

# Financial Briefing (Fiscal year ended March 31, 2023)

May 19, 2023



**PUNCH INDUSTRY CO., LTD.**

(Security Code: 6165 TSE Prime)

# Financial Highlights for the year ended March 31, 2023

Sales increased in all regions, and although the highest sales since being listed were recorded, rising prices of raw materials and resources had a significant impact

<b>Sales</b>	<b>Consolidated</b>	Consolidated sales increased to 108.7% year-on-year, an increase of ¥3.4 billion to ¥42.7 billion, and the highest sales since being listed were recorded.
	<b>Japan</b>	Increased to 100.6% year-on-year to ¥14.1 billion. Precision equipment covered weak automotive sales.
	<b>China</b>	Increased to 111.9% year-on-year to ¥23.4 billion. Automotive sales remained strong.
	<b>Southeast Asia</b>	Increased to 113.0% year-on-year to ¥1.9 billion. Singapore, Thailand, Vietnam and Malaysia continued to perform well.
	<b>Europe, The US, and Others</b>	Increased to 124.1% year-on-year to ¥3.2 billion. Medical and beverage sales remained strong.
<b>Profit</b>		Operating profit was ¥2,436 million, 80.1% of the previous fiscal year Ordinary profit was ¥2,394 million, 79.6% of the previous fiscal year Profit attributable to owners of parent was ¥1,390 million, 68.1% of the previous fiscal year
<b>Net Cash</b>		Increased by ¥1,219 million from the beginning of the fiscal year ended March 31, 2023, mainly due to the recording of net income.



# Income Statement Summary

(Unit: Millions of yen)

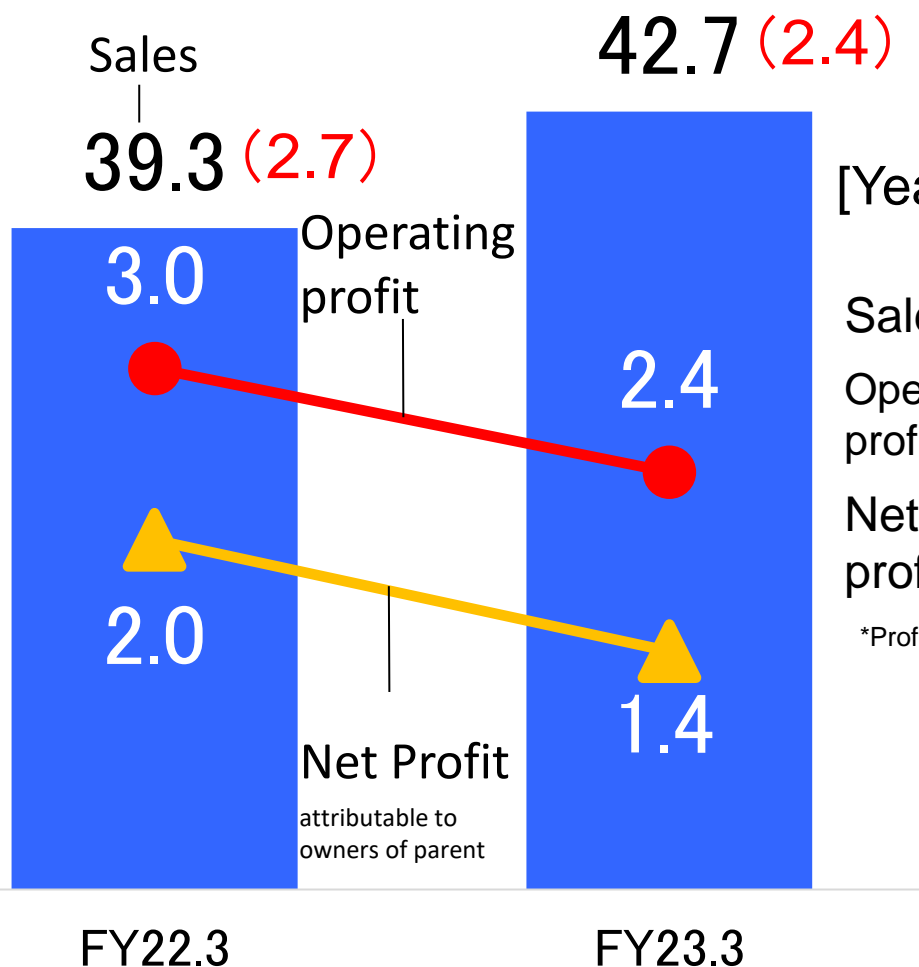
	FY22.3		FY23.3		Difference year-on-year	Percentage of change year-on-year
<b>Sales</b>		39,358		42,799	3,440	108.7%
<b>Operating profit</b>	7.7%	3,041	5.7%	2,436	(605)	80.1%
<b>Ordinary profit</b>	7.6%	3,007	5.6%	2,394	(613)	79.6%
<b>Profit attributable to owners of parent</b>	5.2%	2,040	3.2%	1,390	(650)	68.1%



# Sales and Profit

(Unit: Billions of yen)

(FA sales)



[Year-on-year comparison]

