previously exist. In addition, we have a culture of proactively solving social issues through our own ingenuity. For instance, we revolutionized workplace practices by implementing a monthly salary system for employees working at the production sites in 1921, becoming the first Japanese company to do so.

We want to support our customers in every possible way

Today, refill cartridges and refills designed with environmental consciousness and sustainability in mind have become standard across many consumer products. Our company, however, began with fountain pens that could be replenished with ink and used repeatedly, and we've been selling reusable writing instruments for over half a century. We refer to these types of writing instruments as "refillable."

The history of our refillable products goes back to the high-growth era that began in the 1960s. The PILOT Super fountain pen, which went on sale in 1955 and became one of our hit products, launched a model equipped with an easy-to-refill cartridge in 1961. That same year, we went beyond fountain pens and released our first refillable ballpoint pen as well.

Behind our early development of refillable products lies our company's product development culture, which seeks to support our customers in every possible way for a long time to come. I believe these ideas arose naturally as a result of our relentless pursuit of solutions to reduce the burden on our customers and our desire for them to use and cherish a single pen—which is by no means inexpensive—for a long time.

We want people to use a single pen for a long time. This sentiment has flowed through us since our founding. We have a history of providing extensive repair services that began immediately after our establishment. Sometimes we receive requests to repair cherished items that have been passed down from parents to their children, and from those children to their grandchildren. Rather than ending our relationship at the point of sale, we have continued to engage with customers through ongoing repairs, and when we happen to encounter a pen that has been passed down through generations, we feel a profound sense of purpose. These sentiments are embedded in our concept of sustainability.

The PILOT Group Purpose, "Our Creations Inspire Creativity," which we announced in 2022, puts into words these fundamental beliefs that flow through us.

Contributing to culture and society through corporate activities

Our sustainability activities include "Contribution to Culture and Society" as one of their pillars. This represents an evolution of our desire to contribute to human creativity not only through our products, but through all our corporate activities.

In the writing instruments domain, for instance, we focus on the act of writing itself, which is deeply connected to creativity. We are gathering and organizing anew our understanding of how the act of writing affects people, and

strengthening our exploration of this area. Furthermore, by collaborating with various creative domains, such as art by people with disabilities, the digital realm, and so on, we will expand the possibilities of writing going forward. We will also support various activities that value the act of writing itself. As one example, we sponsor the "Writing Is Important" Project, an educational program provided by the Japan Culture Education Propulsion Mechanism that explains to elementary school students the meaning and importance of writing. Over two years, approximately 8,500 children have learned about the meaning and importance of writing. This has included implementation not only at schools within Japan, but also at Japanese schools overseas. In addition, we are developing various initiatives around the world based on the theme of writing.

We will also make active strides in responding to the numerous social issues facing us, including environmental activities and human rights concerns. Building on this foundation, we intend to engage in further discussions and promote efforts with regard to making more effective contributions to society that leverage our unique strengths.

Working to achieve our Purpose

In our previous Medium-Term Management Plan for 2022-2024, we established a foundation by making the integration of sustainability and management as one of our key management priorities. We established the Sustainability Promotion Group as our promotional organization, formulated basic management policies related to sustainability, and established sustainable procurement policies and guidelines to promote sustainability initiatives throughout our supply chain. We have also advanced other initiatives, such as by declaring our support for the TCFD to demonstrate our proactive



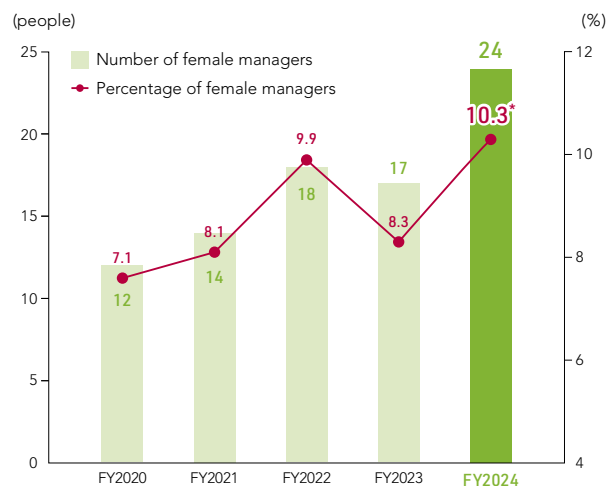
response to climate change issues, and in 2024, we published our first integrated report, marking the start of efforts to promote appropriate information disclosure.

We will continue to advance these initiatives in our 2025-2027 Medium-Term Management Plan. Moving forward, we aim to promote sustainability activities across the entire Group based on the foundation established in our previous medium-term management plan.

Additionally, we will continue our discussions and implementation to further advance social and cultural contributions, which represent particularly distinctive initiatives within our sustainability efforts.

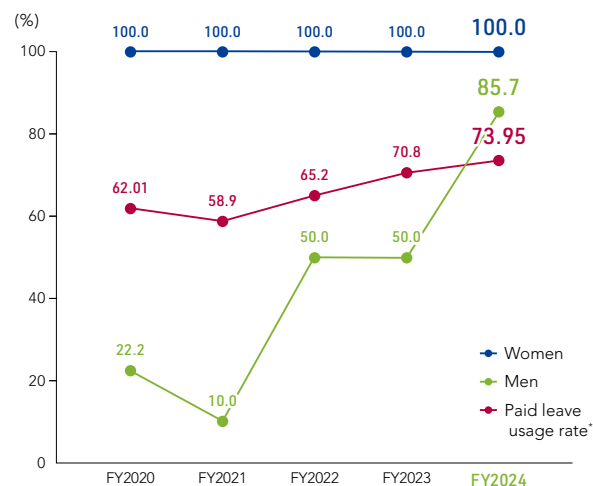
Under our Purpose, Our Creations Inspire Creativity, we will continue to create environments where people can express their creativity while working to solve social issues and contributing to the realization of a sustainable society.

Number of Female Managers/Percentage of Female Managers



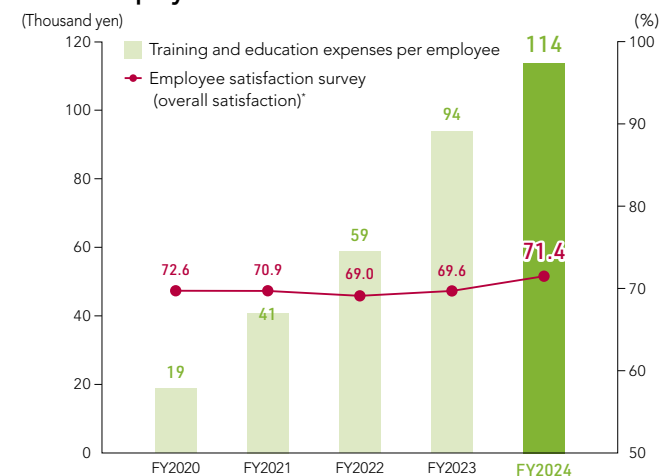
*Results as of July 1 of each year.
Scope: HQ

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



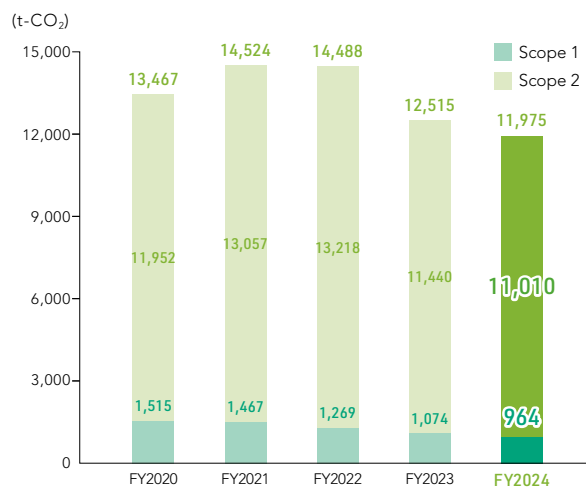
*The calculation period is from March 21 of the target year to March 20 of the following year.
Scope: HQ

Training and Education Expenses per Employee/ Employee Satisfaction



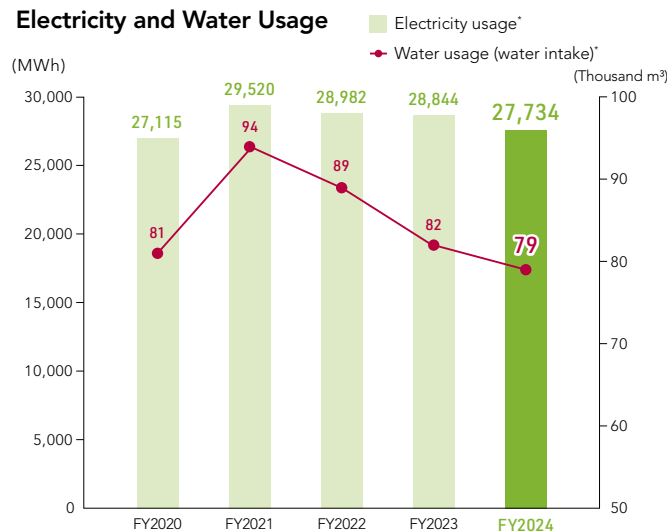
*Percentage of employees who responded "strongly agree" or "agree" to the question "Are you satisfied with (or do you accept) this indicator (item)?"
Scope: HQ

Greenhouse Gas Emissions (Scope 1, Scope 2)



