The Punch Industry Group’s Network

Introduction to Company Website and IR e-Magazine

- Company Website
- IR e-Magazine

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Disclaimer Regarding Forward-Looking Statements
This annual report contains forward-looking statements regarding Punch Industry’s future plans, strategies, and forecasts. Such statements are not based on historical fact, but are expectations, estimates, and forecasts based on information currently available. These expectations, estimates, and forecasts involve many potential risks and uncertainties, including changes to the economy, exchange rate variations, changes in the competitive environment, the outcome of current or future litigation, or the continued usefulness of capital procurement. As a result, actual business results may differ materially from those statements. Accordingly, investors are cautioned not to place undue reliance on forward-looking statements. Punch Industry is not obliged to amend these forward-looking statements based on new information or future events.
Supporting Product Manufacturing around the World

Punch Industry Group’s Strengths

- High customer satisfaction
- Timely and precise solutions
- Standard products: Abundant lineup of versatile standard products
- Integrated production structure: Broad responsiveness with 2,000 machines
- Customer-oriented sales structure: Finely tailored response and proposal capabilities
- Special-order products: Flexible response to customized needs
- Sophisticated technological prowess: Knowledge accumulated since founding and unceasing R&D efforts

Management Principles

- Driven by the spirit of innovation, we will continue to develop and propose advanced technologies in response to customer needs, for the benefit of society.
- We will create a vibrant corporate culture that fulfills people’s dreams, by placing high value on vigorous energy and flexible ideas.
- We will contribute to social development by embracing the spirit of environmental consideration and compliance and promoting sound corporate activities that are appreciated by society.

Corporate Vision

We aim to become the leading brand in the world and die components industry and achieve high profitability by leveraging our competitive advantage as a comprehensive manufacturing and sales company.

Business Fields

- Molds and dies are necessary for making automobiles, electronic equipment, and consumer electronics—essential items in our daily lives—safely, uniformly, and in mass quantities. The Punch Industry Group makes the components that constitute such molds and dies. Deploying strengths amassed over the years—advanced technological capabilities, product quality, and meticulous services—we support global manufacturing and people's comfortable lives.

Components for Plastic Molds

Plastic molds are used in the manufacture of many plastic products, such as the outercasings of smartphones and digital cameras. Each product is made by heating resin until it melts, injecting the melted resin into a die mounted on an injection molding machine, and then allowing it to cool and solidify. Plastic molds are used in the manufacture of many plastic products, such as the outercasings of smartphones and digital cameras. Each product is made by heating resin until it melts, injecting the melted resin into a die mounted on an injection molding machine, and then allowing it to cool and solidify.

Components for Press Dies

Upper and lower press dies are fitted to a press machine, which moves up and down. Sheet metal is inserted between the two dies, which are then pressed together to form a product that takes the same shape as the upper and lower dies. The Punch Industry Group manufactures and sells components used in these presses.

These are what the Punch Industry Group makes!

- Key product: Punches
  - As key components for press dies, punches are used to make holes in sheet or strip materials. Punches are used to make holes in sheet or strip materials. Punches are used to make holes in sheet or strip materials.
  - Key problem: Hole guide pins
  - Hole guide pins are used to correctly align the upper and lower press dies.

- Key product: Core pins
  - Core pins shape and engrave the portions of the part which they penetrate.

- Key product: Ejector pins
  - Ejector pins are used to eject and release the molded body from a mold.

- Key product: Holder guide pins
  - Holder guide pins are used to correctly align the upper and lower press dies.

Sales by Region

- Japan: 41.0%
- Other: 23.1%
- automobile: 43.5%
- Consumer electronics & precision equipment: 12.1%
- Electronic devices & semiconductors: 17.3%

Performance Highlights

- Net sales
- Operating profit/Operating profit ratio
- Ordinary profit
- Capital investments
- R&D expenditure

Sales by Industry

- Southeast Asia and India: 4.4%
- China: 47.6%
- Europe, the United States, etc.: 6.6%
- Japan: 41.2%
- Other: 27.1%
We will implement VC2020 Plus to rebuild management ahead of our next mid-term business plan starting in fiscal 2022

In fiscal 2019, we made multiple downward revisions to our business outlook, recorded impairment losses in Japan and overseas, and reduced dividends, which together caused great inconvenience and concern to our stakeholders. Due to the further deterioration of external conditions, our business performance was very disappointing. Nevertheless, we see indications of steady progress in addressing priority initiatives set out in our mid-term business plan, “Value Creation 2020 (VC2020).” While keeping abreast of this trend, we have launched a new two-year plan aimed at rebuilding our business.

Review of fiscal 2019 performance

Due to prolonged US-China trade frictions that began two years ago, both sales and profit fell sharply in fiscal 2019. Sales of automobile-related products, which account for a large percentage of revenue, fell significantly worldwide, compounded by sluggish sales of electronic device and semiconductor sectors. With respect to semiconductors, back in fiscal 2017 we enjoyed significant growth in demand from data center operators and makers of smartphones and PCs. We expected the market to recoup and stagnate in fiscal 2019, accordingly, the slump in demand for automobile-related products had a particularly strong impact. In the previous fiscal year, we enjoyed healthy orders and made aggressive investments in response. At that time, we stepped up operations at our new plant in Dalian, China, while transferring the production of standard products to the Vietnam Plant, which we established with the aim of dispersing our manufacturing risk away from our foothold in Japan. In hindsight, we regret that our investment in Vietnam was a bit hasty. Like the Kitakami Plant in Japan and the Dalian Plant in China, perhaps we should have expanded gradually while monitoring the situation. This made us rethink how we should make investments that best suit our company.

New mid-term business plan: VC2020 Plus

In light of our business results in fiscal 2019, we considered revising our existing mid-term business plan, VC2020, which was scheduled to end in March 2021. Instead, we formulated a transitional mid-term business plan, Value Creation 2020 Plus (VC2020 Plus), covering the two-year period from April 2020 to March 2022, which is positioned as a rebuilding period. Under the new plan, we will deepen our responses to the four initiatives defined in VC2020—“Establishment of 5-pole sales system,” “Enhance customer-focused marketing capabilities,” “Optimize the global production system and strengthen R&D,” and “Working-style reforms and human resource development”—in order to achieve business recovery at an early stage. Improving profitability in Japan is a particularly urgent task. To this end, we will strive to improve product quality, prices, delivery times, and service levels, which together form the source of our competitiveness, so that we will always be the first choice of our customers. We will also expand our line of special-order products, which are highly profitable, to get our business on the path to recovery.