Sales      ¥3,440 million

Operating profit      ¥ 605 million

Net profit\*      ¥ 650 million

\*Profit attributable to owners of parent

Increase  
in sales

decrease  
in profit

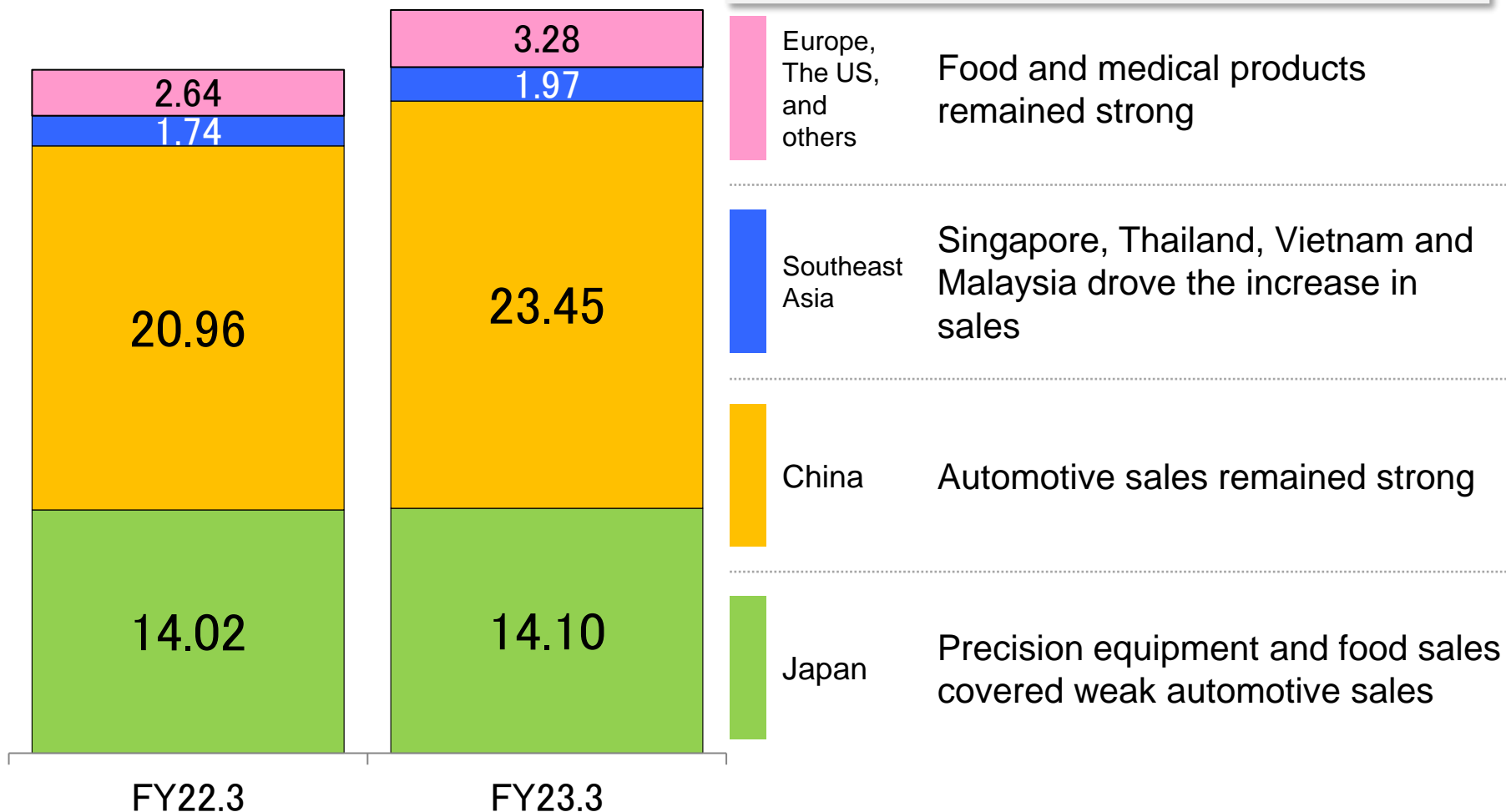
decrease  
in profit



# Sales by Region

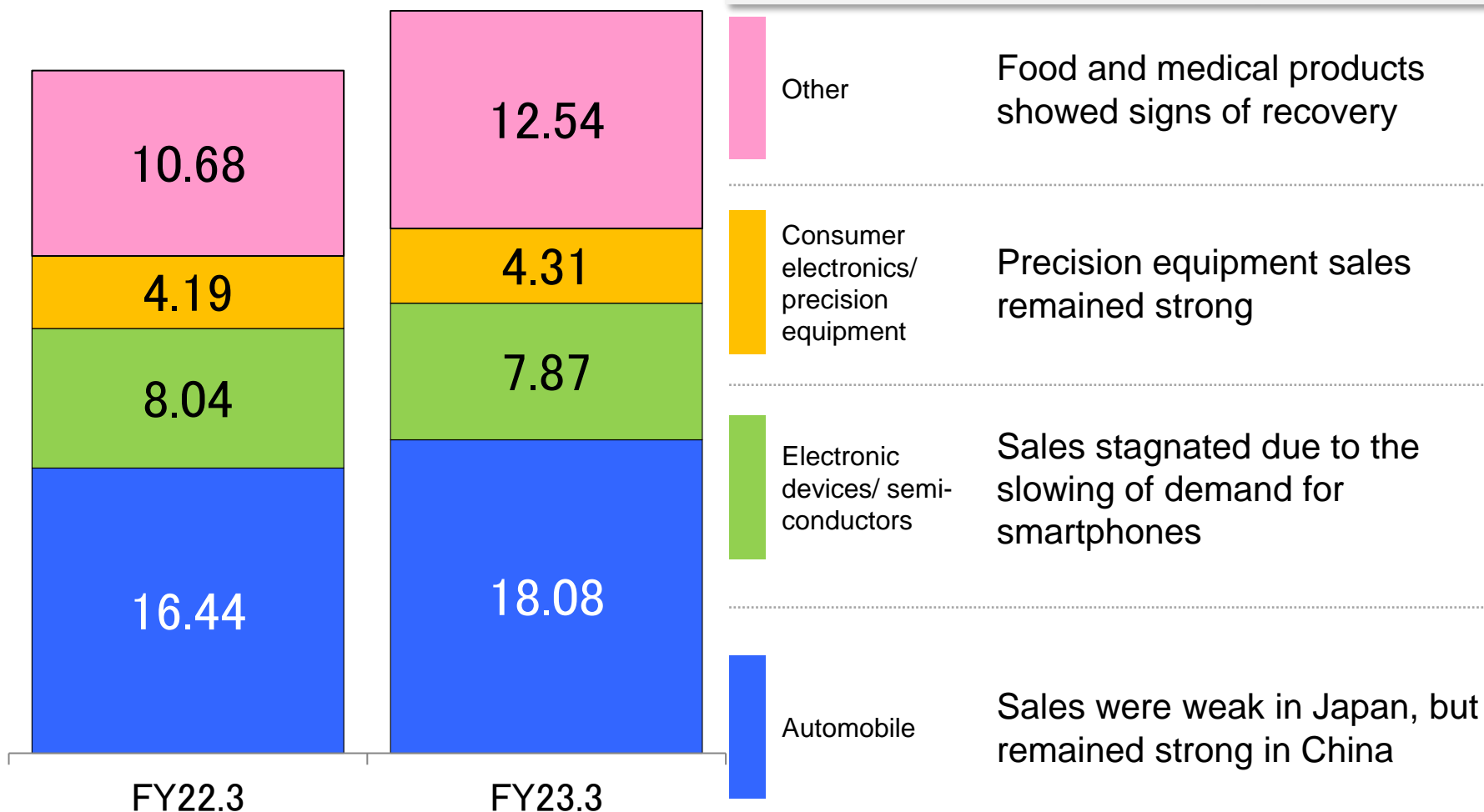
(Unit: Billions of yen)

Due in part to the impact of exchange rates, increases in sales were achieved in all regions