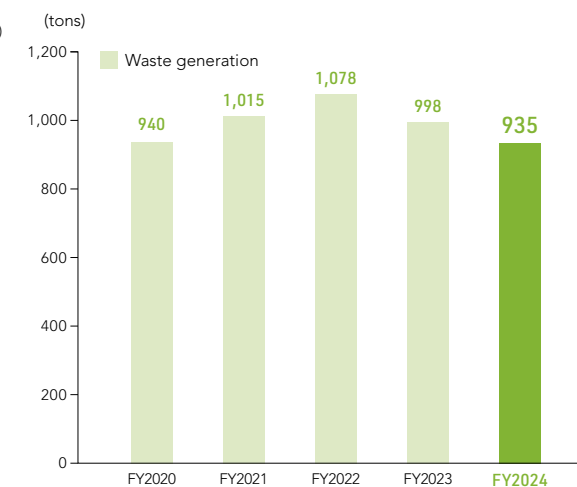
*Scope: HQ

Electricity and Water Usage



*Scope: HQ

Waste Generation



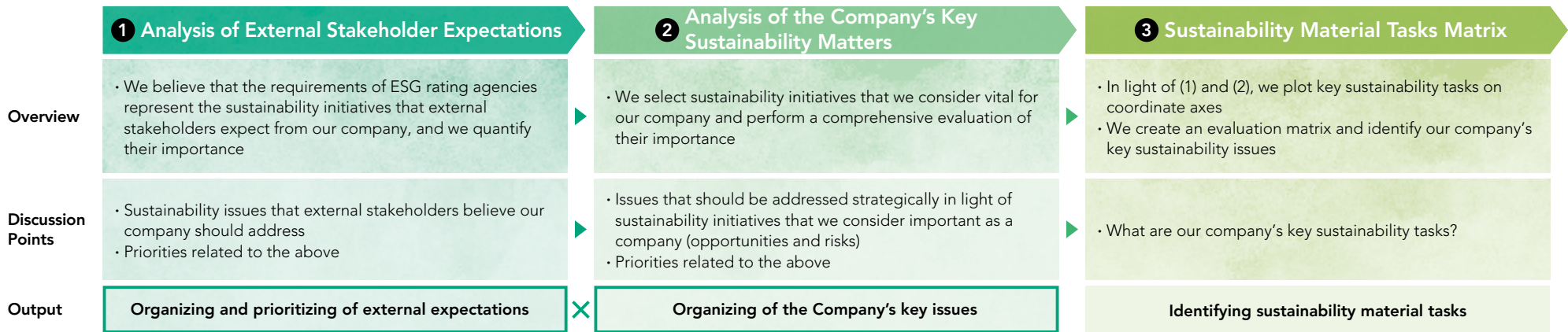
*Scope: HQ

Our Group has established key sustainability tasks to promote sustainable growth and value delivery to stakeholders.

In conjunction with the formulation of the 2025-2027 Medium-Term Management Plan, we have reviewed our key sustainability tasks to enable more substantial contributions that are distinctively PILOT-like.

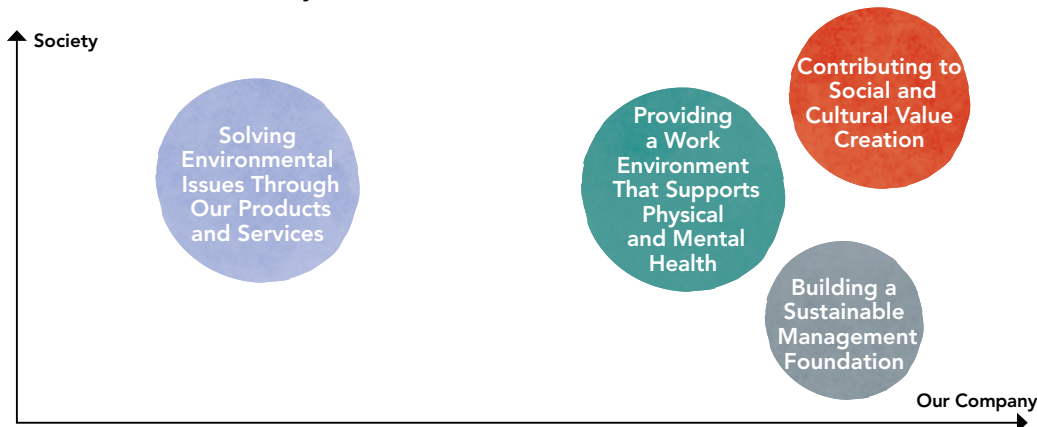
We will advance our sustainability initiatives in an effort to make our Purpose, Our Creations Inspire Creativity, a reality.

Process for Identifying Key Sustainability Tasks



Sustainability Material Tasks

(Non-financial) Sustainability Material Issues



Contributing to Social and Cultural Value Creation	Promotion of initiatives, collaboration, and sponsorship in culture and education
Solving Environmental Issues Through Our Products and Services	Realization of a decarbonized society, environmentally conscious products
Providing a Work Environment That Supports Physical and Mental Health	Human resource development, employee health
Building a Sustainable Management Foundation	Development of various policies and systems, Group collaboration, promotion of information strategy

We have added Contributing to Social and Cultural Value Creation as a theme that better leverages our strengths, and we will promote initiatives that can further contribute to social sustainability.

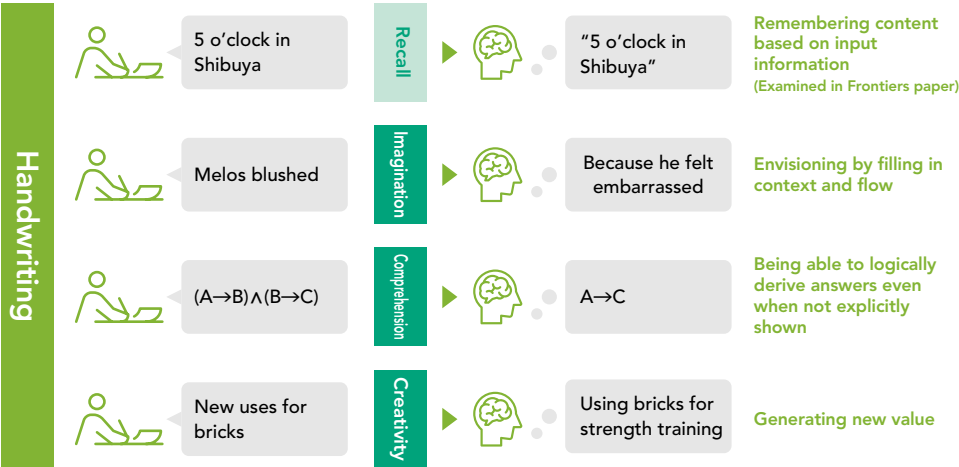
Policies, Targets, and Progress for Key Sustainability Tasks

Key Tasks	Themes and Directions	Main Initiatives	Numerical Targets and Results
Contributing to Social and Cultural Value Creation	<ul style="list-style-type: none"> Promotion of initiatives, collaboration, and sponsorship in culture and education 	<ul style="list-style-type: none"> Activities to convey the value of handwriting Sponsorship of <i>the Writing is Important Project</i> Activities to support human creativity PILOT Pen Calligraphy Correspondence Course (since 1978) 	<ul style="list-style-type: none"> Monitoring various results
Solving Environmental Issues Through Our Products and Services	<ul style="list-style-type: none"> Realization of a decarbonized society Environmentally conscious products 	<ul style="list-style-type: none"> Recognition and promotion of refillable products Expansion of environmentally conscious product business Implementation of environmental events and environmental promotion activities 	<div> <div> [Greenhouse Gases] Scope 1 and Scope 2 emissions (total): 25% reduction by 2030 (Compared to base year (2021)) </div> <div> [Waste] Industrial waste emissions per non-consolidated sales: 10% reduction by 2030 (Compared to base year (2021), 1% reduction from previous year starting in 2025) </div> </div> <div> [Water Withdrawal] Water withdrawal per non-consolidated sales: 10% reduction by 2030 (Compared to base year (2019)) </div>
Providing a Work Environment That Supports Physical and Mental Health	<ul style="list-style-type: none"> Human resource development Employee health 	<ul style="list-style-type: none"> Provision of opportunities for autonomous growth and development support Global Leadership Development Training (2023 onward) Improving employee engagement Promotion of DE&I 	<ul style="list-style-type: none"> Percentage of women among new hires: 50% (achieved in 2024) Female manager ratio: 13% or more by 2027 (10.3% in 2024) Male childcare leave utilization rate: 90% or more by 2027, with an average of 45 days or more
Building a Sustainable Management Foundation	<ul style="list-style-type: none"> Establishment of various policies and systems Group collaboration and promotion of information strategy 	<ul style="list-style-type: none"> Response to Global Information Disclosure Standards TCFD Disclosure response (endorsed TCFD in 2023) Promotion of information disclosure, including publication of integrated reports Promotion of external evaluation response (Pilot Corporation of Europe S.A. obtained EcoVadis Gold Medal) 	<ul style="list-style-type: none"> Monitoring various results

To generate numerous creative endeavors worldwide and support society and culture, our company continues to explore writing from various perspectives, including how writing affects people and the benefits achieved through writing.

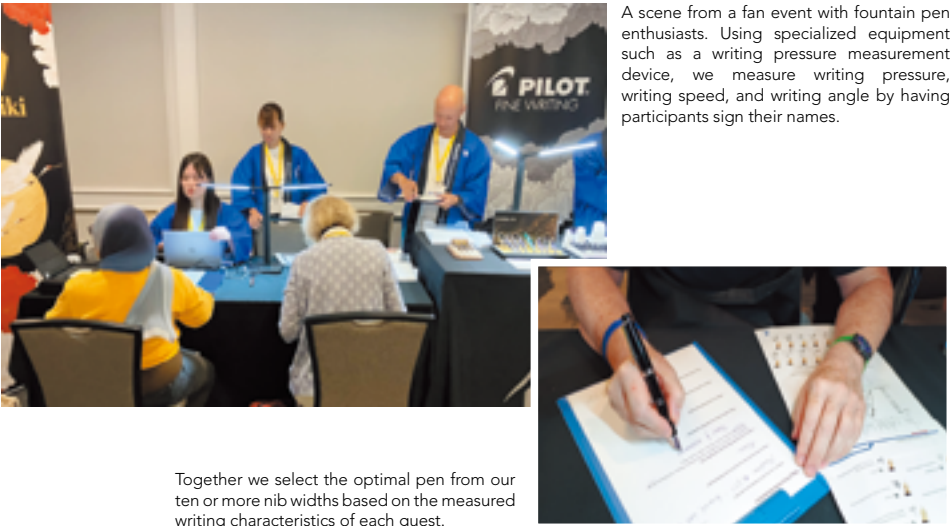
A research group that sheds light on the various values of handwriting

In January 2024, our company established the Handwriting Value Research Group jointly with the Consortium for Applied Neuroscience, the Sakai Lab at the University of Tokyo Graduate School of Arts and Sciences, Japan Pulp & Paper Co., Ltd., the Japan Kanji Aptitude Testing Foundation, and JMA Management Center Inc. While electronic devices have increasingly been seeing use for schedule management and note-taking in recent years, writing by hand has attracted attention for improving memory, creativity, and thinking ability, as well as for helping people achieve goals and reducing anxiety. This research group aims to explore the value of writing by hand on paper from a neuroscientific perspective and to scientifically verify the benefits of handwriting. Specifically, building on the work of the predecessor Analog Value Research Group (2015–2017), which examined and published papers on recall—the ability to remember content based on handwritten information—we are now focusing on imagination, comprehension, and creativity that generates new value. We also plan to examine how handwriting affects these abilities from both neuroscientific and psychological perspectives.



