
May 29, 2020
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Firstly

“Value Creation 2020 Plus” is the plan for FY21.3 – FY22.3

(Unit: Billion JPY)

<table>
<thead>
<tr>
<th>Sales</th>
<th>Operating Profit</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14.3</td>
<td>29.4</td>
<td>1.1</td>
</tr>
<tr>
<td>FY15.3</td>
<td>34.3</td>
<td>1.7</td>
</tr>
<tr>
<td>FY16.3</td>
<td>36.7</td>
<td>1.9</td>
</tr>
<tr>
<td>FY17.3</td>
<td>36.6</td>
<td>1.9</td>
</tr>
<tr>
<td>FY18.3</td>
<td>41.0</td>
<td>2.8</td>
</tr>
<tr>
<td>FY19.3</td>
<td>40.9</td>
<td>2.5</td>
</tr>
<tr>
<td>FY20.3</td>
<td>35.3</td>
<td>0.8</td>
</tr>
<tr>
<td>FY21.3</td>
<td>33.1</td>
<td>1.2</td>
</tr>
<tr>
<td>FY22.3</td>
<td>36.1</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Value Creation 2015

Value Creation 2020

Plus

"Value Creation 2020 Plus" is the plan for FY21.3 – FY22.3.
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➢ Policies of Value Creation 2020 Plus P.8
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Note) In this document,
  ▪ Value Creation is referred to as “VC”.
  ▪ “Net income” refers to the “current term net income attributable to the parent company shareholder”.
Summary of Value Creation 2020
(FY17.3 – FY21.3)
### Sales Trend

(Unit: Billion JPY)

<table>
<thead>
<tr>
<th>Year</th>
<th>Plan</th>
<th>Result</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16.3</td>
<td>36.7</td>
<td>36.6</td>
<td></td>
</tr>
<tr>
<td>FY17.3</td>
<td>37.0</td>
<td>39.0</td>
<td>41.0</td>
</tr>
<tr>
<td>FY18.3</td>
<td>42.0</td>
<td>40.9</td>
<td>44.5</td>
</tr>
<tr>
<td>FY19.3</td>
<td>44.5</td>
<td>35.3</td>
<td>47.0</td>
</tr>
<tr>
<td>FY20.3</td>
<td>35.3</td>
<td></td>
<td>33.1</td>
</tr>
<tr>
<td>FY21.3</td>
<td>33.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**3.6 Billion JPY**

**Revenue Decrease**

(FY16.3 vs FY21.3)

◎ Slowed down due to US–China trade friction in FY19.3 and coronavirus in FY21.3

◎ Sales expansion in Southeast Asia, Europe and America, which were focused in VC2020.

● Acquiring orders in Southeast Asia
  ⇒ Expanded special-order products in Vietnam and Indonesia

● Establish a subsidiary in the Americas
  ⇒ Established in 2016, but expansion pace slowed down due to the US–China trade friction

● Tighten relationship with agents besides direct sales in Europe
  ⇒ Sales fairly grew, yet slowed down due to economic downturn
Operating Profit Trend

(Unit: Billion JPY)

Revenue Decrease

(FY16.3 vs FY21.3)

- Progress made beyond initial plan until FY19.3
- Plan greatly underachieved in FY20.3, main causes were:
  - Decrease in sales due to worsening market conditions
  - Higher cost ratio due to lower capacity utilization of factories
  - Exchange rate (JPY appreciation)
Net Income Trend

(Unit: Billion JPY)

FY16.3 | FY17.3 | FY18.3 | FY19.3 | FY20.3 | FY21.3
---|---|---|---|---|---
1.2 | 1.4 | 1.5 | 1.7 | 1.0 | 2.3
0.6

VC2020 Period

Revenue Decrease

(FY16.3 vs FY21.3)

◎ In FY19.3, recorded impairment loss at Vietnam factory
In FY20.3, recorded impairment loss at domestic factories in Japan, etc.