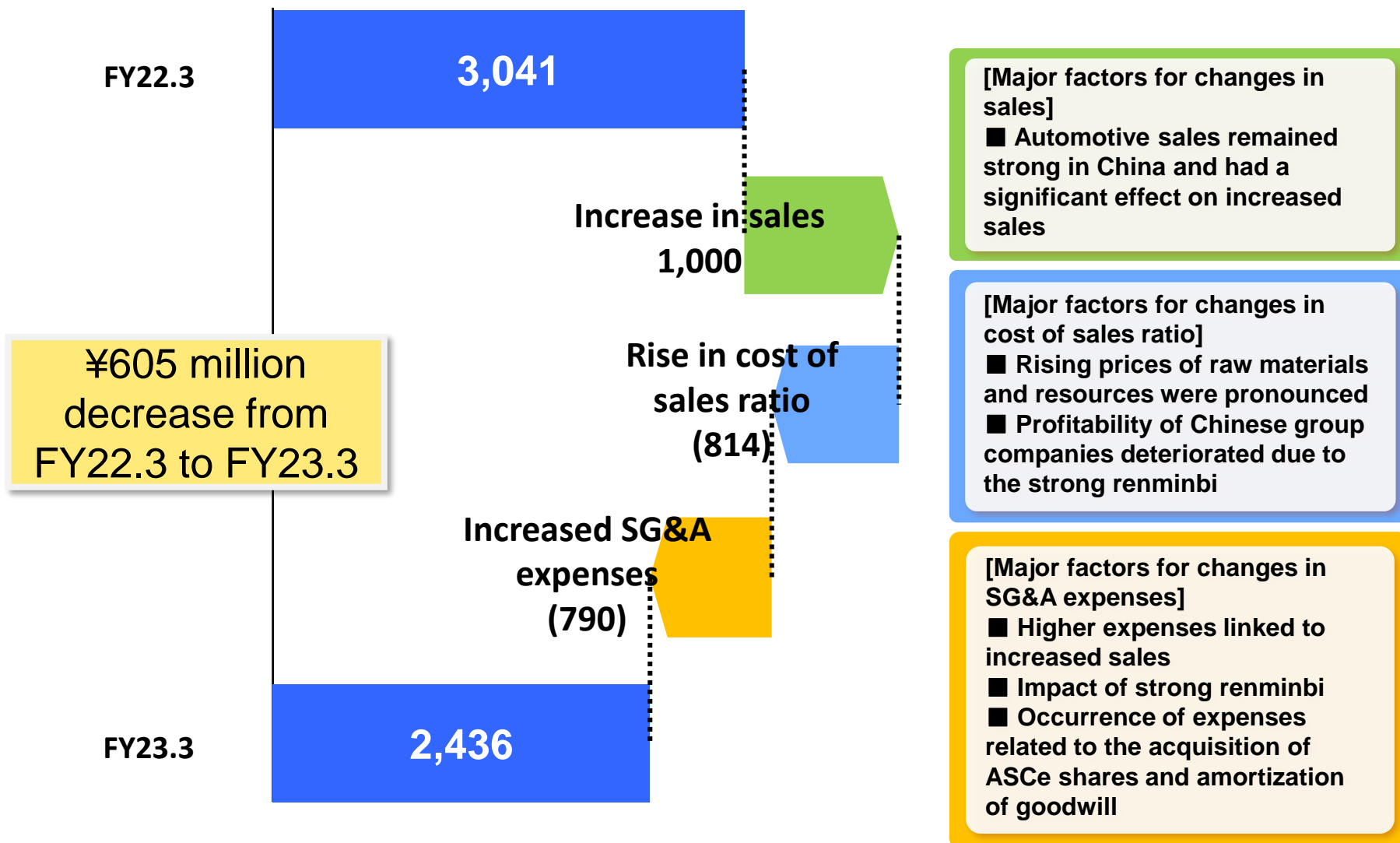
# Sales by Industry

(Unit: Billions of yen)



# Operating Profit Changes

(Unit: Millions of yen)



# Balance Sheet Summary

(Unit: Millions of yen)

	FY22.3	FY23.3	Year-on-year changes
Total assets	28,774	30,455	1,681
Total liabilities	12,466	11,403	(1,063)
Interest-bearing debt	3,820	2,997	(823)
Net assets	16,307	19,052	2,745
Net cash	995	2,215	1,219

Equity ratio	56.5%	62.4%	5.9pt
Return on equity (ROE)	14.2%	7.9%	(6.3pt)
Return on invested capital (ROIC)	11.4%	8.1%	(3.3pt)

Capital expenditure (including intangible assets)	1,149	1,351	201
Depreciation (including intangible assets)	971	1,130	158





# Cash Flows Summary

(Unit: Millions of yen)

	FY22.3	FY23.3
Cash flows from operating activities	2,941	2,560
Cash flows from investing activities	(1,099)	(1,546)
Free cash flow	1,841	1,013
Cash flows from financing activities	(1,600)	(756)
Changes in cash and cash equivalents (including translation adjustments)	707	543
Cash and cash equivalents at end of period	4,669	5,212



# Status of Response to “Management With an Awareness of Capital Cost and Share Price”

Instill the “ROIC management” concept in the Group, and fully embrace management with an awareness of capital efficiency

Index	FY23.3 (Results)	FY24.3 (Forecasts)	Target
Equity ratio	62.4%	62%	60% or higher
ROE	7.9%	4.2%	10% or higher
ROIC	8.1%	6.9%	10% or higher
Consolidated payout ratio	33.4%	62.0%	30% or higher
DOE	3.0%	3.0%	3% or higher
WACC	7.2%	6–7%	–
EVA spread	0.9%	(0.1)–0.9%	3–4% or higher

- Revise the capital policy (January 2023)
- While ensuring a healthy financial foundation, aim to improve corporate value by increasing management efficiency and properly distributing the funds obtained from operating activities for shareholder returns and investments for further growth.
- Based on a basic dividend policy of distributing profits with an awareness of providing stable, continuous dividends that are linked to consolidated performance, the following indices are used.
  - Consolidated payout ratio: 30% or higher, and DOE: 3% or higher
  - Furthermore, the dividends are decided after comprehensively considering the financial condition, funding needs and other factors.
- Treasury stock is acquired as necessary based on a flexible approach in light of the financial condition and the trends in the share price and other market conditions.

$$\text{DOE } 3\% = \frac{\text{(Total dividends) } \yen465 \text{ million}}{(\yen14,378 \text{ million} + \yen16,381 \text{ million}) \div 2} \text{ (Average shareholders' equity for FY23.3 and FY24.3)}$$





# **FY24.3 Full-Year Earnings Forecasts and Reasons for Selection of Standard Market**



# FY24.3 Results and Dividend Forecasts

(Unit: Millions of yen)

	FY23.3 (Results)		FY24.3			
			Full-Year Earnings Forecasts <small>(Announced on May 12, 2023)</small>	Difference year- on-year	Percentage of change year-on- year	
<b>Sales</b>		42,799		42,000	(799)	98.1%
<b>Operating profit</b>	5.7%	2,436	5.1%	2,150	(286)	88.2%
<b>Ordinary profit</b>	5.6%	2,394	5.0%	2,100	(294)	87.7%
<b>Profit attributable to owners of parent</b>	3.2%	1,390	1.9%	800	(590)	57.5%
<b>ROE</b>		7.9%		4.2%	(3.7pt)	—
<b>Return on invested capital (ROIC)</b>		8.1%		6.9%	(1.2pt)	—

## FY24.3 Dividend Forecasts

Interim dividend of ¥10 per share + year-end dividend of  
¥10.30 per share = ¥20.30 per share (planned)