Development team participation in U.S. pen shows

In the United States, pen shows that attract numerous fountain pen enthusiasts are held in a number of locations. These events are packed with booths showcasing fountain pen collections and pen customization, creating an atmosphere of tremendous excitement. Since 2023, members of our product development team have been participating, conducting surveys and interviews with fountain pen enthusiasts and gathering valuable information for development by asking them to test writing comfort. Centering on Washington, D.C., where the largest pen show is held, we also visit San Francisco and Dallas to experience the unique local culture and collect various information, such as what fountain pen users are looking for. The U.S. fountain pen market is estimated to be several times larger than Japan's, and by having our product development members communicate directly with enthusiasts, we deepen our real-world insights into writing and apply them to new product development.



Our company seeks the potential inherent in writing through partnerships and collaborations with various companies and artists.

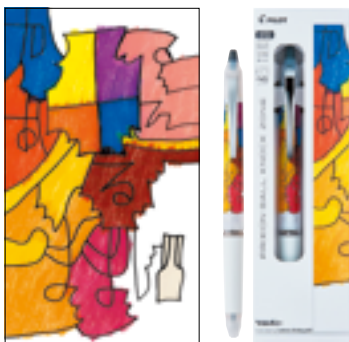
PILOT x HERALBONY

Transforming the image of disability x art

As a collaborative product with HERALBONY Inc., which creates new culture from the perspective of social welfare, we released the erasable ballpoint pen FriXion Ball Knock Zone x HERALBONY featuring distinctive art designs by their contracted artists.

HERALBONY is a company that manages over 2,000 artworks created by artists with disabilities as IP licenses and has built a sustainable business model by paying fair royalties.

Based on the theme “Beyond Writing as You Wish,” six distinctive pieces of artwork adorned our FriXion Ball Knock Zone. The pen bodies feature designs from the works of six different artists. Going forward, we will continue to propose new value to society through collaborations between HERALBONY and PILOT.



Original work
Satoru Kobayashi
“Beyond Writing
as You Wish”

PILOT x Digital Tools

Supporting the creative activities of digital creators

We collaborated with Wacom Co., Ltd. to jointly develop Dr. Grip Digital for Wacom®, a digital pen for pen tablets that leverages the fatigue-reducing features of our Dr. Grip pen, which Wacom released. Our writing instrument technology is being utilized in the digital field as well.

This product supports digital creators and students who work for long hours by combining the Dr. Grip pen body with Wacom’s pen technology that enables detailed drawing responsive to pen pressure.



Available at Wacom’s direct sales website
and other electronics retailers
Compatible with Wacom’s Wacom One
series pen tablet products

PILOT x Metaverse

Realizing experiences unique to virtual spaces

What possibilities exist for writing in virtual spaces? In 2023, we exhibited an experiential writing booth uniquely possible in virtual spaces at Virtual Market, the world’s largest VR event hosted by HIKKY Inc.

In this attempt to recreate our products in 3D space and provide writing experiences that are impossible in reality, we offered an experience in which drawing with a pen in 3D space through the metaverse made pictures and text appear to float in the air and move around you.

Over 300,000 people participated in this booth and experienced the potential of writing.



The Ugokaki Field, where pictures and text written in the air begin moving around your avatar

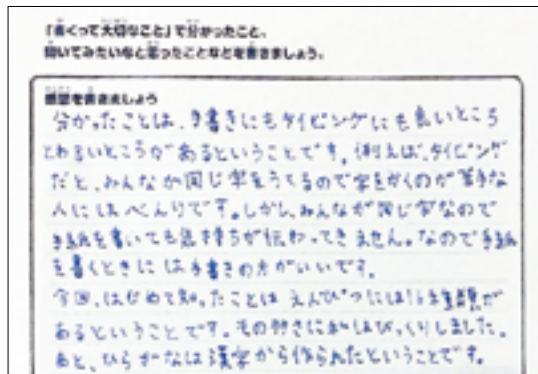


The “Writing is Important” Project

Our company sponsors the “Writing is Important” Project, an educational program provided by the Japan Culture Education Propulsion Mechanism that explains the importance and significance of writing to elementary school students.

Currently in Japan, due to the promotion of ICT in education, with one tablet device distributed to each elementary school student, children’s time spent writing by hand has decreased, while their typing time has increased. While advances in digital technology bring wonderful convenience and efficiency to people, we believe that handwritten characters possess a warmth that only they can express, along with the human emotions embedded within them. Additionally, writing by hand has been shown to promote deeper comprehension and thought. We believe that conveying the value of writing to the children who will shape our future, especially now, is one of the missions of our company, which has supported writing around the world through pen manufacturing for over 100 years.

Since its launch in April 2023, approximately 8,500 students in Japan and abroad have participated in this program over two years, learning about the meaning and importance of writing while having fun.



Feedback from a student who participated in the program



Program being held at a 6th grade elementary school class

The Postcard Masterpiece Contest

The Postcard Masterpiece Contest has been held since 2015 with the aim of spreading the habit of writing postcards and preserving Japanese culture by enhancing the beauty of the Japanese language. As communication becomes increasingly digital through e-mail and social media, the postcard remains a traditional form of Japanese cultural communication. The connection between postcards and handwriting runs deep, with the sender’s feelings conveyed through warm handwritten characters. Our company supports and sponsors this contest, agreeing with its purpose of passing this appealing aspect of Japanese culture on to the next generation. With our Purpose, Our Creations Inspire Creativity, serving as the foundation, through this contest, we are able to create cultural experiences and opportunities that weave words together and connect people, all while continuing activities that convey the wonder of handwriting to future generations.



10th The Postcard Masterpiece Contest Award Ceremony

The Handwritten Cheers! Project

We sponsor the Handwritten Cheers! Project for elementary school students hosted by the professional basketball club ALVARK TOKYO. This project is an experiential initiative where children participating in basketball classes at elementary schools conducted by the team’s academy coaches exchange handwritten messages with team players. Players respond with handwritten replies to the children’s handwritten messages of support. Through this sponsorship, we enable children to experience the warmth of handwritten characters, the feelings embedded within them, and the excitement that can only be felt through handwritten communication, conveying the value and joy of handwriting to the children who will shape our future.



Students who attended the Handwritten Cheers! Project basketball class



Message of support from a student (left) and reply from a player (right)

Co-hosting an essay contest to foster children's creativity in India

We held a story writing contest for students in Delhi NCR (National Capital Region centered around New Delhi), India.

Entitled Ink Your Inspiration, it was conducted in partnership with India's largest newspaper, *The Times of India*, with the aim of making cultural contributions through writing. This contest is designed to feature content that draws out students' creativity and further expands their thinking. For example, students create stories from prompts such as "A tiny robot approached me and said, 'You are the chosen one for this mission...'" or themes such as "What if you could time travel on the first day of the new school year?" The format requires participants to create compelling stories on various themes within a limited time, stimulating the inspiration of all participants. Nearly 18,000 participants from 45 schools in Delhi NCR took part.

Our company hosted this contest and provided approximately 18,000 writing instruments. Going forward, we aim to expand the scope further and hold the event throughout India.



A contest held in Delhi, India. Many students demonstrated their creativity through writing.

The Penmanship Correspondence Course that has preserved handwriting culture for over 70 years

PILOT's Penmanship Correspondence Course began in 1954 with the aim of promoting the skill of writing characters correctly and beautifully using fountain pens. Conducted as a cultural initiative that has preserved handwriting culture for over 70 years, it continues to provide support for users' writing.

This course, which allows participants to choose from four writing styles that suit their preferences and receive meticulous corrections and guidance from numerous instructors, has been rated highly by participants.

I find it rewarding to be able to assist individuals who have been taking the course for decades and for whom writing has become part of their daily life. Also, when I receive comments such as "this course made me discover the quality of fountain pens" or "I used to pick up writing instruments without much thought, but now I consciously purchase PILOT products," I truly feel the joy of having helped grow PILOT's fanbase.

**Penmanship Correspondence Course
Operation Group
Customer Center
Miyuki Nasu**



Building sustainable relationships with customers through repairs and adjustments

To ensure customers can use our products for a long time, our company has considered repairs and adjustments of writing instruments to be important services since our founding.

In 1927, we distributed booklets on fountain pen repairs to retailers, and we have provided services that place emphasis on customer feedback, such as sending letters to ask about their experience using fountain pens. Repairs and adjustments of our products are performed by Pen Doctors who have undergone rigorous training.

In collaboration with retailers, we also conduct Pen Clinic activities where Pen Doctors communicate directly with customers at stores while repairing and adjusting their fountain pens. These activities are conducted overseas as well.

We will continue to build bonds with customers through our product repair and adjustment activities, thus facilitating the building of long-term relationships.



A Pen Clinic in Korea. At Pen Clinics, Pen Doctors listen to customers' requests face-to-face and perform adjustments and repairs on the spot.



Human resources are the source of our growth; there is no corporate growth without employee growth

Executive Officer, General Manager of Human Resources Department

Shunji Kawashima

Formulating human resources strategies to develop autonomy and creativity

The PILOT Group considers human capital to be one of the key elements for sustainable growth. We believe that creating an environment where each employee can perform at a high level is the source of the growth that spurs innovation in our Group. As such, members sought by the management team are as follows:

- 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: Pick up signs of changes and acting without fear of changes
- Personnel who can work in unity: Accepting and respecting different values and collaborate with others

Our human resources strategy for achieving the above is as follows:

- 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

Promoting strategic recruitment that takes diversity into consideration

Our company is promoting strategic recruitment with a focus on diversity. During the 2022-2024 Medium-Term Management Plan (the previous plan) period, we hired nearly 100 career professionals over three years to complement various areas of expertise.