◎ FY20.3 was first final deficit since listed in 2012
### Evaluation of Priority Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of 5-pole sales system</td>
<td>◎ 2016: Established a subsidiary in the Americas&lt;br&gt;Sales expanded, however then slowed down due to trade friction&lt;br&gt;◎ Expanded into Europe based on the utilization of existing agents&lt;br&gt;Though cooperation with agents strengthened, sales slowed due to economic slowdown</td>
</tr>
<tr>
<td>Improvement of Customer service</td>
<td>◎ Reduced digital engineering business due to sluggish orders&lt;br&gt;◎ Realized an optimal product supply system through global sourcing&lt;br&gt;◎ In focused areas of medical and food/beverage industry, transactions expanded with core customers</td>
</tr>
<tr>
<td>Promotion of high profitability business with reinforcement of R&amp;D</td>
<td>◎ 2016: Established a new factory in Vietnam&lt;br&gt;Due to the delay in the establishment of the production system and the decline of market conditions, profits did not grow and impairment loss was recorded&lt;br&gt;◎ Established R&amp;D headquarters in Japan, which developed a Japan-China 2 region structure</td>
</tr>
<tr>
<td>Reform of working style</td>
<td>◎ Promoted a variety of working-style, assisting from institutional system and operation&lt;br&gt;◎ Introduced a new personnel system with transparency and fairness&lt;br&gt;◎ Established a human resources development department “Punch Academy”, which introduced various training programs</td>
</tr>
</tbody>
</table>
Policy of Value Creation 2020 Plus
US-China trade friction and new coronavirus may cause the temporarily investment curbs in 2020.

(Unit: Trillion JPY)

10 year trend in Plastic Molds and Press Dies shipments in major countries

(Source) Die and mold manufacturers' associations in each country
Revised past figures based on the latest 2019 data

US-China trade friction and new coronavirus may cause the temporarily investment curbs in 2020.
Priority Initiatives

1. Establishment of 5-pole sales system
   - Furtherly expanding sales channels in Southeast Asia, Europe and Americas

2. Enhance customer-focused marketing capabilities
   - Deploying salespersons with rich processing knowledge through transferring from manufacturing division and human resource development

3. Optimize the global production system and strengthen R&D
   - Rearrange production items among the factories, focusing on their characteristics
   - Curtailment of man-hours and establishment of new construction method through R&D

4. Working-style reforms and human resource development
   - Promotion of active roles of women, work-life balance, and development of global human resources
# Major Policies by Region

<table>
<thead>
<tr>
<th>Japan</th>
<th>China</th>
<th>Southeast Asia, India</th>
<th>Europe</th>
<th>Americas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishment 5-pole sales system</strong></td>
<td></td>
<td></td>
<td></td>
<td>Expand customer base</td>
</tr>
<tr>
<td><strong>Strengthen Marketing Capabilities</strong></td>
<td>Product development based on customer needs</td>
<td>Partnerships with customers in new fields</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improvement of ordering system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Optimize Global Production System and Strengthen R&amp;D</strong></td>
<td>Optimization of global production systems for standard and special-order products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promote labor-saving and automated production in Japan and China</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strengthen transactions in medical and beverage fields</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increase stabilization and profitability of Vietnam factory operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Development of new fields and markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Looking into Business tie-ups and M&amp;As with other companies</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improvement of processing technology for difficult-to-process materials</td>
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<tr>
<td></td>
<td>• Continue development in the aerospace field</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Work style Reforms HR Development</strong></td>
<td></td>
<td></td>
<td></td>
<td>Promotion of active roles of women and work-life balance</td>
</tr>
<tr>
<td></td>
<td>Development of human resources who can be active overseas</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strengthen Marketing Capabilities

- Acquiring orders for special-order products
  ⇒ Transfer manufacturing department staff who have a high understanding of drawing and can propose processing methods to sales department

- Promotion of personnel training
  ⇒ Conducting molds and dies study sessions, manufacturing training, more for sales department staff

- Improvement of ordering system for customers
  ⇒ Convenient ordering of standard items

- Promotion of satellite office
  ⇒ Strengthen community-based sales style
Optimization of Global Production System

Japan
- Rearrange production items among the factories, focusing on their characteristics
- Improvement of producing process and cost reduction
- Technical exchange with customers
- Development of new business

China
- Expanding sales of non-automotive-related products
- Setting new production line for short-time delivery
- Sales expansion of strategic products

Vietnam
- Stable production of standard products
- Improvement of production efficiency and cost
- Turn into profit from startup

Malaysia
- Acquiring more orders in Southeast Asia
- Cooperation between Japan-China Research & Development Headquarters
- Expanding sales of special-order products
Reform of Working style