# Reason for Transition to Standard Market

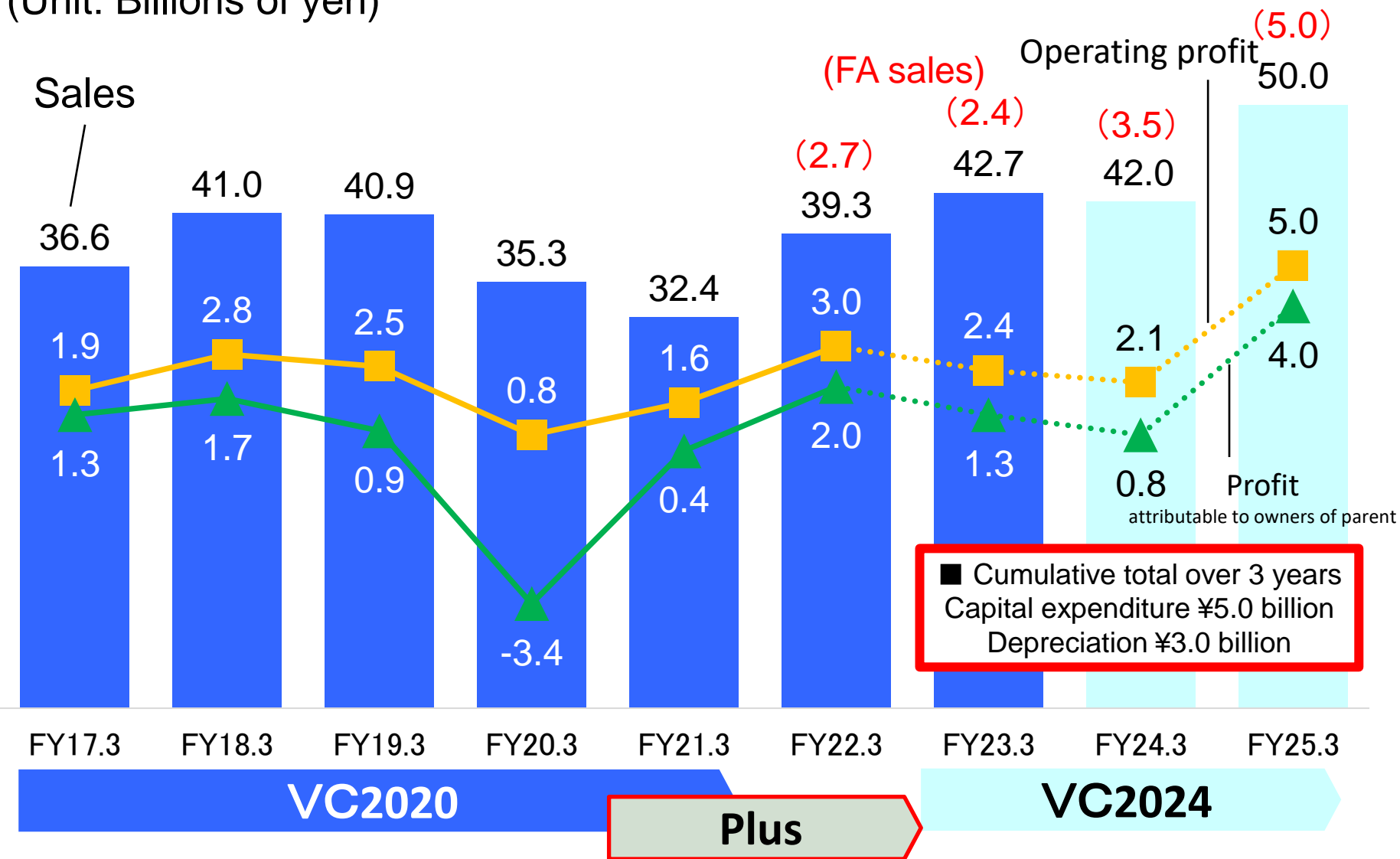
Policy of brush-up of the VC 2024 Mid-term Business Plan and concentrating management resources on its execution

		Number of shareholders (persons)	Number of tradable shares (units)	Total market capitalization of tradable shares (Billions of yen)	Ratio of tradable shares (%)	Average daily trading value (Thousands of yen)
Sate of compliance of the Company	As of Jun. 30, 2021	4,757	144,460	8.78	65.3	40,880
	As of Mar. 31, 2023	5,728	177,440	7.90	72.0	44,510
Criteria for maintaining listing		800	20,000	10.0	35.0	20,000
Plan period		—	—	March 31, 2025	—	—

- The management environment is becoming increasingly harsh due to factors such as heightened geopolitical risks, rising prices of raw materials and resources, and part shortages
- The VC 2024 Mid-term Business Plan was forced to undergo significant delays, and in addition to making a recovery, it is necessary to brush up the plan including new growth strategies.
- The details of the brush-up of VC 2024 will be promptly disclosed once determined.

# VC 2024 Mid-term Business Plan Scheduled to Undergo Brush-up

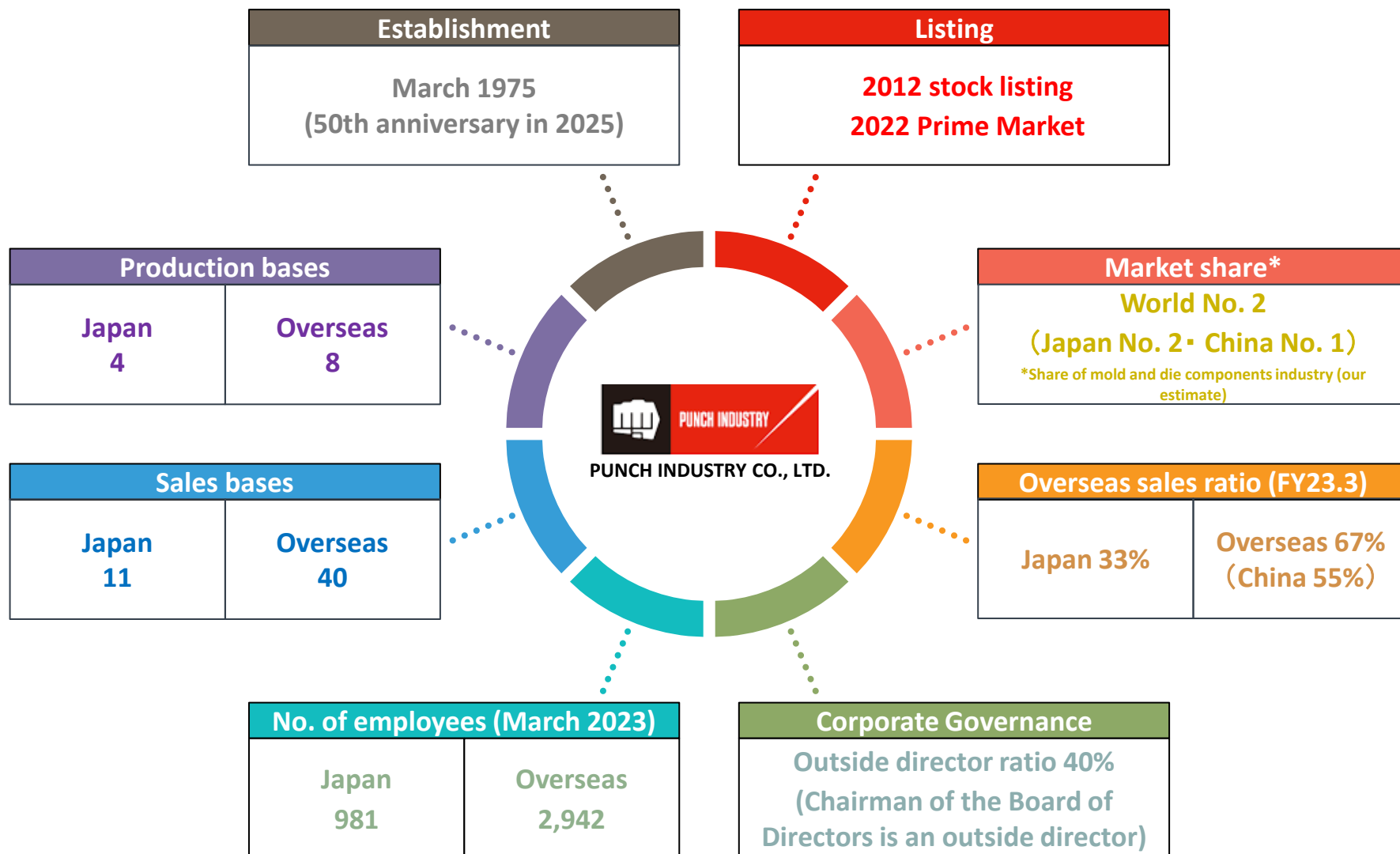
(Unit: Billions of yen)