Additionally, our company views technological development capabilities as one of our important assets, and we conduct recruitment that takes into account the personnel balance in our organizational structure to ensure the succession of technology and skills.

Initiatives aimed at enhancing DE&I

We have established various KPIs to promote Diversity, Equity & Inclusion (DE&I) and are working to enhance them.

- Percentage of women among new hires: 50% (achieved in 2024)
- Female manager ratio: 13% or more by 2027 (2024: 10.3%)
- Male childcare leave utilization rate: 90% or more by 2027, with an average of 45 days or more

We have established a Diversity Promotion Office as a specialized department and will proceed with workshops to promote understanding of DE&I, career support for female manager candidates, meetings with external mentors, and implementation of unconscious bias* training.

Developing global human resources who can succeed on the world stage

We are also refining various training programs to develop a diverse array of human resources. In particular, we are advancing self-development and reskilling support aimed at improving language, accounting, and IT skills, and we are implementing Global Leadership Development Training to cultivate human resources who can succeed on the world stage.

Moreover, to provide career support for individual employees, we are implementing a Career Challenge System that aims to help employees visualize short- to medium-term career plans and make them reality.

Creating a workplace environment where employees can be physically and mentally healthy as they work

In addition to annual health checkups, we conduct various initiatives that contribute to employee health, such as regular dental preventive checkups and Walking Campaigns.

Furthermore, our company has built a free and creative workplace environment that facilitates communication, such as establishing the custom of employees addressing each other with the “-san” appellation to remove barriers and establish a sense of equality.

Expanding our company's initiatives to the Group

For the PILOT Group, human resources are the source of growth, and there is no corporate growth without employee growth.

Going forward, we will further enhance the value of human capital by expanding various initiatives to the entire Group, such as conducting Group-wide engagement surveys.

*Unconscious bias: Prejudice based on unconscious assumptions

Global Leadership Development Training

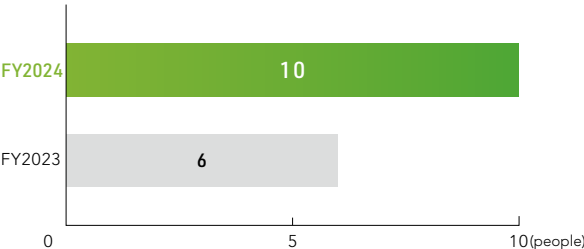
To develop global human resources, we have been conducting Global Leadership Development Training since 2023, which cultivates an understanding of different cultures, the ability to work in unity with people of different backgrounds, and the will to take on challenges.

We are implementing programs such as the *Growth Through Challenges Program*, where participants complete multiple missions in emerging Asian countries over a short period, and the *Overseas Work Assignment Program*, where participants go to emerging countries as members of NGOs or social enterprises and tackle social issues in English.



Participating in meetings as a member of the local organization and learning for oneself that continuing to take on challenges leads to success

Number of participants in Global Leadership Development Training



Amount of Investment
in Human Resources
(2024)

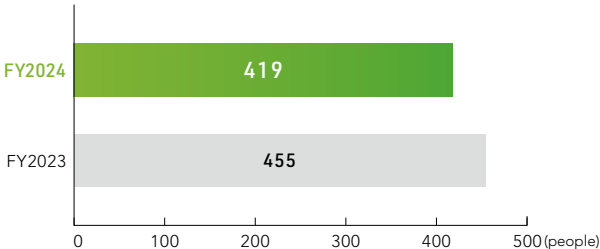
266 million yen*

*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.

Skill enhancement support
(Self-development system)

We provide self-development support in a number of forms, such as correspondence courses and e-learning, to expand each and every employee's career possibilities. We also provide support for obtaining various certifications and skill enhancement.

Number of participants in Competency Guide courses



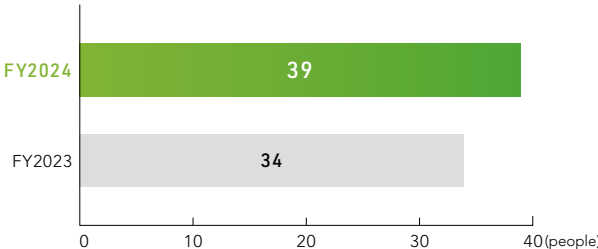
Internal Rotation Training

Since 2023, we have been conducting Internal Rotation Training for newly appointed managers, in which they experience work in other departments for several days. The objective is to build personal networks and broaden perspectives through cross-departmental work experience.



Headquarters staff receive explanations about equipment at the factory and experience connections with the operations and field

Number of participants in Internal Rotation Training



Career Ownership supporting autonomous career development

Our Group believes that enhancing employee engagement leads to the revitalization of the entire Group and ultimately to improved productivity. Therefore, we are implementing initiatives which supports each employee’s autonomous career development under the concept of Career Ownership. As part of this Career Ownership, we distribute messages from the president to employees and have created and published the PILOT Job Encyclopedia, which introduces the work of each department. We have implemented a system for employees to apply for transfers while providing opportunities to consider their own careers. We are also fostering a culture that supports individual career development.

Introduction of corporate DC

We introduced a defined contribution pension plan (corporate DC) in January 2025. We are working to improve employees’ financial literacy through in-person investment education and individual consultations with financial planners.

Continuation of employee satisfaction survey

We conduct an employee satisfaction survey annually to confirm mutual understanding and trust between employees and the Company.

Indicator	Results			2022 - 2024 Target
	FY2022	FY2023	FY2024	
Agreement with management direction* (%)	74.3	72.8	69.3	75
Satisfaction survey overall satisfaction* (%)	69.0	69.6	71.4	75

*Scope: HQ
*The percentage of employees who responded “Strongly agree” or “Agree” to the question “I am satisfied (agree) with the indicator (item)” on the employee satisfaction survey.

Executive Caravans aimed at spreading our Purpose and other values

Since 2022, we have been conducting Executive Caravans, which is a program where all our employees engage in direct dialogue with directors. By bringing the Company’s philosophy, including our Purpose and 2030 Vision, closer to each individual employee, we aim to create a positive and rewarding workplace. The program has been held 133 times with a total of 1,064 participants. There have been 252 hours of dialogue in total.

The PILOT’s Purpose Award recognition program for sharing our Purpose internally

In 2023, we launched the PILOT’s Purpose Award recognition program as an initiative to increase behaviors that embody our Purpose, Our Creations Inspire Creativity. Aiming to foster a culture of recognizing and praising each other in a free and open atmosphere, in an effort to embody our Purpose, we solicit and recognize examples from all employees of our company who think independently, innovate, execute, and positively influence those around them in their daily work. We received 324 employee nominations in 2023 and 319 in 2024, with examples ranging from facilitating workplace communication with smiles and attentiveness and voluntarily promoting the digitization of documents, which everyone was struggling with. Going forward, we plan to develop this initiative further and expand these activities to Group companies.

The 2024 PILOT’s Purpose Award ceremony (left). Archive Room members from the General Affairs Group, General Affairs Department, PILOT Corporation, received the award for being People Who Connect PILOT’s History with Its Future (right)



Recruitment and promotion of diverse human resources

As globalization advances across various fields, we believe that the active participation of diverse human resources is essential for creating innovation. At our company, we promote Diversity, Equity & Inclusion (DE&I) by not only hiring new graduates but also conducting mid-career recruitment, hiring foreign nationals, and employing people with disabilities, while creating an environment where each individual can fully demonstrate their abilities. In 2024, we established the Diversity Promotion Office as a specialized department.

Recruitment Results and Targets

Indicator	Results			2024 Target
	FY2022	FY2023	FY2024	
Women as a percentage of new hires (%)	46.0	45.2	50	50
Number of foreign national hires (People)	4	1	3	1
Number of mid-career hires (People)	20	39	36	50

*Scope: HQ

Promoting work-life balance

Our company has introduced work arrangements such as a flexible schedule, discretionary work systems, and remote work, creating an environment where diverse human resources can maximize their abilities and thrive. Additionally, we actively disseminate information about various childcare-related systems and promote the use of childcare leave regardless of gender, advancing the creation of a work environment that is comfortable for all employees. In addition to maintaining comprehensive leave systems, we have recently introduced an hourly paid leave system and encourage the planned use of paid leave, contributing to the realization of work-life balance.

Paid Leave Utilization Rate

	FY2022	FY2023	FY2024
Paid leave utilization rate (%)	65.2	70.8	73.95

*Scope: HQ

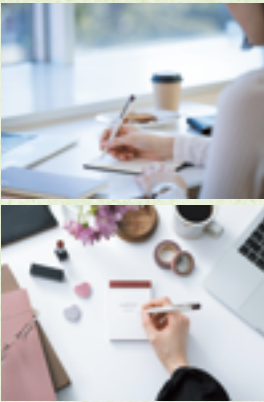
Childcare Leave Utilization Rate

		FY2022	FY2023	FY2024
Male	Eligible employees (People)	18	12	7
	Users (People)	9	6	6
	Utilization rate (%)	50	50	85.7
Female	Eligible employees (People)	7	2	5
	Users (People)	7	2	5
	Utilization rate (%)	100	100	100

*Scope: HQ



Six years since the project's launch. The current core staff members developing the ILMILY series tailored to women's lifestyles



ILMILY, a cross-departmental project by diverse employees

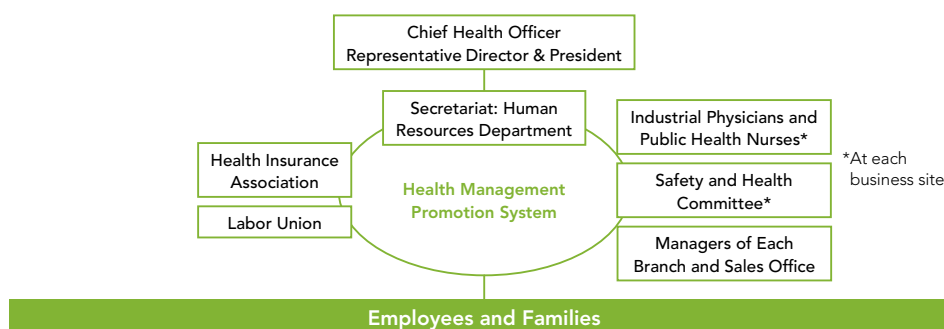
As the women's stationery market, including events such as Bungu Joshi Haku, continues to gain momentum, the number of female employees in charge of product planning and development at our company is also increasing. The ILMILY Project started from their desire to create products that they want to use themselves. Since its launch in 2019, this project has centered on female members from various departments including planning, design, and development, and is currently composed mainly of young employees in their second to fifth years with the Company. To date, we have launched a number of products, including gel ink ballpoint pens in pale tone colors. The product series ILMILY, which was named from the initial letters of "I Like Me, I Like You," targets female adult consumers who love stationery and offers a lineup of products suited to their lifestyle. The carefully developed ink colors and cute body designs have been well received. We are advancing unique initiatives, such as communicating directly with users through Instagram and fan meetings, and going forward, we aim to proceed with initiatives focused on co-creation with users.