Promoting active roles of women

Optimal work-life balance

Development of human resources who can be active overseas

PUNCH SPIRIT × Reform of Working style
Management Goals of Value Creation 2020 Plus
Sales/Profit Trends

FY22.3: Sales Over 36.1 Billion JPY, Operating profit Over 1.8 Billion JPY

(Unit: Billion JPY)

Sales

35.3

33.1

36.1

Operating Profit

1.2

1.8

0.6

1.1

Net Income

FY20.3 Result

FY21.3 Estimate

FY22.3 Plan

WHAT TO DO:

◎ Shift from final deficit to surplus
◎ Recovery to the top-line growth trend
◎ Preparation for the next mid-term business plan

Rebuilding period until the mid-term business plan starting in FY23.3

ROE

VC2020Plus

5%
9%
Changes in Operating Profit

FY20.3 (Result)
- Decrease in sales ▲584
- Cost ratio improvement 722

FY21.3 (Estimate)
- Increase in sales 845
- Decrease in selling, general and administrative expenses ▲226
- Cost ratio improvement 171

FY22.3 (Plan)
- Increase in sales 845
- Decrease in selling, general and administrative expenses ▲416

(Unit: Million JPY)

[Main factors for changes in sales from FY20.3 to FY21.3]
- Under the assumption that the impact of the spread of new coronavirus infection will continue until September 2020

[Main factors of change in cost ratio from FY20.3 to FY21.3]
- Relief in depreciation after impairment losses made in FY20.3
- Suppression of investment and recruitment

[Main factors for changes in SG & A from FY20.3 to FY21.3]
- Relief in depreciation after impairment losses made in FY20.3
- Decrease in packing and transportation costs
Sales transition by regions

(Unit: Billion JPY)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY20.3 (Result)</th>
<th>FY21.3 (Estimate)</th>
<th>FY22.3 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>14.6</td>
<td>14.3</td>
<td>15.4</td>
</tr>
<tr>
<td>China</td>
<td>16.8</td>
<td>15.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>2.4</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Europe, The US, and others</td>
<td>1.5</td>
<td>1.3</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Increase of sales staff, including transfer from manufacturing division
Improvement of ordering system for customers

More tight cooperation with agents in Europe
Further focus on medical-related industry in the Americas

Expansion of special-order products to Southeast Asia
Cooperation with R&D Headquarters in Japan and China

Expansion of highly precised medical-related parts
Setting new production line for short-time delivery

Increase of sales staff, including transfer from manufacturing division
Improvement of ordering system for customers

(Result)  (Estimate)  (Plan)
Sales transition by industries

(Unit: Billion JPY)

<table>
<thead>
<tr>
<th>Industry</th>
<th>FY20.3 (Result)</th>
<th>FY21.3 (Estimate)</th>
<th>FY22.3 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td>9.6</td>
<td>8.8</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>Consumer electronics/ Precision equipment</strong></td>
<td>4.3</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Electronic devices/ Semiconductors</strong></td>
<td>6.1</td>
<td>5.8</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Automobile</strong></td>
<td>15.4</td>
<td>14.5</td>
<td>15.6</td>
</tr>
</tbody>
</table>

**Automobile**
- Collection of information on new car projects, including EVs
- Acquiring standard parts certification from automobile manufacturers

**Other**
- Focus on medical, food and beverage industries

**Consumer electronics/ Precision equipment**
- Acquiring more orders related to precision lenses

**Electronic devices/ Semiconductors**
- Focus on the telecommunications industry where new orders are active
Top Message
To support “Manufacturing” in a wide range of industries

For Press dies

For Plastic molds

R&D

Electronic devices/Semiconductors

Consumer electronics/Precision equipment

Food and beverage/medical

Sales

5-pole Sales system

Manufacturing

Enhancing Special-order products

Automobile

Industrial machinery

FA
For “The World’s PUNCH” with 5-pole sales system

Group companies
Sales offices
Summary

- Strengthen Marketing Capabilities ⇒ Acquiring more orders for special-order products
- Optimization of Global Production System ⇒ Strengthen production efficiency of domestic and overseas plants
- Promoting "manufacturing highly value-added products"
- Meeting the expectations of stakeholders