# Reference Materials

# Punch Group at a Glance





# Management Structure

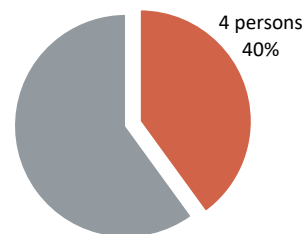
## Profile of President and Representative Director

Name and date of birth	Career	
 <b>Tetsuji Morikubo</b> (January 22, 1977)	May 2003	Joined the Company
	Feb. 2005	PUNCH INDUSTRY (DALIAN) Co.
	Nov. 2012	General Manager, Value Creation Promotion Office
	Apr. 2013	General Manager, Corporate Planning Office
	Apr. 2015	PUNCH INDUSTRY MALAYSIA SDN. BHD.
	May 2016	Executive Officer
	Jun. 2018	Director, Senior Executive Officer, Corporate Strategy
	Apr. 2019	Chief Strategy Officer Group Business Management
	Jun. 2019	Representative Director (incumbent) Executive Vice President
	Nov. 2019	President and Chief Executive Officer in charge of the Punch Industry Group (incumbent)

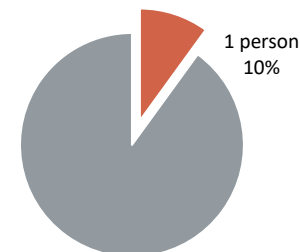
## Board of Directors

<b>Directors</b>	Representative Director, President and Chief Executive Officer Chief Executive Officer (CEO)	Tetsuji Morikubo
	Director, Managing Executive Officer Chief Operating Officer (COO/Sales)	Yasuhiro Sanada
	Director and Senior Executive Officer Chief Financial Officer (CFO)	Takao Murata
	Director and Senior Executive Officer Chief Operating Officer (COO/Manufacturing)	Akira Takanashi
	Director	Susumu Sugita
	Outside Director Chairman of the Board	Yukiko Mitsuhashi
	Outside Director	Naruhiko Takatsuji
<b>Directors (Audit &amp; Supervisory Board Member)</b>	Director (Audit & Supervisory Board Member)	Minoru Kawano
	Outside Director (Audit & Supervisory Board Member)	Yoriatsu Matsue
	Outside Director (Audit & Supervisory Board Member)	Tomoo Suzuki