In the course of fiscal 2019, we came to realize that we have many diverse competitors, including those located close to our customers who can provide meticulous responses, as well as our customers’ own in-house production facilities. For this reason, we reaffirmed the importance of improving our ability to collect information and analyze our customers, so that we can identify and confront competitors on a case-by-case basis in the future. In order to survive in this difficult business environment, we also need to shift our focus from “what we can do” to “what customers expect of us.” Here, it is especially important that we identify the cause of lost orders. Accordingly, we will concentrate on “Enhancing customer-focused marketing capabilities.” We will do this by relocating staff from the manufacturing department to the sales department, enhancing education for salespeople, and fostering human resources with a high understanding of product drawings and the ability to propose processing methods.

With respect to “Establishment of 5-pole sales system,” we will work to capture market growth in Southeast Asia—namely, Vietnam and Indonesia—alongside developing our mainstay markets in Japan and China. In the Americas, where a labor-intensive approach is not viable, we will continue to efficiently utilize the Internet and other means to identify and verify sales strategies, and we will replicate any positive outcomes laterally across Europe to establish a foothold there. Regarding efforts to “Optimize the global production system and strengthen R&D,” we will emphasize face-to-face sales and undertake manufacturing in the vicinity of our customers. Going forward, we will continue optimizing our production system while always working to enhance production efficiency at our plants in Japan, China, Malaysia, and Vietnam. In fiscal 2019, we established the Development Headquarters in Japan to integrate our sales, marketing, and manufacturing functions. The new division is spearheading efforts to strengthen R&D, including by reviewing the processing methods for products that cannot be manufactured at our plants and those with which we have made limited progress with cost reduction.

With respect to “Working-style reforms and human resource development,” we have introduced a teleworking system before the COVID-19 spread, leading to considerable changes in employees’ approaches to their working arrangements. We will also launch an overseas training system (from Japan to Malaysia and India) to foster global human resources and will continue providing education from long-term perspectives in order to step up globalization of our business.

To our stakeholders

First of all, I always realize I have to build a company that can prevail and generate consistent profits. This is key to satisfying the stability of the Punch Industry Group and its business operations. As a background player who supports manufacturing around the world, we will return to the basics of meeting customers’ expectations and earning their patronage, while further strengthening efforts to integrate sales, manufacturing, and product development.

Although we forecast another decline in net sales, we will target a year-on-year increase in profits in fiscal 2020. We will achieve this through lower depreciation expenses—owing to impairment losses in fiscal 2019—as well as the ongoing cost cut reduction effect. We will continue fulfilling our social responsibilities through initiatives unique to the Punch Industry Group while pursuing our vision to become “The World’s Punch” and contribute to global advancement. We look forward to your long-term support.
We will enhance customer-focused marketing capabilities to provide convenience to customers and become their provider of choice

Yasuhiro Sanada
Director, Managing Executive Officer, Chief Operating Officer (Sales)

Enhancing customer-focused marketing capabilities

One key priority of VC2020 Plus is to enhance customer-focused marketing capabilities. We relocated staff from the manufacturing department to sales branches to reinforce our proposals to include technical details. By integrating the manufacturing and sales functions, we will better respond to customer requests. In addition, we will further enhance technical capabilities by aiming to deliver finished products rather than semi-finished products. We will also work to enhance customers’ awareness of our superior product and service quality and reduce costs by reviewing tools, machining criteria, and work processes. Furthermore, to become our customers’ provider of choice, we will improve convenience to customers by enhancing our Web-based ordering system for existing standard products and introducing a Web-based quotation system.

Establishing 5-pole sales system

In fiscal 2019, prolonged U.S.-China trade friction restricted shipments of electronic parts from Japan to China, significantly impacting our net sales. In fiscal 2020, we will step up efforts to overcome the situation and increase sales of electronic parts to generate steady gross profits.

Japan

We obtained orders from new customers in medical-related and other sectors by emphasizing collaboration between our manufacturing and sales departments. However, those orders were less than the work capacity of our plants. In fiscal 2020, we have launched a project to increase our business volume in the medical-related sector. In the automobile-related sector, we are working to boost orders for precision products requiring technical capabilities in the lithium-ion battery field and are starting to see steady results.

China

We won large orders for food-, beverage-, and medical-related products that we had focused on, and also obtained steady orders for canning-related products. We reinforced our foothold in the field of hot-runner systems, but sales of automobile-related products fell sharply. Meanwhile, we notice that demand for electronic devices and semiconductors is rising thanks to support for 5G communications, and we expect sales to recover in fiscal 2020. In the medical-related field, we will strive to increase orders for high-value-added products.

Southeast Asia and India

In Vietnam and Indonesia, we enjoyed growth in sales of special-order products to Japanese companies and achieved our yearly targets, although we did not meet our target for Singapore. In India, sales of carbide products increased. We also started business in India with Japanese electronics manufacturers, resulting in higher demand for special-order products, though this was not enough so far to offset the significant decline in the automobile-related business.

Europe

Due to moves to phase out combustion engines, sales of automobile connectors, supplied by our Malaysia Plant, are shrinking. In response, we will focus on carbide products to meet growing demand for motors, electronic devices, and medical-related products, where “Punch” excels.

The Americas

We started trading with one of the world’s largest manufacturers of beverage containers. Currently, our China Plant is handling these large orders, but we will consider supplying from Japan to strengthen Group responsiveness. Our next challenges will be to provide components with higher complexity and start trading with other major makers of beverage containers. We are cultivating new customers monthly while expanding our product range and increasing profits.

We will optimize the global production system and reinforce R&D by using the strengths of each production base to enhance efficiency

Akira Takanashi
Director, Senior Executive Officer, Chief Operating Officer (Manufacturing)

Production optimization and risk diversification

To optimize the global production system, we are improving productivity by utilizing the strengths of plants in Japan, China, Malaysia, and Vietnam, while promoting product consolidation and automation/labor saving, and improving the production method/process and production efficiency. We will also pursue optimization, stressing risk diversification.