Health Management Declaration

Under our Purpose, Our Creations Inspire Creativity, the PILOT Group is building an environment where each employee can work healthily, both physically and mentally. Employee health is the source of creativity and the foundation for creating a richer future. We aim to be an indispensable company for our employees and their families, as well as society as a whole. Therefore, we are implementing measures that support healthy and happy lifestyles.

We value well-being (physical health, mental health, social health, and happiness) in all business areas and promote initiatives that lead to sustainable growth and social contribution.

Health Management Promotion System



With the Representative Director & President as the chief officer, the Human Resources Department, Health Insurance Association, industrial physicians and public health nurses, Safety and Health Committees, managers of each branch and sales office, and the labor union work together to promote initiatives that maintain and enhance the physical and mental health of employees and their families.

Occupational safety and health

At our major domestic business sites, we have established Safety and Health Committees, where the Company and employees work together to continuously create safe and comfortable workplace environments. The Hiratsuka Plant was commended with an encouragement award by the Kanagawa Labour Bureau in recognition of its many years of safety efforts.

Health promotion activities

The Walking Campaign, one of the exercise promotion measures of the PILOT Health Insurance Association, is an initiative where participants aim to achieve target step counts while virtually touring famous domestic locations on a web-based walking map over a two-month period. Since its launch in 2014, many domestic Group employees have participated.

We have also established external consultation services for mental and physical health to support health promotion activities.

Health examinations and stress checks

At our company, we conduct health examinations and stress checks for all employees every autumn. Regarding stress checks, we provide consultations with industrial physicians not only when employees identified as highly stressed request them, but also for other employees upon request. We consider the physical and mental health of our employees to be extremely vital.

	FY2022	FY2023	FY2024
Health examination participation rate (%)	99.7	100	99.9
Stress check participation rate (%)	95.8	94.7	96.4

*Scope: HQ

Respect for human rights

Our Group respects the human rights that all people are born with in all our corporate activities. We support and respect the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and have established a human rights policy based on the United Nations Guiding Principles on Business and Human Rights.

Additionally, at our company, we strive to improve the workplace environment through initiatives to protect the human rights of each employee, including establishing internal reporting channels and internal audit systems.

 PILOT Group Human Rights Policy

https://corp.pilot.co.jp/english/company/env/human_rights_policy.html

PILOT Group Environmental Policy

Our Group has established the PILOT Group Environmental 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 Environmental Policy

https://corp.pilot.co.jp/english/company/env/environmental_policy.html

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

At our Group's major domestic production sites (Isesaki Plant, Hiratsuka Business Site*, The Pilot Ink Co., Ltd. Tsu Plant, Togo Plant, and Miyoshi Plant, 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 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 Plant and Shonan R&D Center.

Greenhouse Gas Emissions for the Past Four Years

		Results			
		FY2021	FY2022	FY2023	FY2024
PILOT Corporation Non-consolidated					
Scope 1+2 (Unit: t-CO ₂)	Total emissions	14,524	14,488	12,515	11,975
Scope 1 (Unit: t-CO ₂)		1,467	1,269	1,074	964
Scope 2 (Unit: t-CO ₂)	Market-based	13,057	13,218	11,440	11,010
	Location-based	—	—	—	12,150
Emissions per sales revenue (Unit: t-CO ₂ /million yen)		0.194	0.168	0.158	0.146
Scope 3 total (Unit: t-CO ₂)*		172,292	179,800	185,988	204,272
PILOT Group Consolidated					
Scope 1+2 (Unit: t-CO ₂)	Total emissions	—	—	—	24,959
Scope 1 (Unit: t-CO ₂)		—	—	—	2,525
Scope 2 (Unit: t-CO ₂)	Market-based	—	—	—	20,563
	Location-based	—	—	—	22,434
Scope 3 total (Unit: t-CO ₂)		—	—	—	—

*Target categories: Category 1, Category 2, Category 3, Category 4, Category 5, Category 7, Category 12

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

		Results			
		FY2021	FY2022	FY2023	FY2024
Waste Discharge Volume (Unit: ton)					
Total	Discharge volume	1,015	1,078	998	935
	Recycling volume	711	753	690	621
	Landfill disposal volume	304	325	308	314
Industrial waste specifically controlled waste	Discharge volume	939	985	911	852
	Recycling volume	665	707	629	564
	Landfill disposal volume	274	278	282	288
Water Intake and Wastewater Discharge (Unit: thousand m ³)					
Water intake	Total	94	89	82	79
	Municipal water	92	87	80	77
	Groundwater	2	2	2	2
Wastewater discharge	Total	94	88	81	78
	Sewerage	42	42	39	39
	Rivers	52	46	42	39

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

Environmentally conscious product series BEGREEN

Our history of environmentally conscious products began with the launch of the ecomate series using recycled materials in Japan in 1997. To spread initiatives aimed at achieving a circular society worldwide, we launched the global environmental brand “BEGREEN” as the first of its kind in the writing instrument industry in 2006, and it is sold throughout the world.

At our factory in France, we have been producing B2P (Bottle to Pen) writing instruments using post-consumer PET materials since 2009. Today, this product is manufactured in Japan as well and deployed globally. Additionally, this product concept has been carried forward in the “FRIXION ball +” launched exclusively in Europe in January 2025.



We have been utilizing recycled materials since 1997. FRIXION ball + (left and middle) and B2P (right) using post-consumer PET materials.

Used pen recycling program

Since April 2020, we have been implementing a program to collect and recycle used writing instruments in collaboration with TerraCycle Japan.

Collection boxes have been installed at over 600 locations nationwide, including schools and commercial facilities. The recycled writing instruments were used as educational materials for PILOT Environmental Classes and are also sold on a limited basis at some domestic retailers.

We will continue to explore programs that allow broad user participation, and we will work tirelessly to promote initiatives that help reduce our environmental impact and achieve a recycling-oriented society through the reduction of writing instrument waste.



We have collected a cumulative total of 7,536 kg of used writing instruments by December 2024. This is equivalent to 750,000 ballpoint pens.

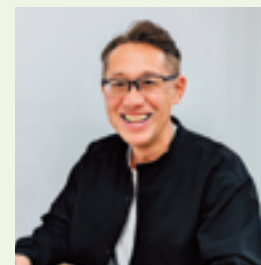
We deliver peace of mind, surprise, and enjoyment to customers around the world



Our company delivers products to more than 190 countries and regions. Environmental regulatory standards differ by region, as do cultures and preferences. We strive to plan and develop environmentally conscious products that customers around the world can use with peace of mind, and we also want to plan products that convey even more surprise and enjoyment.

Product Planning Group 1, Global Planning Department,
Global Marketing Division
Yutaka Fukuchi

Creating opportunities to think about the environment



In our PILOT Environmental Classes, participants can experience assembling ballpoint pens and other items using recycled parts from writing instruments collected through our used pen recycling program. More than 7,000 people have participated domestically to date, and we hope to continue providing opportunities for people to think about the environment.

Sustainability Promotion Group,
Corporate Planning Department
Shigeru Akutagawa

Climate change initiatives

Our Group has identified Response to Climate Change as one of our key sustainability tasks and 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).

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.



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 our Management Risk Control Regulations and the detailed rules and manuals established in connection with these regulations, we 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.

Hiratsuka Plant

We have made steady advances in our climate change response through initiatives such as switching to LED lighting and replacing our business forklifts with EV models. In 2024, we promoted more proactive measures, including the installation of solar panels on three newly completed buildings within our plant sites. We plan to install solar panels on new buildings scheduled for construction, as well as replace our business vehicles with EVs.

As part of our resource circulation efforts, in addition to the separate collection and reuse of metals and plastics, we have begun examining ways to reuse wood shavings from the impregnated birch material used in our S20 mechanical pencils and ballpoint pens that feature wooden barrels. By finding ways to use these shavings as a valuable resource within our company rather than disposing of them as industrial waste, we will help to make a sustainable society a reality.



Promoting solar panel installation since 2024.
Considering the reuse of wood shavings.



Isesaki Plant

We grind and reuse the portions of resin parts that become unnecessary after injection molding. Resin wastes are sorted and utilized for material recycling and thermal recycling.

Additionally, we collect brass shavings from the raw materials used for the metal tips of ballpoint pens and mechanical pencils, and work with material manufacturers to transform them into brass rod materials. Extruded mechanical pencil leads and scrap materials are ground and mixed into raw materials in certain proportions for reuse.

At our plating production facilities, in accordance with the Sewerage Act, we regularly measure and manage hydrogen ion concentration and temperature monthly as part of our wastewater management.

For chemical substance management, in workplaces that use organic solvents, we monitor and measure usage and evaporation amount in accordance with legal regulations and our own ISO 14001 standards.

As an energy-saving measure, we are progressively converting ceiling lighting to LED, starting with manufacturing floor areas where lighting is used for extended periods.



Promoting thorough recycling of mass-produced products and conversion to LED lighting.

Pilot Ink Miyoshi Plant

Solar panels have been installed on the assembly building and water-based ink building, and solar power generation began in January 2024. This renewable electricity can be used in all buildings within the plant, and from May to September 2024, we were able to use the power generated during the day for writing instrument and ink manufacturing on sunny days.

Moreover, monitors in the assembly building allow real-time viewing of solar panel power generation and power usage in each building, raising awareness of energy conservation.

We began activities aimed at obtaining ISO 14001 certification in July 2023, expanded activities throughout the entire plant in 2024, and obtained ISO 14001 certification in October of the same year. Through ISO activities, we are raising awareness of environmental issues and applying this to writing instrument production.