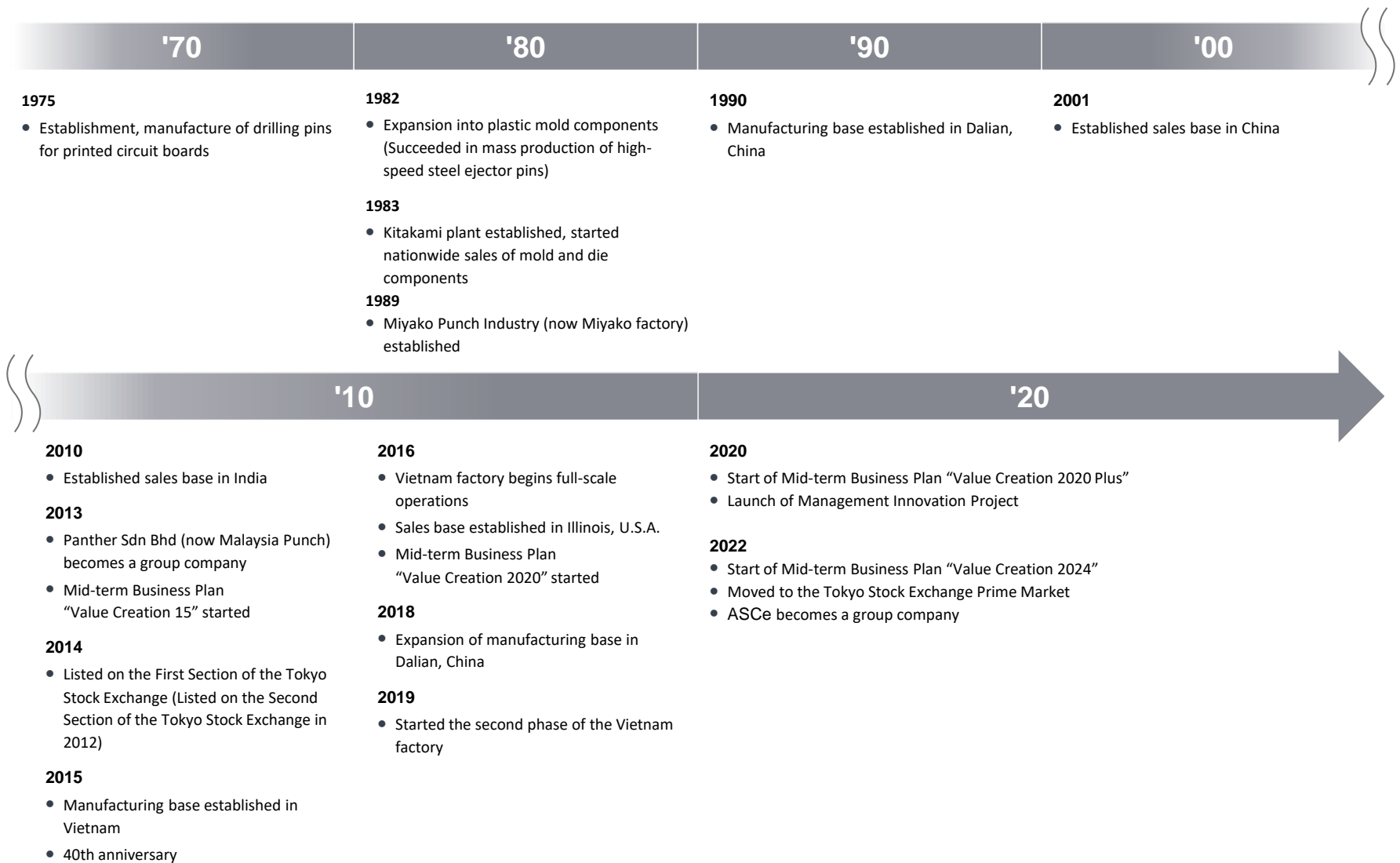
Ratio of Outside Directors



Ratio of Female Directors

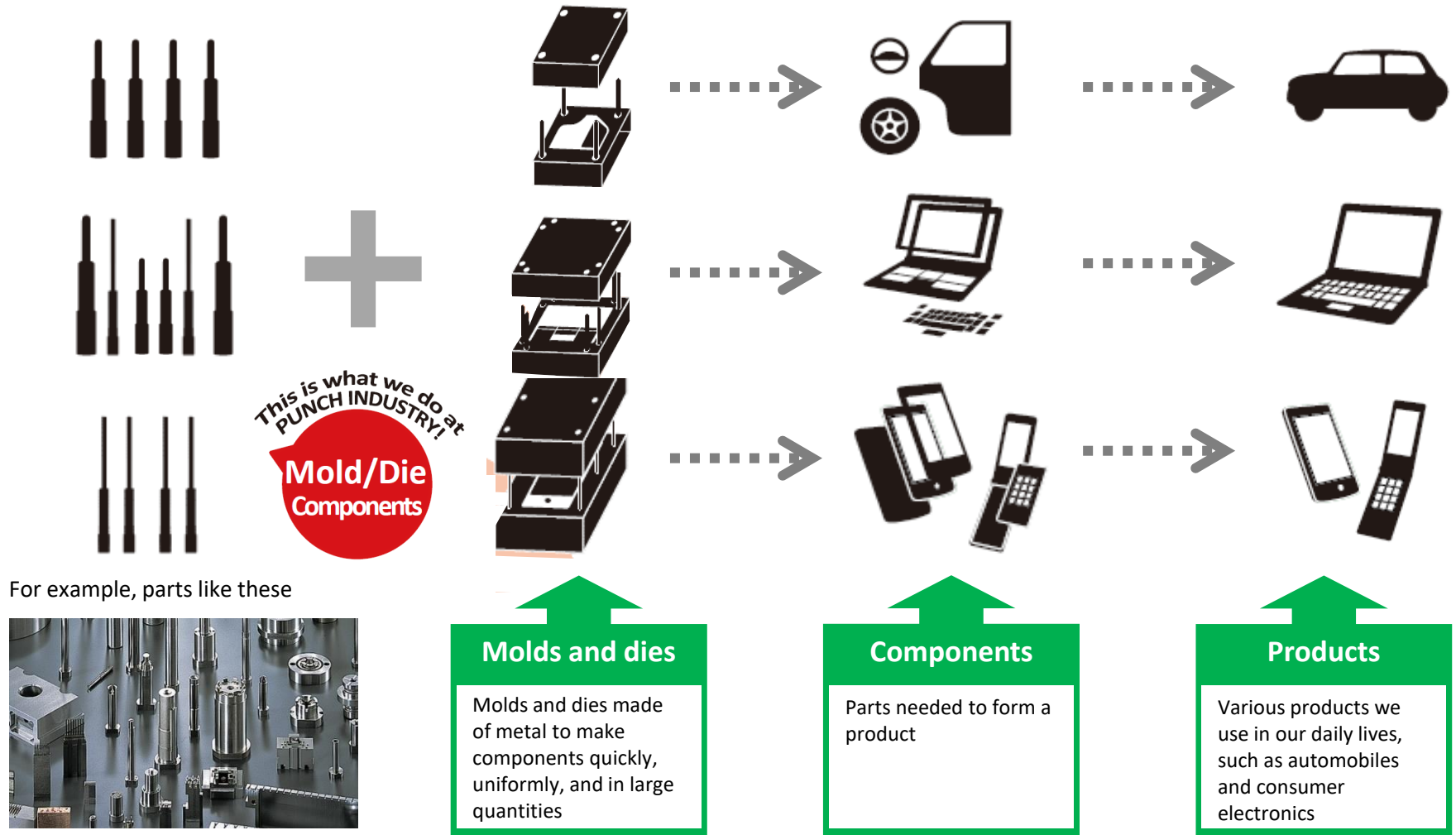


# Punch Group History



# Description of the Business

Manufacture and sale of a wide variety of precision mold and die components that are indispensable to the construction of molds. The “behind-the-scenes expertise” that enriches your life.



# Punch Group's Core Products

Plastic mold and die components such as injection molding dies and press die components such as stamping dies, for a wide range of customers spanning upstream to downstream manufacturing

## Plastic mold and die components

Plastic molds are used in the manufacture of many plastic products, including the exteriors of smartphones and digital cameras. Products are made by injecting heated, molten plastic resin into a mold mounted on an injection molding machine, cooling, and solidifying. The Punch Group manufactures and sells the components that make up these molds and dies.



Core product

### Ejector pin

This part (extrusion pin) is used to separate the injection-molded product from the mold itself and eject it.



Core product

### Core pin

Used to form the product section, the shape of the core pin is transferred. The core pin forms a void in the product section or engraving on the product section.

## Press die components

A die is mounted on a press machine (a machine that moves up and down), a metal sheet is placed between the upper and lower dies, and the press machine is operated to produce a product molded by the die. The Punch Group manufactures and sells the components that make up these molds and dies.



Core product

### Punch

Typical parts incorporated in press dies, these parts are used to make holes in metal plates and transfer shapes. Our company name comes from this punch.



Core product

### Holder guide posts

These parts are used to maintain the correct relationship between the upper and lower molds.



# Characteristics of the Punch Group

## Japan and China

Leading share in special order molds and dies \* Our estimate



**Catalog products**  
Extensive lineup of highly versatile standard products

Speedy solutions

**Special order products**  
Capable of responding flexibly to custom needs

**A one-stop production system**  
Over 2,000 units of equipment and wide ranging support

**A customer-oriented business structure**  
Meticulous, responsive and capable

### High technical capabilities

Expertise cultivated since the Company's founding, and untiring research and development



# Punch Group Strengths and Network

Extensive lineup of versatile catalog products and special order products to meet custom needs supporting manufacturing across the world

## Strengths of the Punch Group

Providing high customer satisfaction

### Catalog products

Extensive lineup of highly versatile standard products



Timely, precise solutions

### Special order products

Capable of responding flexibly to custom needs



**A one-stop production system**  
with 2,000 units of equipment and wide-ranging support

**A customer-oriented business structure**  
meticulous, responsive and capable

**High technical capabilities**  
Expertise cultivated since the Company's founding, and untiring research and development