Roles and tasks of production bases

Japan

Over the next two years, we will reform our profit structure by eliminating inefficiency while improving technical abilities and shifting to high-value-added special-order products. We will also address issues such as reducing spoilage costs.

At the Kitakami Plant, we will expand our export volume by strengthening our lineup of high-value-added products for medicine, beverages, and containers. We will also emphasize collaboration between the plant and our R&D team, spearheaded by the Development Headquarters. At the Miyako Plant, we will work to incorporate square-shaped high-value-added products, special-order press products, and special-order FA products. At the Hyogo Plant and Pintec Corporation (a subsidiary), we will enhance our ability to handle standard products and special-order products.

China

At the Dalian Plant, we have positioned high-value-added products and high-precision non-automobile products as strategic offerings. We will improve our technical abilities in the medical-, FA-, and hot-runner-related fields, as well as in cold forging and can manufacturing, to expand sales globally. Meanwhile, the China Development Headquarters is making good progress with its R&D, increasing orders from the aerospace sector, a new field. We will strive to raise precision levels to bolster sales while reducing costs.

Malaysia

We will consolidate production of carbide products for global sales. Amid the shift from combustion-engine cars to electric vehicles, we will enhance our lineup of electric motor products and work with our sales subsidiaries and sales agents to increase orders.

Vietnam

The Vietnam Plant, which started operations in 2016, has been handed over semi-finished products from China and standard products from Japan. In 2020, we stopped production of semi-finished products and refocused on standard products. We will strive to enhance productivity and increase the number of items. Furthermore, we will consider using new methods to resume manufacturing semi-finished products.

Initiatives to strengthen R&D

The aim of our R&D is to build a business that responds to market changes and creates new value that sets us apart from other companies. In addition to autonomous growth, we will consider developing products with academia and other companies. We will accelerate joint product development between our Japan and China Development Headquarters to further cultivate existing businesses, create new businesses, products, and technologies, and improve production. Accordingly, we will promote awareness of R&D and develop human resources.

My role as head of manufacturing

We need to improve QCD (quality, cost, delivery time) and the technical capabilities of employees, the basic of manufacturing. Specifically, we must do three things: eliminate defects to provide better products at reasonable prices, improve our ability to deliver products when customers need them, and possess the technical capability to meet all customer requirements. My responsibility is to create workplaces where employees are aware of these factors, allowing us to become a long-lived company with sustainable growth.
Our Malaysia Plant has had steady growth since we acquired it in 2013. However, a government order related to COVID-19 suspended operations. With this in mind, we reviewed future plans and found that we had no choice but to write off goodwill and intangible assets posted at the acquisition. Although the Vietnam Plant started operating smoothly, we were unable to ship products due to reductions in air-freight flights stemming from COVID-19. This resulted in a significant drop in sales and another impairment loss following that of fiscal 2018.

Financial position
Due to the lower net sales, higher cost ratio, posting of impairment losses, and reversal of deferred tax assets, we reported the first net loss since our public listing. The net loss also reduced net assets, resulting in a year-end equity ratio of 45.8%. However, we posted a free cash flow of ¥700 million. The major drop in operating income put downward pressure on operating cash flow, which we offset and made positive by restraining investments and reducing working capital, including accounts receivable and inventories. We also reduced interest-bearing debt with the aforementioned free cash flow to repay debt.

Impairment losses in Japan and overseas
In fiscal 2019, we incurred huge impairment losses of around ¥3.3 billion. In our domestic business, which was on a growth trajectory, we implemented a proactive three-year investment strategy that started in fiscal 2016, resulting in sales growth. However, sales leveled off in fiscal 2018 and declined sharply in fiscal 2019. As a result, we could not generate returns commensurate with investments and posted impairment losses. Although external business conditions have changed dramatically, we cannot deny that proactive investments made since fiscal 2016 have been excessive. A growth strategy is needed, but we must thoroughly check investment recoverability and profit generation plans before making capital investments. We must also rigorously monitor the progress of returns after investing. As the director in charge of operational management, I will oversee business execution with precision.

Accordingly, we will limit Groupwide capital investments in fiscal 2020 to around ¥600 million. This will be allocated mainly to China, which is on a recovery trend. In fiscal 2020, depreciation may decline around ¥600 million due to impairment losses of the previous year, which we expect to fall further to around ¥1 billion. These decreases will form part of the funds to support the recovery of operating income in fiscal 2020.

Initiatives to improve asset turnover
The fixed asset turnover ratio, which we will try to improve, increased slightly in fiscal 2019 to 3.64 times, from 3.56 times in fiscal 2018. It had been expected to increase significantly owing to impairment losses incurred, but the actual increase was slight due to the large decline in net sales.

By contrast, the accounts receivable turnover ratio, which improved significantly in the previous year, declined again to 3.38 times, from 3.54 times in fiscal 2018. We collected accounts receivable, especially in China, resulting in a major decline in the year-end balance, but this was more than offset by the decrease in net sales. The net sales decline also exceeded that of total assets, causing a slight decrease in the total asset turnover ratio to 1.24 times, from 1.28 times in fiscal 2018.

Working-style reforms and human resources development
As a measure against COVID-19, we accelerated a work-at-home system, which we had tried out in 2019. Noting that working from home not only eases the burden of commuting but also improves work efficiency, we will continue elements of the system.

Meanwhile, aiming for comprehensive cost reduction and a stronger business foundation, we are steadily advancing working-style reforms by utilizing IT and robotic technologies at manufacturing sites to automate and enhance work efficiency, and deploying robotic process automation (RPA) and other IT tools to transform operations at the head office and sales departments. By using RPA to increase operational efficiency, we reduced overtime hours and paper use. I am very optimistic about the adaptability of younger employees and have great expectations for new approaches to working-style reforms initiated by them. We will redefine our strengths and promote changes to our corporate culture with an emphasis on brand value. At the same time, we will foster employee unity.

Since 2019, we have engaged in an “Iku Boss campaign” to foster managers who care about their subsidiaries’ private lives while also maximizing the performances of their organizations. All our executives and managers have made “Iku Boss Declarations” and are promoting management that emphasizes the work-life balance of subsidiaries.