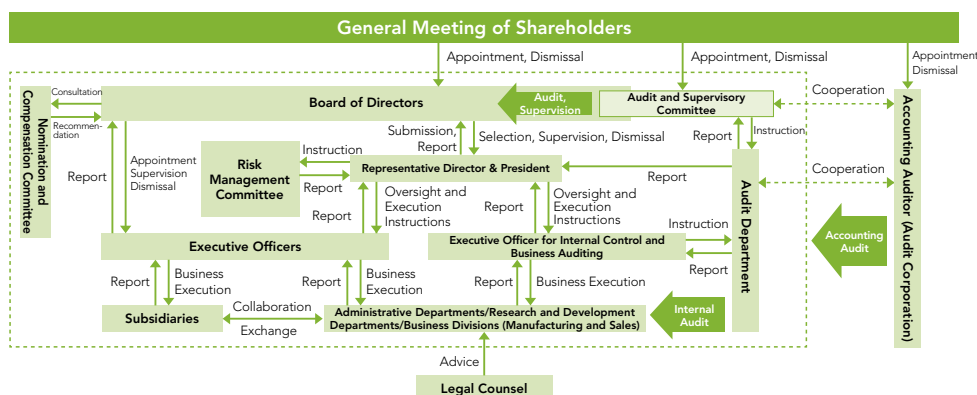
Monitors allow real-time viewing of solar power generation. Newly obtained ISO 14001 certification.

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

We have 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 five 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 the nomination and compensation of senior management and directors, and to fulfill accountability, we have established a Nomination and Compensation Committee as an optional 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 Nomination and Compensation 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.

●Accounting Auditor

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

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.

We have chosen the Audit and Supervisory Committee structure for the following reasons.

- To enhance corporate governance effectiveness through clear role separation: the Board of Directors provides objective oversight of business execution, while executive directors and executive officers make swift, responsible decisions.
- To build a management foundation that incorporates stakeholder voices into management and enables sustainable growth and value creation. Our Board of Directors appoints diverse independent outside directors and has established a governance structure with enhanced objectivity and transparency. Additionally, we have established

a Nomination and Compensation Committee as a discretionary advisory body that provides recommendations to the Board of Directors.

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, the Representative Director & President, under delegation from the Board of Directors, prepares a draft list of director candidates. 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 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 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.

CEO appointments and dismissals are decided by Board resolution following Nomination and Compensation Committee review and recommendation, based on established selection or dismissal criteria.

Board composition: knowledge, experience, abilities, diversity, and scale

Our Board of Directors identifies the skills required to execute our management strategy, establishes criteria for the Board's overall balance of knowledge, experience, abilities, diversity, and scale, and discloses a skills matrix outlining the expected competencies for each director's role.

Concurrent positions of directors

To ensure that all directors, including outside directors, can devote sufficient time and effort to their director duties and properly fulfill their roles and responsibilities, any concurrent positions as officers of other companies require approval from the Representative Director & President.

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 2023 effectiveness evaluation

- (1) Board of Directors Composition
- (2) Clarification of Supervision and Execution Roles
- (3) Strengthening Discussion of Management Policies and Strategies
- (4) Consideration of Easy-to-Understand Materials
- (5) Enhancement of Advance Explanations and Dialogue with Outside Directors
- (6) Strengthening Explanations to Investors

●Results of main initiatives in fiscal 2024 addressing issues identified in the fiscal 2023 effectiveness evaluation

In response to (1):

- Review of appropriate number of directors
- Consideration and review of appropriate number of Audit and Supervisory Committee members
- Creating an environment to develop female directors and establishing recruitment plans for female department head candidates
- Full-scale operation of succession process in management talent development program

In response to (2):

- Promoting delegation to executive management through revised operational guidelines (Board submission criteria)

In response to (3):

- Adding "Discussion Items" to the Board of Directors Regulations and conducting management strategy and planning discussions under this framework

In response to (4):

- Clarifying key issues through revised Board material formats
- Adding one Board of Directors Secretariat member and exploring the establishment of a dedicated support organization

In response to (5):

- Establishing Outside Directors' Meeting

In response to (6):

- Conducting investor briefings led by the IR Department

●Fiscal 2024 evaluation process and methodology

For the fiscal 2024 effectiveness evaluation, we utilized external organizations in each evaluation process to ensure independence and objectivity.

The evaluation process and methodology are as follows:

- Questionnaire distributed to all 13 directors
- Interview with the Representative Director
- Interviews with outside directors (excluding Audit and Supervisory Committee members)
- Compilation and analysis of questionnaire and interview responses
- Board of Directors deliberation and self-evaluation of analysis results

· Evaluation Items

- | | |
|---|--|
| 1. Roles and Functions of the Board of Directors | 4. Development of Internal Controls |
| 2. Size and Composition of the Board of Directors | 5. Utilization of Outside Directors |
| 3. Board of Directors Operations | 6. Relations with Shareholders and Investors |

●Summary of fiscal 2024 evaluation results

Our Board of Directors has strengthened its oversight function through initiatives including governance structure reforms and delegation of authority to executive management.

In 2024, we confirmed improvements in Board functionality through initiatives addressing issues from the previous year's evaluation. Based on these improvements and the tasks outlined below, we conclude that our Board of Directors maintains its effectiveness. We will continue to build on these identified strengths to ensure our Board of Directors demonstrates effectiveness.

●Strengths identified in fiscal 2024

- (1) Effective reporting to the Board on shareholder and investor engagement
- (2) Appropriate operation of internal controls

●Issues identified in the fiscal 2024 evaluation

- (1) Management Strategy Discussions
- (2) Board Composition
- (3) Nomination Strategy and President Succession Planning
- (4) Group Governance of Overseas Subsidiaries



●Fiscal 2025 initiative policy

In response to (1):

- Advancing delegation of significant business execution decisions to executive management
- Conducting strategic discussions on business portfolio optimization and sustainability
- Enhancing pre-meeting briefings for outside directors

In response to (2):

- Optimizing board size and increasing the proportion of outside directors
- Recruiting and developing female director candidates

In response to (3):

- Continuing the executive talent development program as part of President succession planning

In response to (4):

- Further strengthening of reporting systems to the Board of Directors by subsidiaries, including overseas subsidiaries

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 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, with all costs covered by the Company.

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, the director in charge serves as the overall responsible person, and we established the IR Department in July 2024. We respond through dedicated members in cooperation with related departments within the scope that can meet requests.

Methods of dialogue

At the General Meeting of Shareholders and in individual 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 whenever possible. We also hold earnings briefings by the Representative Director 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 as activity reports. We use this as reference for management and, based on the feedback, review and enhance our information disclosure content.

Director compensation

●Basic Policy

The compensation system for 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. 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, years of service, 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 calculated based on consolidated ordinary income, with payment amounts determined according to consolidated net sales and consolidated operating income, and paid at a fixed time each year. Furthermore, the stock compensation consists of a fixed portion and a performance-linked portion, which are determined according to the provisions of the stock grant regulations. The fixed portion is determined based on position, while the performance-linked portion is determined considering consolidated net sales, consolidated operating income, 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.

Performance indicators are selected with the purpose of instilling awareness of overall consolidated management in each officer.

● Individual director compensation

The compensation ratio by director type is determined with reference to companies of similar business scale and 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 (for the President) being Basic Compensation : Year-end Compensation : Stock Compensation = 6:2:2 (when consolidated performance forecast is 100% achieved).

Individual compensation amounts are delegated to the Representative Director & President based on Board of Directors resolution, with the 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. 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.

Executive officer compensation

● Compensation structure and decision process

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. Stock compensation was newly introduced in 2025 in conjunction with changes to the stock compensation system approved at the 23rd Annual General Meeting of Shareholders.

Basic compensation is calculated based on the officer compensation standard table according to each officer's duties and experience, while year-end compensation is determined by the Representative Director & President's decision, taking into account company performance and medium-term management plan results. Furthermore, the stock compensation consists of a fixed portion and a performance-linked portion, which are determined according to the provisions of the stock grant regulations. The fixed portion is determined based on position, while the performance-linked portion is determined according to the performance of each fiscal year.

● Performance-linked compensation indicators

Year-end compensation is linked to consolidated operating income and other factors. The performance-linked portion of stock compensation is determined considering consolidated net sales, consolidated operating income, 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.

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	
Directors (Excluding Audit and Supervisory Committee Members and Outside Directors)	286	227	34	23	7
Audit and Supervisory Committee Members (Excluding Outside Directors)	23	23	—	—	2
Outside Officers	50	50	—	—	5

(Notes) 1. The above table includes one Audit and Supervisory Committee member (excluding outside directors) who retired at the conclusion of the 22nd Annual General Meeting of Shareholders held on March 28, 2024.

2. For stock compensation (BIP Trust), we recorded 23 million yen in provision for officer stock benefits based on the number of points expected to be granted during this fiscal year.