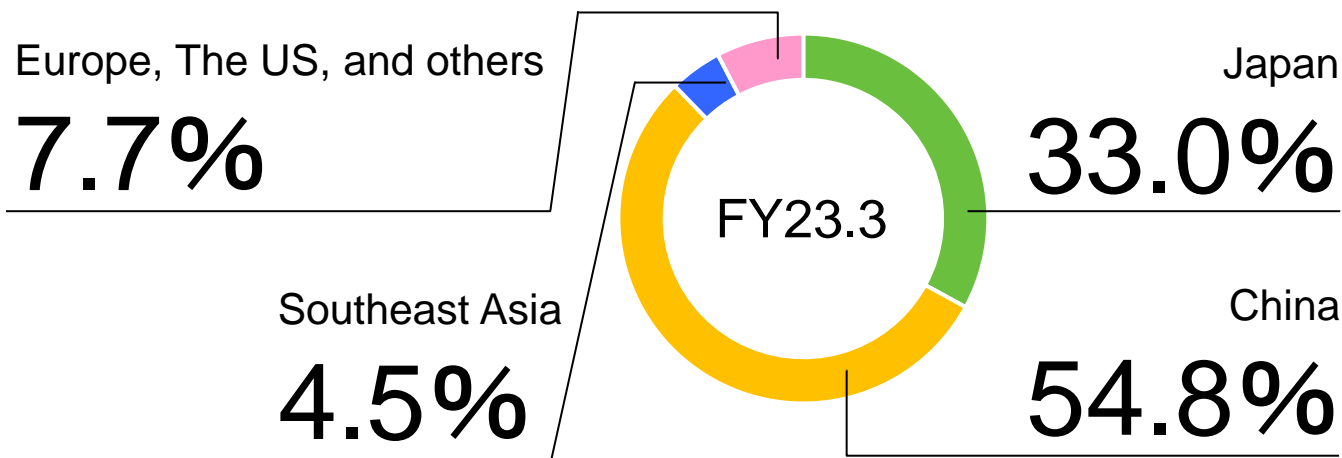
## Punch Group Network

● Group companies ■ Sales offices

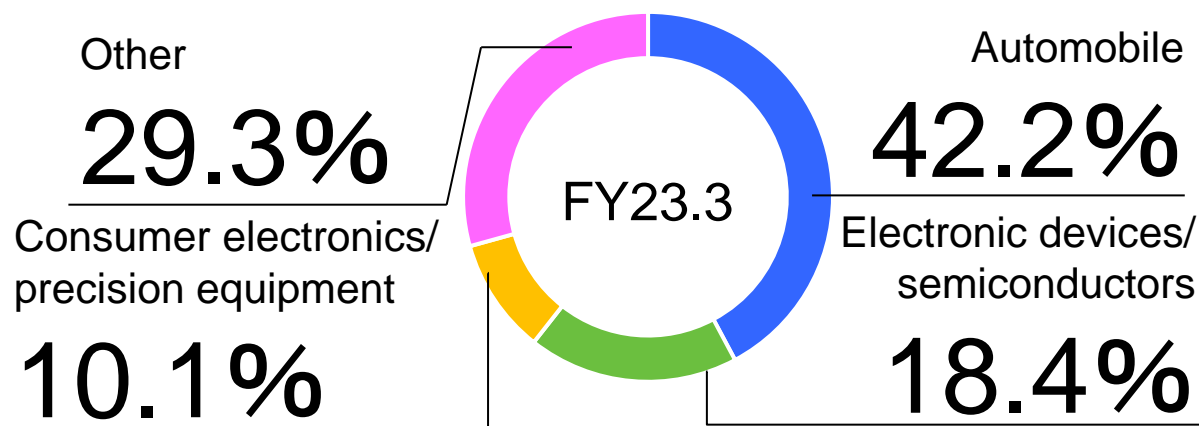


# Composition of Sales by Region and by Industry

## Composition of Sales by Region



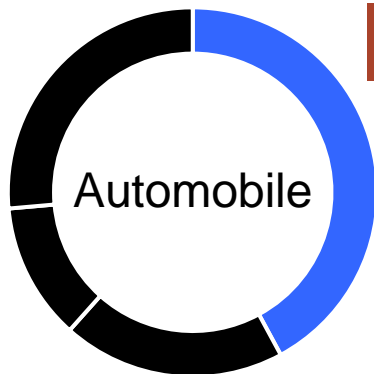
## Composition of Sales by Industry



# Major Customers by Industry

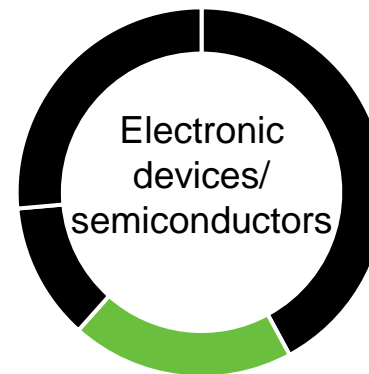
Main rivals in Japan: Major general machinery trading companies, local manufacturers of molds and dies, etc.

Main rivals in China: Chinese machinery trading companies, Chinese machinery manufacturers, etc.



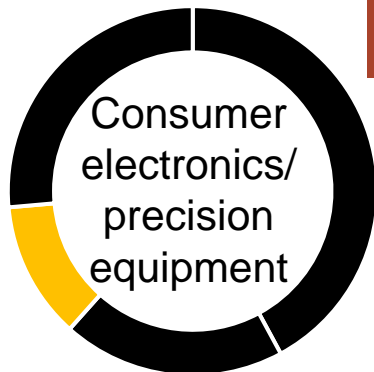
## Major Customers

Automotive manufacturers and Tier 1, 2  
Manufacturers of molds and dies



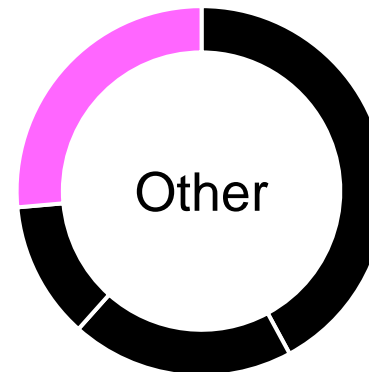
## Major Customers

Electronic device manufacturers  
Semiconductor equipment manufacturers  
Manufacturers of molds and dies



## Major Customers

Consumer electronics manufacturers  
Manufacturers of molds and dies



## Major Customers

Stationery manufacturers  
Toy manufacturers  
Medical manufacturers  
Beverage container manufacturers  
Global trading companies  
Manufacturers of molds and dies





# Image of end users (e.g. Automotive)

Many end users are manufacturers of molds and dies

Automotive manufacturers



Manufacturers of bodies, exteriors, seats, connectors, etc.