To enhance customer-focused marketing, a priority initiative defined in VC2020 Plus, we operate an in-house human resources development organization called “Punch Academy” and actively use external resources to enhance sales-related training. We will step up efforts to foster human resources as an urgent task for future overseas business development.

Getting back to normal
Currently, it is difficult to return profits to shareholders and use internal reserves for growth-oriented investments. Nevertheless, we will strive to quickly normalize business within the restructuring time frame of VC2020 Plus, to deliver both corporate growth and shareholder return.

To this end, we recognize that promoting transformation into a high-value-added business structure that highlights our strengths is an important priority. The journey will not be smooth, and all departments, including manufacturing, sales, and product development, need to work together. Even the administrative departments, which I head, must provide strong backup in multiple ways, including human resources development, financial strategy, and system development. Management will ensure a common awareness of issues and forge ahead to target recovery of our core businesses.
Review of VC2020 and Start of VC2020 Plus

Since April 2016, the Group has been implementing its mid-term business plan, VC2020 which ends in March 2021. However, we have been considering a revision of the plan in light of prolonged trade frictions between the United States and China and the global spread of COVID-19, which have affected our business performance.

To address these changing conditions and our worsening business results as a group, we formulated a transitional mid-term business plan called “VC2020 Plus,” covering the two-year period from April 2020 to March 2022. Under the plan, we will continue and magnify our responses to the four priority initiatives defined in “VC2020.” We have redefined these four initiatives as follows: “Establishment of 5-pole sales system,” “Enhance customer-focused marketing capabilities,” “Optimize the global production system and strengthen R&D,” and “Working-style reforms and human resource development.”

VC2020 Plus—Management Goals and Measures

**Priority Initiatives**
We will continue and magnify our responses to the four priority initiatives defined in “VC2020.”

**VC2020**
- Establishment of 5-pole sales system
- Improvement of customer service
- Promotion of high profitability business with reinforcement of R&D
- Reform of working style

**VC2020 Plus**
- Establishment of 5-pole sales system
- Enhance customer-focused marketing capabilities
- Optimize the global production system and strengthen R&D
- Working-style reforms and human resource development

**Specific measures**
- Further expanding sales channels in Southeast Asia, Europe and the Americas
- Deploying advanced technologies with rich processing knowledge through transfers from manufacturing division and human resource development
- Technology transfer projects among our plants, focusing on core characteristics of each plant
- Establishment of new production lines in Southeast Asia and China
- Promotion of active roles of women, work-life balance, and development of global human resources

**Management Goals**

**Sales/Profit Trends**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Result</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>¥3.34</td>
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<td>FY2017</td>
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<td>FY2018</td>
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**Improvement of customer service**
- Reduced digital engineering business due to sluggish orders
- Realized an optimal product supply system through global sourcing
- In focused areas of medical and food/beverage industry, transactions expanded with core customers

**Evaluation of Measures**
- Establishment of 5-pole sales system
  - 2016: Established a subsidiary in the Americas
  - Expanded into Europe based on utilization of existing agents
  - Though cooperation with agents strengthened, sales slowed due to economic slowdown
- Improvement of customer service
  - Reduced digital engineering business due to sluggish orders
  - Realized an optimal product supply system through global sourcing
  - In focused areas of medical and food/beverage industry, transactions expanded with core customers

**Changes in Operating Profit**

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<tr>
<td>FY2019</td>
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Over the period of “VC2020 Plus,” positioned as a rebuilding period until our next mid-term business plan starts in fiscal 2022, we will aim to return to profitability and restore our top line growth trend.

**Sales Transition by Regions**

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<tr>
<th>Region</th>
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<tr>
<td>Japan</td>
<td>¥1.20</td>
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</tr>
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<tr>
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<td>¥1.50</td>
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**Sales/Profit Trends**

<table>
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In fiscal 2019, posted a net loss for the first time since its listing, due to impairment losses at the Vietnam Plant and domestic plants.

Further expanding sales channels in Southeast Asia, Europe and the Americas
- Deploying advanced technologies with rich processing knowledge through transfers from manufacturing division and human resource development
- Technology transfer projects among our plants, focusing on core characteristics of each plant
- Establishment of new production lines in Southeast Asia and China
- Promotion of active roles of women, work-life balance, and development of global human resources

Promotion of active roles of women and work-life balance/Development of human resources who can be active overseas

- Cost ratio improvement
- Increase in sales
- Increase in selling, general and administrative expenses
- ROE
- Proprietary goals
- Cost ratio improvement
- Sales
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- Sales

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**Measures**

**Establishment of 5-pole sales system**
- Strengthening regional strategy
  - Europe, the Americas, and others
  - Southeast Asia
  - China
  - Japan

**Enhance customer-focused marketing capabilities**
- Promotional marketing
  - Development of new sales staff, including transfers from manufacturing division
  - Improvement of ordering system for customers

**Optimize the global production system and strengthen R&D**
- Expansion of special-order products to Southeast Asia
  - Cooperation with R&D Headquarters in Japan and China
- Development of new fields and markets
  - Partnerships with customers
  - Strengthening regional strategy
  - Expansion of production lines for short-term delivery

**Working-style reforms and human resource development**
- Promotion of active roles of women and work-life balance/Development of human resources who can be active overseas

**Measures by Region**

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</table>

**Explanation of Measures**

**Establishment of 5-pole sales system**
- Strengthening regional strategy
- Expansion of production lines for short-term delivery

**Enhance customer-focused marketing capabilities**
- Promotional marketing
- Improvement of ordering system for customers

**Optimize the global production system and strengthen R&D**
- Expansion of special-order products to Southeast Asia
- Cooperation with R&D Headquarters in Japan and China
- Development of new fields and markets
- Partnerships with customers
- Strengthening regional strategy

**Working-style reforms and human resource development**
- Promotion of active roles of women and work-life balance/Development of human resources who can be active overseas
Human Resources Strategy

Human resources are the foundation of business activities. Invigorating our human resources and encouraging personal growth are the biggest driving forces behind the Punch Industry Group’s progress and the enhancement of corporate value. We strive to develop our human resources and promote work-style reform based on this philosophy.