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 compliance officer, 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 Anti-Corruption and Anti-Bribery Policy

https://corp.pilot.co.jp/english/company/env/anti-corruption_and_bribery_policy.html

●Internal control

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

1. System to ensure that the execution of duties by directors, executive officers, and other employees complies with laws and the articles of incorporation
2. System for the preservation and management of information related to the execution of duties by directors, executive officers, and other employees
3. Regulations and other systems for managing the risk of loss
4. System to ensure that the execution of duties by directors, executive officers, and other employees is carried out efficiently
5. System to ensure the appropriateness of operations in the corporate group consisting of our company and subsidiaries
6. Matters concerning employees who assist the Audit and Supervisory Committee in its duties, the independence of such employees from directors (excluding directors who are Audit and Supervisory Committee members), and matters concerning ensuring the effectiveness of instructions to such employees
7. System for directors (excluding directors who are Audit and Supervisory Committee members), executive officers, and employees to report to the Audit and Supervisory Committee, other systems for reporting to the Audit and Supervisory Committee, and system to ensure that those who report are not subject to disadvantageous treatment for having made such reports
8. Policies regarding procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee members and other expenses or debt processing related to the execution of such duties
9. System to ensure that audits by the Audit and Supervisory Committee are conducted effectively
10. Development of systems to ensure the appropriateness of financial reporting
11. Development of systems for the elimination of antisocial forces

 Basic Internal Control Policy

https://corp.pilot.co.jp/english/company/env/ic-basic_policy.html

Risk management system

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 and other risks

We have established a Risk Management Committee to appropriately and centrally manage risks related to the Group's business, implementing countermeasures starting with priority risks to reduce risks to the Group and minimize losses when risks materialize. As a result of evaluating risks identified based on various assumptions according to their impact if materialized and probability of occurrence, the risks that management recognizes as potentially having a significant impact on the consolidated company's financial position, business results, and cash flow status, as described in the business and accounting status in the securities report, are as follows:

- (1) Risks Related to Market Changes
- (2) Risks Related to Exchange Rate Fluctuations
- (3) Risks Related to Investment Capital
- (4) Risks Related to International Taxation
- (5) Risks Related to Natural Disasters
- (6) Risks Related to Raw Material Procurement
- (7) Risks Related to Business Development
- (8) Risks Related to Information Systems
- (9) Risks Related to Securing, Developing, and Retaining Human Resources
- (10) Risks Related to Product Quality Control and Product Liability
- (11) Risks Related to Intellectual Property Protection and Litigation
- (12) Risks Related to Environmental Regulations
- (13) Risks Related to Compliance
- (14) Risks Related to Fixed Assets

□ Business and other risks

<https://corp.pilot.co.jp/english/ir/management/risk.html>

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

https://corp.pilot.co.jp/english/company/env/info_security_policy.html



Representative Director & President

Fumio Fujisaki

Number of Shares Held	11,400
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)



Representative Director

Takeshi Kodaira

Number of Shares Held	4,500
April 1985	Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation)
March 2015	General Manager, Manufacturing Department, Hiratsuka Office
March 2015	Executive Officer
March 2022	Director & Senior Executive Officer
March 2025	Representative Director & Senior Managing Executive Officer (present)



Director

Kazuhiko Yokoyama

Number of Shares Held	10,900
April 1983	Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation)
April 2004	General Manager, Tohoku Branch Office
March 2015	Executive Officer
March 2021	Director & Senior Executive Officer (present)



Director

Katsuji Hatano

Number of Shares Held	7,100
April 1984	Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation)
July 2011	General Manager, Planning & Operations Department
March 2015	Executive Officer
March 2022	Director & Senior Executive Officer (present)



Outside Director

Masanobu Muramatsu

Number of Shares Held	1,000
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
December 2021	Standing Advisor, Azabu Partners Tax & Accounting Co. (present)
March 2022	Outside Director (Audit & Supervisory Committee member)
March 2024	Outside Director (present)



Outside Director

Misuzu Shibata

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, Sompō Holdings, Inc. (present)
June 2020	Outside Director, SPACE VALUE HOLDINGS CO., LTD.
March 2023	Outside Director (present)



Outside Director

Hiroshi Kawano

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 (present)
June 2024	Outside Director, Interworks Confidence Inc. (present)
March 2025	Outside Director (present)



Director
(Full-time Audit & Supervisory Committee Member)

Yoshihiro Saimura

Number of Shares Held	13,100
April 1983	Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation)
July 2011	General Manager, Accounting & Finance Department
March 2020	Audit & Supervisory Board Member
March 2022	Director (Audit & Supervisory Committee Member) (present)



Outside Director
(Audit & Supervisory Committee Member)

Toshizo Kamiyama

Number of Shares Held	500
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
March 2022	Outside Director (Audit & Supervisory Committee Member) (present)
June 2023	Audit & Supervisory Board Member, Heibonsha Co.,Ltd. (present)



Outside Director
(Audit & Supervisory Committee Member)

Tsugukiyo Fujita

Number of Shares Held	500
April 2000	Registered Attorney
April 2000	Partner, Attorney at law, Nagatacho Law Office (present)
March 2022	Outside Director (Audit & Supervisory Committee Member) (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 12.

Name	Position	Reason for Appointment	Skills Matrix								
			●: Items of particular expectation ○: Items of expectation								
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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 Plant, and has served as General Manager of the Corporate Planning Office since 2016, making significant contributions to enhancing corporate value. This individual was deemed suitable based on his track record.	●	●	●		●	○	●	●	●
Kazuhiko Yokoyama	Director	Has extensive experience and achievements in the domestic sales department and planning department at the Company, and has made significant contributions. Since 2015, has served as an executive officer responsible for the development and general affairs departments and has experience as president of overseas subsidiaries, making this individual suitable based on his track record.	●		○	○	○	○	○	●	●
Katsuji Hatano	Director	Has extensive experience and achievements in the industrial materials sales department, planning department, and operations department at the Company. After being appointed Executive Officer in 2015, led the human resources department as General Manager of the Human Resources Department. This individual was deemed 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	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 management experience and broad insight gained at business companies to provide supervision and advice on the Company's management as a whole.	●			○	○			●	●
Yoshihiro Saimura	Director (Full-time Audit & Supervisory Committee Member)	Has extensive experience and achievements at the Company, having served overseas and as department head in the accounting and finance departments. Since being appointed as an Audit & Supervisory Board Member in 2020 and a Director (Audit & Supervisory Committee Member) in 2022, has utilized this experience and knowledge to appropriately audit the Company's management in pursuit of sustainable enhancement of corporate value for the Company Group.				○				●	●
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) Long-term Strategic Thinking (2) Sustainability (3) Human Resources Management (4) Global Management (5) Marketing and Sales (6) Manufacturing, Technology, Development, and Intellectual Property (7) DX and IT (8) Risk Management (9) Group Governance



Outside Director
Misuzu Shibata

I will contribute as an outside director to cultivating a corporate culture based on the Purpose

Acting as a representative of the shareholders, I will share my views and engage in activities

In my role as an outside director, I always keep in mind that I represent the shareholders. I see my role as helping to ensure transparency and appropriateness on decision-making at the Company by bringing an outside perspective and asking frank questions about internal customs and practices. As a lawyer, I believe I'm expected to bring fact-based questioning skills, legal acumen, and risk sensitivity to the table.

The Board of Directors has an open atmosphere where people feel comfortable speaking up. I find it to be the Board that listens well and addresses outside and investor opinions with integrity and directness. For instance, when we developed the 2025-2027 Medium-Term Management Plan, we had wide-ranging discussions covering strategic necessity and feasibility, implementation factors, and how clearly we could communicate

with stakeholders. During these discussions, when I asked that we properly incorporate feedback from our shareholder dialogues through IR activities into this Medium-Term Management Plan, I saw a proactive stance in response, and I believe this has been reflected in the plan. I believe the planning process for this Medium-Term Management Plan was thoughtfully structured and thoroughly examined from multiple angles, building on our understanding of where we stand today in light of lessons from the previous plan and feedback from shareholders. I expect active and sincere dialogue with shareholders to continue.

Beyond Board meetings, I've had opportunities to better understand the Company by attending Management Executive Meetings, new product presentations, and factory visits, where I can observe executive discussions and engage in dialogue with employees. What struck me most during factory visits was how immaculately clean and well-organized everything was. This attention to detail is crucial for quality assurance and reflects the conscientious culture that has been maintained here for years. When I speak with employees, I can sense their pride in creating high-quality products. I feel these are truly outstanding characteristics of the Company.

Supporting responses to environmental changes with a sense of urgency and the advancement of diversity

Today's business environment is experiencing rapid changes in areas such as the labor market, climate change, technology, and human rights in supply chains, requiring swift and agile responses. To accelerate our own evolution, I believe it's crucial that management maintains strong awareness of these risks and opportunities while each employee takes personal ownership in their daily work.

At Board meetings, the President consistently emphasizes the need to speed up decision-making. We're steadily advancing initiatives to accelerate decision-making through appropriate delegation, including reducing the number of directors, narrowing the scope of Board resolutions, and promoting greater authority for executive officers. Regarding Board diversity, I'm currently the only woman, but through direct dialogue with younger employees, I have high expectations for women's advancement. I plan to closely follow the initiatives of the newly established diversity department and continue exchanging ideas and sharing my views.

I also highly value the "Executive Caravan" initiative, where management and employees engage in direct dialogue about the Purpose to build shared understanding. I hope the Company will continue pursuing Purpose-driven initiatives, and I'm committed to making meaningful contributions as an outside director.

11-Year Key Consolidated Financial Data

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	million yen	90,268	99,164	98,350	104,117	104,038	103,714	87,096	103,057	112,850	118,590	126,168
Domestic		31,656	34,059	35,220	34,626	33,318	31,254	24,862	25,058	26,649	28,923	30,312
Overseas		58,612	65,104	63,130	69,490	70,720	72,459	62,234	77,999	86,201	89,667	95,855
Operating profit	million yen	14,271	19,313	21,013	19,974	20,932	19,141	14,141	19,325	21,244	19,003	17,805
Operating margin	%	15.8	19.5	21.4	19.2	20.1	18.5	16.2	18.8	18.8	16.0	14.1
Ordinary profit	million yen	14,778	19,281	21,052	20,561	21,010	19,215	14,356	20,362	22,633	20,840	20,110
Profit attributable to owners of parent	million yen	8,928	12,009	14,454	15,497	14,589	13,277	9,933	14,270	15,773	13,661	15,181
Comprehensive Income	million yen	10,513	9,164	13,707	16,288	11,274	13,197	9,118	16,773	18,417	17,993	17,644
Net assets	million yen	57,469	65,386	78,309	59,972	69,688	81,179	87,873	102,348	117,989	132,345	141,579
Total assets	million yen	97,953	102,699	114,775	111,964	115,065	125,934	123,571	143,155	156,542	166,468	176,701
Net assets per share	yen	1,216.69	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
Profit per share	yen	192.57	258.81	309.86	361.72	369.87	336.62	251.84	361.81	399.86	346.31	388.53
Dividend per share	yen	30.00	31.00	22.00	32.00	40.00	45.00	55.00	60.00	90.00	100.00	117.00

(Notes) 1. We conducted a stock split on July 1, 2015, at a ratio of two shares for each share of common stock. Net assets per share and net income per share are calculated assuming that this stock split was conducted at the beginning of 2014.