Human Resources Development

Seeking to foster human resources brimming with the Punch Spirit and pass on our skills, cultivated over many years, to future generations, we established a human resources development organization called “Punch Academy” in 2017. Through the Academy, we conduct a diverse range of educational courses, such as new employee training, stratified training, and manufacturing training for sales staff. To help pass on skills, veteran employees removed from frontline manufacturing are asked to engage in human resource development as instructors to pass on their experience to the next generation.

Work-Style Reform

We aim to achieve a work style that raises the synergy of work and private life. In Japan, we offer a variety of working environments and styles. For example, we introduced a half-day leave system and telecommuting system. As a proactive adopter of IT technology, we have made our offices paperless and deployed robotic process automation (RPA) technology to streamline and automate business processes. Taking advantage of recent measures to prevent COVID-19 infections, we stepped up efforts to improve the infrastructures of employees’ offices and homes.

Technology Development and R&D

The Punch Industry Group proactively engages in technology development and R&D, the source of value creation for a manufacturing company.

R&D and Marketing Creating New Value

The Punch Industry Group’s R&D bases in Japan and China work with each other to develop new construction methods and products. In Japan, the Group focuses on a drastically changing business environment due to advances in digitalization and electrification, and transformation of business models. In response, we established the Development Headquarters in 2019. In addition to engaging in marketing with a focus on new businesses and products, its role is to develop technologies aimed at facilitating such marketing efforts, as well as conduct R&D and pursue future-oriented growth strategies.

Digital Engineering Service

In collaboration with Hazama Ando Corporation, we succeeded in scanning the metal ornaments of Nagoya Castle’s Honmaru Goten Palace and converting the scans into 3D data. In the field of cultural properties and historical buildings, there are efforts to replicate whole buildings and their ornaments into digital data for safekeeping. The metal ornaments attached to Japanese shrines, temples, and castles have very fine designs, and it is difficult to record their details in photographs. With conventional 3D scanners, it is hard to properly scan black or glossy items that do not reflect light well. However, we succeeded in converting the exquisite designs into digital data by selecting the right device, adjusting the amount of light and shooting mode, and performing a complex rendering process. Adding information, such as color and texture, to the 3D data enables us to create a 3D model with more than 700 types of materials.

Digital x Manufacturing

As a challenge to develop a new manufacturing process, we created an “apple” under the theme of “Digital x Manufacturing.” This enabled us to measure the actual object, convert it into 3D data, and use the data for in-house processing. As a result, we established an in-house integrated production technology covering everything from actual object measurement to processing.

Human Resources Development

Since 2019, we have engaged in a campaign aiming to foster “IkuBoss” managers who can maximize the performances of their organizations while caring about the private lives of their subordinates. “Iku Boss” is a coined term that combines “iku” (Japanese for “raising children”) and “boss.” All of our executives and managers have made “Iku Boss Declarations” and are working to improve their organizations accordingly.

Childcare and Family Care Support

We revised our system to make it easier for men to take paternity leave, and in 2019 three male employees took such leave. In addition, we expanded the scope of our accumulated paid leave system to include leave for childcare and family care purposes. We also produced a handbook that explains the systems and applications that are available and matters to be considered by superiors and colleagues when employees take childbirth or childcare leave.

Reform of Corporate Culture

We are taking various measures to reform our corporate culture as we seek to become a company in which each employee plays a leading role. In 2019, for example, we participated in regional events as volunteers at each domestic factory, and held in-house photo exhibitions at head office to improve communication between employees.

ESG

The Punch Industry Group’s environmental commitment is to contribute to the advancement of society through the manufacture of environmentally friendly products. As part of this, products that comply with environmental laws, such as the Restriction of Hazardous Substances (RoHS) Directive, are displayed in our catalog with an environmentally friendly mark. In addition, we are making continual improvements by acquiring environmental management system certification, while providing regular educational opportunities to raise the environmental awareness of our employees.

SDGs

To fulfill its responsibilities as a member of society, the Punch Industry Group has long been working to solve issues set forth in the SDGs at each of Group companies. Among the 17 SDGs, in 2020 we will select six that are particularly closely related to our business as priorities common to the Group, and we will strive to resolve them.

Groupwide No Tobacco Day

The World Health Organization (WHO) has set aside May 31 each year as “World No Tobacco Day.” On that day, each Group company determines and carries out activities to help people quit smoking with the aim of building a tobacco-free society.

Donation Class Established at Vocational Training School

Since 2003, the Punch Industry Group in China has been donating equipment to and hiring graduates from a local vocational school. In 2015, we established a “Donation Class” of around 120 students to educate them about metalworking and drafting. We also set up a scholarship system at the school in 2016.

Promoting the Advancement of Women

On the basis of our belief that the active participation of women is essential for the sustainable development of a company, we encourage women to pursue diverse careers and life plans. The Punch Women’s Forum (PWF), established in 2018, holds meetings that cross the boundaries of occupations and business establishments. It has achieved various successes, including extending the period of short working hour system.

Solar Panels Installed

Our Malaysia Plant installed around 450 solar panels on the roof of its facility in 2018. Solar energy generated from the panels covers part of the electricity used in the plant, and surplus electricity is sold to local power companies.

The Punch Industry Group considers ESG (environmental, social, and governance) issues to be important management priority and is working to address them.

Environmental Measures

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To continue being an entity that is highly regarded by society, the Punch Industry Group will further improve the transparency and soundness of management by reinforcing corporate governance and maintaining rigorous compliance.

**Corporate Governance**

To continue being an entity that is highly regarded by society, the Punch Industry Group will further improve the transparency and soundness of management by reinforcing corporate governance and maintaining rigorous compliance.

---

### Initiatives to Strengthen Corporate Governance

<table>
<thead>
<tr>
<th>2013- 1 person</th>
<th>2016- 2 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>External director serves as Chairman</td>
</tr>
<tr>
<td>Chairman</td>
<td>External director serves as Chairman</td>
</tr>
<tr>
<td>Executive Director(s)</td>
<td>Nomination &amp; Remuneration Advisory Committee</td>
</tr>
<tr>
<td>Risk Management Advisory Committee</td>
<td>Internal audit/Compliance Committee</td>
</tr>
<tr>
<td>Nomination &amp; Remuneration Advisory Committee</td>
<td>General Meeting of Shareholders</td>
</tr>
<tr>
<td>Risk Management</td>
<td>General Meeting of Shareholders</td>
</tr>
<tr>
<td>External Director</td>
<td>General Meeting of Shareholders</td>
</tr>
<tr>
<td>President</td>
<td>General Meeting of Shareholders</td>
</tr>
<tr>
<td>Chairman</td>
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</tr>
<tr>
<td>Executive Director</td>
<td>General Meeting of Shareholders</td>
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<td>General Meeting of Shareholders</td>
</tr>
<tr>
<td>Executive Director</td>
<td>General Meeting of Shareholders</td>
</tr>
</tbody>
</table>

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### Basic Policy

The Punch Industry Group makes dedicated efforts to enhance corporate governance practices to comply with laws and sincerely fulfill the corporate social responsibility, to ensure the soundness and transparency of management, to protect the interests of all shareholders, customers, and other stakeholders, and to continuously increase the corporate value, under the following concepts:

1. Securing shareholders’ rights and equality
2. Appropriately cooperating with all the stakeholders including shareholders
3. Ensuring transparency by appropriate information disclosure
4. Supervising business execution by the Board of Directors
5. Engaging in constructive dialogue with shareholders

### Compliance/Risk Management

The Company has established the internal audit division that reports directly to the president and chief executive officer, which conducts regular audits regarding the state of compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations. The Company has also set up the Punch Hotline, an internal reporting system for reporting and consultations if compliance-related issues are discovered. Adhering to a set of rules on whistleblowing, we strive to uphold internal controls and improve the system of in-house checks and balances. Compliance education is carried out via new employee and rank-based training to ensure that all employees engage in appropriate and fair business activities. Compliance education is also regularly provided to all officers and employees via e-learning.

Furthermore, the Company stipulates its basic policy and system for managing risks involved in operations in the Risk Management Guidelines and strives to deal appropriately with risk by enhancing this system. The Risk Management Committee met four times during fiscal 2019 to confirm the status of internal reporting and deliberate on issues and measures related to promotion of risk management across the Group, accurately understanding and evaluating risks, and implementing appropriate control. The Board of Directors regularly receives reports about the results of the Committee’s activities.

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### Messages from External Directors

**Yukiko Mitsuhashi**

External Director

Our values are changing significantly in the midst of the so-called "new normal." We seem to be moving away from long working hours and a male-dominated corporate society while we renounce our family lives as people avoid going out. Against this backdrop, I think we will see a growing emphasis on ESG in the future with a real sense of necessity. Fiscal 2019 was the first year that the Company incurred a net loss since it became a listed company. In order to recover, I believe it is necessary to create an environment in which individuals can freely demonstrate their abilities and pursue the ways of a company sought by society. We will further enhance our corporate value through personnel system reforms, encouragement of active roles for women, and SDGs initiatives.

**Kazuyoshi Tsumoda**

External Director

While one of the goals of governance is to keep a company running smoothly and thereby increase revenue, achieving efficient operations is not an easy task. Although we conducted follow-up actions to enhance efficiency in fiscal 2019, they did not lead to a significant improvement in profit. In fiscal 2020, I will contribute to enhancing our corporate value by significantly increasing the number of on-site inspections to better understand the problem. At the same time, I will review the evaluation methods for new projects and investments to improve efficiency, while promoting organizational and management transparency.

---

### Corporate Audit Office

Internal audit/Compliance Division

Inquire/Report

The Corporate Audit Office, works to establish, maintain, and improve the Company’s risk management and legal compliance systems. The Risk Management Committee, consisting of executive officers, manages the directors of the main group companies, and the chairman of the Corporate Audit Office, works to establish, maintain, and improve the Company’s risk management and legal compliance systems.

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### Risk Management

The Risk Management Committee, consisting of executive officers, general managers, the chief of the Corporate Strategy Planning Office, the managing directors of the main group companies, and the chief of the Corporate Audit Office, works to establish, maintain, and improve the Company’s risk management and legal compliance systems.

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### Remuneration of Board Members, etc.

The total amount of the remuneration of directors and Audit & Supervisory Board members is approved by the General Meeting of Shareholders. The Board of Directors decides the specific amount of remuneration for each director upon the examination of appropriateness at the Nomination & Remuneration Advisory Committee, and the Audit & Supervisory Board decides the specific amount of remuneration for each Audit & Supervisory Board member.

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### Risk Management Committee

Punch Industry sets the Nomination & Remuneration Advisory Committee, composed of all external officers and directors who oversee management, as an advisory body of the Board of Directors to clarify basic policies and standards and enhance fairness and transparency of the decision-making process when nominating and dismissing directors and executive officers and determining their remuneration.

---

### 1. Board of Directors & Business Execution Structure

Punch Industry is a company with an Audit & Supervisory Board. The Company has strengthened its executive officer system to separate the monitoring/supervision of management by the Board of Directors and executive functions of management and to enable prompt monitoring/supervision of management by the Board of Directors.

The Board of Directors is composed of six directors (including two external directors), and it holds regular meetings monthly and extraordinary meetings when necessary. The Executive Board, composed of all executive officers, convenes once a month as the decision-making body for business execution. The Board engages in deliberation and makes decisions related to execution of business, including matters legitimately delegated by the Board of Directors.

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### 2. Audit & Supervisory Board and its members

The Audit & Supervisory Board is composed of four members (including two external members). The Audit & Supervisory Board monitors the Company’s governance practices and implementation status, and conducts an audit of daily activities, including the execution of duties by the directors. The external members are attorneys, and are responsible for monitoring management practices from the perspective of compliance. In addition, the Audit & Supervisory Board coordinates with the internal audit division to verify whether each department within the Company carries out business execution in accordance with internal regulations and applies appropriate accounting procedures.