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	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend payout ratio	%	7.8	8.1	7.1	8.8	10.8	13.4	21.8	16.6	22.5	28.9	30.1
Equity ratio	%	57.6	62.7	67.3	52.3	59.4	63.4	70.2	70.6	74.5	78.3	79.1
Return on equity (ROE)	%	17.4	19.9	20.4	22.8	23.0	17.9	11.9	15.2	14.5	11.1	11.2
Price-to-Earnings Ratio (PER)	times	18.0	19.3	15.6	15.0	14.4	13.1	11.5	12.2	12.0	12.1	12.5
CAPEX	million yen	2,815	3,888	3,759	4,231	4,036	6,033	3,650	4,239	5,881	11,021	11,810
R&D expenses	million yen	1,306	1,468	1,407	1,349	1,395	1,434	1,467	1,649	1,851	2,065	2,197
Cash flows from operating activities	million yen	12,107	14,195	9,752	17,875	14,116	15,189	15,137	19,815	13,753	10,175	22,727
Cash flows from investing activities	million yen	(2,182)	(4,027)	(3,208)	(5,642)	(2,920)	(5,481)	(4,461)	(3,598)	(5,350)	(10,707)	(11,054)
Cash flows from financing activities	million yen	(5,729)	(4,451)	1,174	(19,739)	(6,866)	(2,089)	(5,397)	(7,965)	(8,370)	(7,380)	(11,039)
Cash and cash equivalents at the end of period	million yen	14,959	20,279	28,127	20,461	24,785	32,488	37,724	45,844	45,444	38,329	39,112

(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	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees (group)	people	2,637	2,609	2,629	2,707	2,831	2,965
Number of employees	people	999	991	1,007	1,013	1,056	1,094
Percentage of female among new hires	%	—	—	41.0	46.0	45.2	50.0
Number of mid-career hires	people	—	—	10	20	39	36
Number of non-Japanese nationals hired	people	—	—	1	4	1	3
Female manager ratio	%	—	7.1	8.1	9.9	8.3	10.3
Gender wage gap	%	—	—	65.1	66.8	68.2	70.3
Paternal leave usage rate (male)	%	—	22.2	10.0	50.0	50.0	85.7
Childcare leave usage rate (female)	%	—	100.0	100.0	100.0	100.0	100.0
Paid leave usage rate	%	—	62.01	58.9	65.2	70.8	73.95
Training and education costs per employee	thousand yen	—	19	41	59	94	114
Employee satisfaction	%	—	72.6	70.9	69.0	69.6	71.4
Number of occupational accidents	cases	—	—	1	4	5	2
Greenhouse gas emissions	t-CO ₂	—	13,467	14,524	14,488	12,515	11,975
Electricity consumption	MWh	—	27,115	29,520	28,982	28,844	27,734
Water intake	thousand m ³	—	81	94	89	82	79
Wastewater discharge	thousand m ³	—	—	94	88	81	78
Waste generation	tons	—	940	1,015	1,078	998	935
Recycling volume	tons	—	—	711	753	690	621
Landfill disposal volume	tons	—	—	304	325	308	314

(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, 2024.

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 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 (Main)
URL	https://corp.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: 2,965 (As of December 31, 2024) Non-consolidated: 1,094 (As of December 31, 2024)
Capital stock	2,340,728,000 yen
Net sales	126,168 million yen (Fiscal year ended December 31, 2024, consolidated)
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	Chukyo Branch	IT Meieki Bldg. 2, 3F, 3-10-17 Meieki, Nishi-ku, Nagoya-shi, Aichi, 451-0045 Japan TEL 81-52-433-7230	Okinawa Sales Office	2-7-15 Matsuyama, Naha-shi, Okinawa, 900-0032 Japan TEL 81-98-868-6649
Branches/Sales Offices		Seibu Branch 1	2-4-26 Mitejima, Nishiyodogawa-ku, Osaka-shi, Osaka, 555-0012 Japan TEL 81-6-6478-8401	Factories	
Tobu Branch 1	6-21, Kyobashi 2-Chome, Chuo-ku, Tokyo, 104-8304 Japan TEL 81-3-3538-3741	Seibu Branch 2		Hiratsuka Plant	1-4-3 Nishiyawata, Hiratsuka-shi, Kanagawa, 254-8585 Japan TEL 81-463-35-8000
Tobu Branch 2	PRS Building 3F, 1-40, Takahana-cho, Omiya-ku, Saitama-shi, Saitama, 330-0803 Japan TEL 81-48-650-4730	Chugoku Sales Office	2-3-8 Tokaichimachi, Naka-ku, Hiroshima-shi, Hiroshima, 730-0805 Japan TEL 81-82-292-3371	Isesaki Plant Factory 1	Isesaki South Industrial Park, 1744-2 Naganuma-machi, Isesaki-shi, Gunma, 372-8567 Japan TEL 81-270-32-7131
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	Shikoku Sales Office	AIG Matsuyama Building 3F, 4-8-11 Sanbancho, Matsuyama-shi, Ehime, 790-0003 Japan TEL 81-89-943-4640	Isesaki Plant Factory 2	Isesaki South Industrial Park, 1557-1 Shimohasu-machi, Isesaki-shi, Gunma, 372-0852 Japan TEL 81-270-31-7070
Tohoku Branch	4-18-15 Yamatomachi, Wakabayashi-ku, Sendai-shi, Miyagi, 984-0042 Japan TEL 81-22-783-3051	Kyushu Branch	Urban Center Hakata 3F, 3-1-10 Hakataeki-Minami, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0016 Japan TEL 81-92-441-4391	Higashi-matsuyama Plant	Higashimatsuyama Industrial Park, 25-8 Oaza Miyako, Namegawa-machi, Hiki-gun, Saitama, 355-0812 Japan TEL 81-493-57-1107

Group Companies

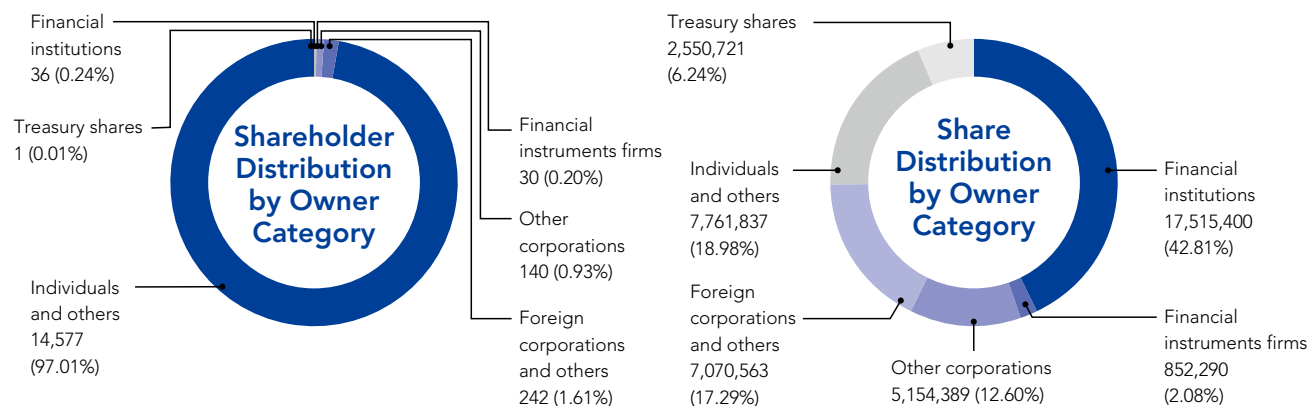
Domestic

- The Pilot Ink Co.,Ltd.
- PILOT FINE TECH Co. Ltd.
- Pilot Logitem Co., Ltd.
- Pilot Printex Co.,Ltd.
- PILOT Resin Co. Ltd.
- MARK’S INC

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.
- PT Pilot Pen Marketing Indonesia
- PT Pilot Pen Indonesia
- PPIN Private Limited
- Pilot Pen South Africa (Pty) Ltd.

Number of shares authorized	180,000,000
Number of shares issued	40,905,200
Number of shareholders	15,026
Annual general meeting of shareholders	March every year
Transfer agent Account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation



Major Shareholders

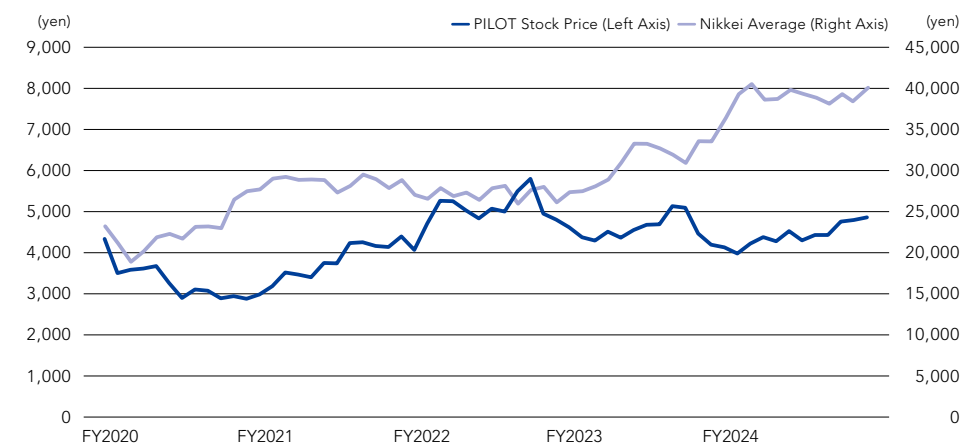
Name	Number of shares held	Percentage of total voting rights
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,338,600	11.31 %
Custody Bank of Japan, Ltd. (Trust Account)	2,722,300	7.09
MUFG Bank, Ltd.	1,718,600	4.48
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Re-trustee: Custody Bank of Japan, Ltd.	1,602,000	4.17
Asahi Mutual Life Insurance Company	1,134,000	2.95
Mitsubishi UFJ Trust and Banking Corporation	1,100,400	2.86
Shochiku Co., Ltd.	972,000	2.53
KOREA SECURITIES DEPOSITORY— SHINHAN SECURITIES	955,901	2.49
Employees' Stockholding	831,200	2.16
JP MORGAN CHASE BANK 380055	762,080	1.98

(Notes) 1. PILOT Corporation owns treasury shares totaling 2,550,721 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

	FY2020 Financial Results	FY2021 Financial Results	FY2022 Financial Results	FY2023 Financial Results	FY2024 Financial Results
High (Yen)	4,550	4,535	6,060	5,477	5,082
Low (Yen)	2,515	2,903	3,965	3,935	3,681

(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.