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### 3. Nomination & Remuneration Advisory Committee

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**Reasons for Appointment of Directors and Audit & Supervisory Board Members and Meeting Attendance**

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for appointment</th>
<th>Independent director</th>
<th>Attendance at Board of Directors and Audit &amp; Supervisory Board Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tetsuji Morikubo (Founder)</td>
<td>Has long-term experience as a director and member of the Board of Directors.</td>
<td></td>
<td>Allowed 14 of 14 Board of Directors meetings</td>
</tr>
<tr>
<td>Yoriatsu Matsue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ryoichi Ando</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Susumu Sugita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norio Kitsui</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yoriusabu Matsue (External)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Audit &amp; Supervisory Board Members</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tetsuji Morikubo (Chief Executive Officer)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yasuhiro Sanada (Chief Operating Officer (Sales))</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akira Takanashi (Chief Financial Officer)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takao Murata (External)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yukiko Mitsuhashi (External)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kazuyoshi Tsunoda (External)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Honorary Chairman, Directors, and Audit & Supervisory Board Members**

- **Tetsuji Morikubo**
  - Founder, Honorary Chairman
- **Yoriatsu Matsue**
  - External Director
- **Akira Takanashi**
  - External Audit & Supervisory Board Member
- **Takao Murata**
  - Chief Financial Officer
- **Yukiko Mitsuhashi**
  - External Director
- **Kazuyoshi Tsunoda**
  - External Director
- **Audit & Supervisory Board Members**
  - Norio Kitsui
  - Susumu Sugita
  - Ryosichi Ando
  - Yoriusabu Matsue

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<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Attendance FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tetsuji Morikubo</td>
<td>Attended 14 of 14 Board of Directors meetings</td>
</tr>
<tr>
<td>Yoriatsu Matsue</td>
<td>Attended 16 of 16 Board of Directors meetings</td>
</tr>
<tr>
<td>Ryoichi Ando</td>
<td>Attended 15 of 16 Board of Directors meetings</td>
</tr>
<tr>
<td>Susumu Sugita</td>
<td>Attended 13 of 16 Board of Directors meetings</td>
</tr>
<tr>
<td>Norio Kitsui</td>
<td>Attended 14 of 14 Board of Directors meetings</td>
</tr>
<tr>
<td>Ryosichi Ando (External)</td>
<td>Attended 14 of 14 Board of Directors meetings</td>
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<tr>
<td>Yoriusabu Matsue (External)</td>
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</tr>
</tbody>
</table>

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*Punch Industry Co., Ltd.*

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### 5-Year Financial and Non-Financial Highlights

#### Financial information

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net sales (Millions of yen)</th>
<th>Gross profit</th>
<th>Selling, general and administrative expenses</th>
<th>R&amp;D expenditure</th>
<th>Operating profit</th>
<th>Ordinary profit</th>
<th>Capital investments</th>
<th>Depreciation</th>
<th>Profit (loss) attributable to owners of parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>36,755</td>
<td>10,178</td>
<td>8,191</td>
<td>306</td>
<td>1,986</td>
<td>1,666</td>
<td>1,292</td>
<td>1,432</td>
<td>1,249</td>
</tr>
<tr>
<td>3/2017</td>
<td>36,648</td>
<td>10,191</td>
<td>8,201</td>
<td>323</td>
<td>1,990</td>
<td>1,874</td>
<td>2,909</td>
<td>1,396</td>
<td>1,375</td>
</tr>
<tr>
<td>3/2018</td>
<td>41,025</td>
<td>11,658</td>
<td>8,814</td>
<td>367</td>
<td>2,843</td>
<td>2,731</td>
<td>2,776</td>
<td>1,597</td>
<td>1,788</td>
</tr>
<tr>
<td>3/2019</td>
<td>40,935</td>
<td>11,472</td>
<td>8,893</td>
<td>443</td>
<td>2,578</td>
<td>2,547</td>
<td>2,969</td>
<td>1,729</td>
<td>960</td>
</tr>
<tr>
<td>3/2020</td>
<td>35,348</td>
<td>9,187</td>
<td>8,351</td>
<td>438</td>
<td>835</td>
<td>712</td>
<td>2,011</td>
<td>1,674</td>
<td>(3,485)</td>
</tr>
</tbody>
</table>

#### Cash flows (Millions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net cash provided by operating activities</th>
<th>Net cash used in investing activities</th>
<th>Free cash flow</th>
<th>Net cash provided by (used in) financing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>3,187</td>
<td>(1,159)</td>
<td>2,028</td>
<td>(1,901)</td>
</tr>
<tr>
<td>3/2017</td>
<td>1,785</td>
<td>(2,770)</td>
<td>(885)</td>
<td>1,199</td>
</tr>
<tr>
<td>3/2018</td>
<td>3,393</td>
<td>(2,335)</td>
<td>1,058</td>
<td>(738)</td>
</tr>
<tr>
<td>3/2019</td>
<td>3,185</td>
<td>(3,253)</td>
<td>68</td>
<td>74</td>
</tr>
<tr>
<td>3/2020</td>
<td>2,490</td>
<td>(1,788)</td>
<td>761</td>
<td>(772)</td>
</tr>
</tbody>
</table>

#### At year-end (Millions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total assets</th>
<th>Net assets</th>
<th>Cash and cash equivalents</th>
<th>Interest-bearing debt</th>
<th>Shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>27,337</td>
<td>13,999</td>
<td>3,235</td>
<td>5,429</td>
<td>12,586</td>
</tr>
<tr>
<td>3/2017</td>
<td>29,451</td>
<td>14,176</td>
<td>3,269</td>
<td>6,567</td>
<td>13,598</td>
</tr>
<tr>
<td>3/2018</td>
<td>32,560</td>
<td>16,174</td>
<td>3,689</td>
<td>6,332</td>
<td>14,174</td>
</tr>
<tr>
<td>3/2019</td>
<td>31,155</td>
<td>15,734</td>
<td>3,516</td>
<td>7,079</td>
<td>15,500</td>
</tr>
<tr>
<td>3/2020</td>
<td>25,576</td>
<td>11,747</td>
<td>3,366</td>
<td>6,455</td>
<td>11,913</td>
</tr>
</tbody>
</table>

#### Per share information (yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net income (loss)</th>
<th>Net assets</th>
<th>Earnings per share</th>
<th>Dividend per share</th>
<th>Dividend payout ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>1,249</td>
<td>12,586</td>
<td>1,249</td>
<td>1,249</td>
<td>22.1</td>
</tr>
<tr>
<td>3/2017</td>
<td>1,375</td>
<td>13,598</td>
<td>1,375</td>
<td>1,375</td>
<td>25.0</td>
</tr>
<tr>
<td>3/2018</td>
<td>1,788</td>
<td>14,176</td>
<td>1,788</td>
<td>1,788</td>
<td>20.8</td>
</tr>
<tr>
<td>3/2019</td>
<td>960</td>
<td>15,500</td>
<td>960</td>
<td>960</td>
<td>13.0</td>
</tr>
<tr>
<td>3/2020</td>
<td>(3,485)</td>
<td>11,913</td>
<td>(3,485)</td>
<td>(3,485)</td>
<td>(38.1)</td>
</tr>
</tbody>
</table>

#### Key indices

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross profit margin (%)</th>
<th>Operating profit margin (%)</th>
<th>Return on equity (ROE) (%)</th>
<th>Return on assets (ROA) (%)</th>
<th>Net worth ratio (%)</th>
<th>Price-to-earnings ratio (times)</th>
<th>Overseas sales ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>27.7</td>
<td>5.4</td>
<td>6.9</td>
<td>4.4</td>
<td>51.2</td>
<td>6.79</td>
<td>57.5</td>
</tr>
<tr>
<td>3/2017</td>
<td>27.8</td>
<td>5.4</td>
<td>6.3</td>
<td>4.8</td>
<td>48.1</td>
<td>9.26</td>
<td>56.6</td>
</tr>
<tr>
<td>3/2018</td>
<td>28.4</td>
<td>6.9</td>
<td>6.0</td>
<td>5.8</td>
<td>49.6</td>
<td>14.09</td>
<td>58.2</td>
</tr>
<tr>
<td>3/2019</td>
<td>28.0</td>
<td>6.3</td>
<td>6.0</td>
<td>3.0</td>
<td>50.4</td>
<td>14.09</td>
<td>59.0</td>
</tr>
<tr>
<td>3/2020</td>
<td>26.0</td>
<td>2.4</td>
<td>3.0</td>
<td>2.0</td>
<td>45.8</td>
<td>12.93</td>
<td>58.8</td>
</tr>
</tbody>
</table>

#### Non-financial information

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of employees (persons)</th>
<th>Overweight employee ratio (%)</th>
<th>Ratio of females among new graduates hired (non-consolidated) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>3,836</td>
<td>73.8</td>
<td>33.3</td>
</tr>
<tr>
<td>3/2017</td>
<td>3,859</td>
<td>74.1</td>
<td>52.6</td>
</tr>
<tr>
<td>3/2018</td>
<td>4,298</td>
<td>75.6</td>
<td>42.1</td>
</tr>
<tr>
<td>3/2019</td>
<td>4,282</td>
<td>75.2</td>
<td>47.8</td>
</tr>
<tr>
<td>3/2020</td>
<td>4,020</td>
<td>73.6</td>
<td>44.0</td>
</tr>
</tbody>
</table>

* On January 1, 2018, the Company implemented a 2-for-1 split of shares of common stock. Figures in the above table are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 2017.

### Stock Information

#### Stock Information (As of March 31, 2020)

- **Total number of shares authorized**: 80,000,000
- **Total number of shares issued**: 22,122,400
- **Number of shareholders**: 5,207
- **Security code**: 6165
- **Number of shares per trading unit**: 100
- **Transfer agent**: Sumitomo Mitsui Trust Bank, Limited
- **Accounting auditor**: PricewaterhouseCoopers Aarata LLC

### Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held (Thousand shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT Kosan Co., Ltd.</td>
<td>3,804,900</td>
</tr>
<tr>
<td>CACEIS BANK S. A., GERMANY BRANCH - CUSTOMER ACCOUNT</td>
<td>2,415,800</td>
</tr>
<tr>
<td>Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>3,896,200</td>
</tr>
<tr>
<td>Punch Industry Employees’ Stock Ownership Scheme</td>
<td>3,516,900</td>
</tr>
<tr>
<td>Yuji Morikubo</td>
<td>663,000</td>
</tr>
<tr>
<td>Tatsui Morikubo</td>
<td>663,000</td>
</tr>
<tr>
<td>Michiko Kamba</td>
<td>431,000</td>
</tr>
<tr>
<td>Japan Trustee Service Bank, Ltd. (trust account)</td>
<td>367,800</td>
</tr>
<tr>
<td>Japan Trustee Service Bank, Ltd. (trust account)</td>
<td>367,800</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK (134088)</td>
<td>270,800</td>
</tr>
</tbody>
</table>

Note: **Individuals and others** includes treasury stock.

### Investor Information

#### Major Shareholders Stock Prices and Trading Volumes

- **Date**: As of March 31, 2020
- **Stock exchange listing**: First Section, Tokyo Stock Exchange
- **Security code**: 6165
- **Number of shares per trading unit**: 100
- **Transfer agent**: Sumitomo Mitsui Trust Bank, Limited
- **Accounting auditor**: PricewaterhouseCoopers Aarata LLC

#### Breakdown of Shareholders

- **Individuals and others**: 48.64%
- **Financial institutions**: 12.09%
- **Other domestic companies**: 18.00%
- **Foreign companies**: 18.99%
- **Security companies**: 1.28%

Note: “Individuals and others” includes treasury stock.

#### Trading volume (right axis)

- **Date**: As of March 31, 2020
- **Stock exchange listing**: First Section, Tokyo Stock Exchange
- **Security code**: 6165
- **Number of shares per trading unit**: 100
- **Transfer agent**: Sumitomo Mitsui Trust Bank, Limited
- **Accounting auditor**: PricewaterhouseCoopers Aarata LLC

#### Trading volume (right axis)

- **Date**: As of March 31, 2020
- **Stock exchange listing**: First Section, Tokyo Stock Exchange
- **Security code**: 6165
- **Number of shares per trading unit**: 100
- **Transfer agent**: Sumitomo Mitsui Trust Bank, Limited
- **Accounting auditor**: PricewaterhouseCoopers Aarata LLC

Note: **Individuals and others** includes treasury stock.