Manufacturers of molds and dies

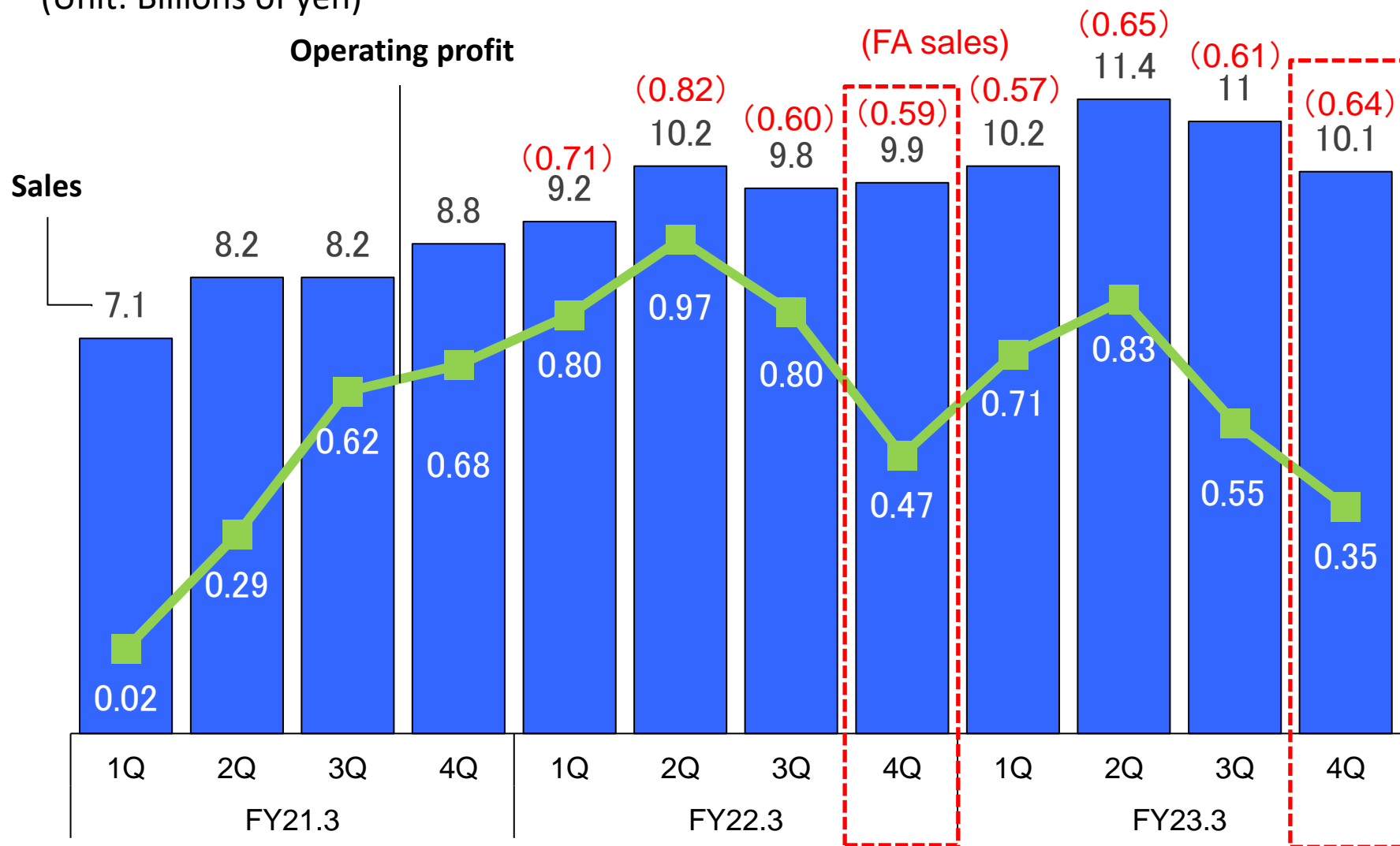


Punch Group



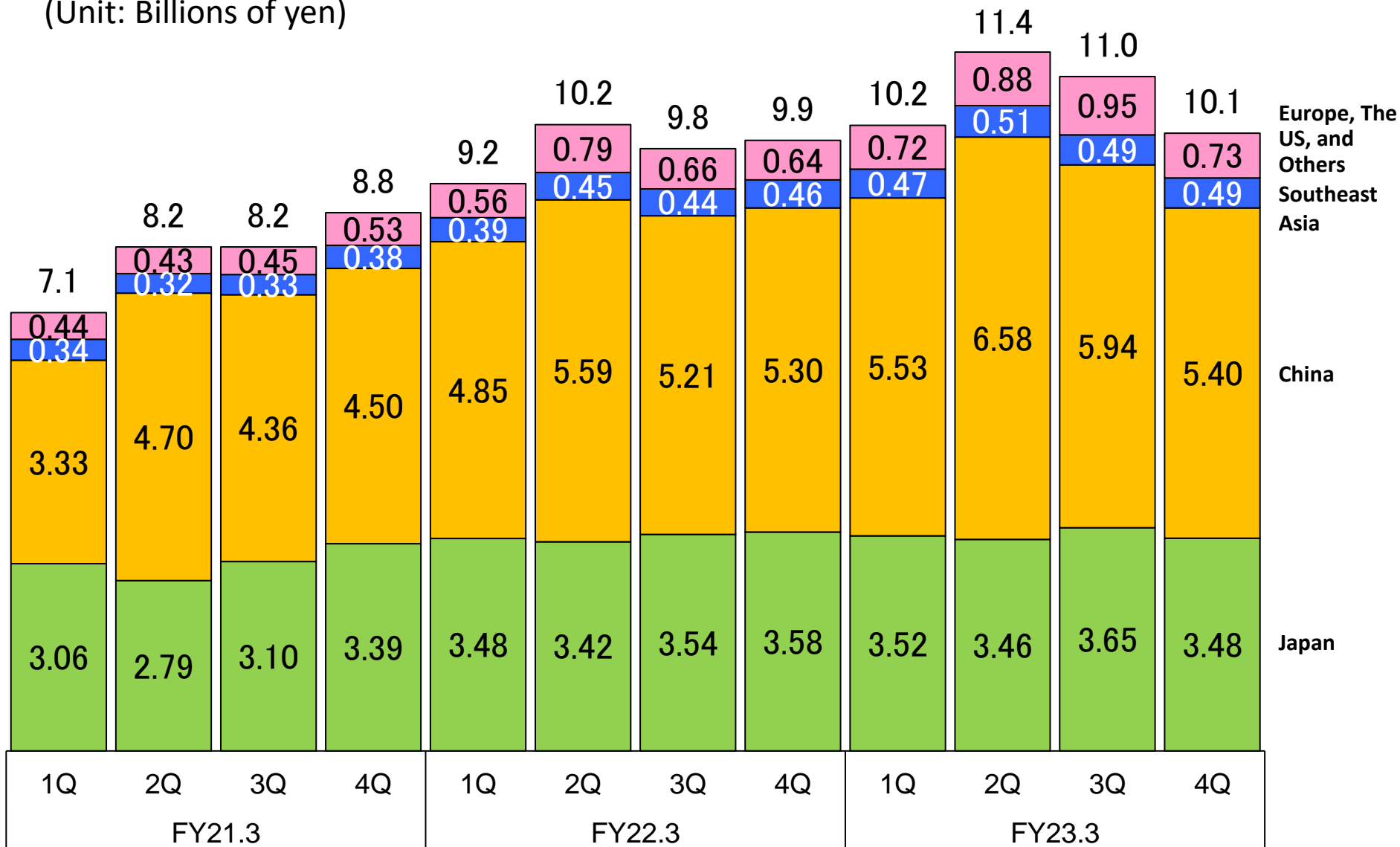
# Sales and Operating Profit

(Unit: Billions of yen)



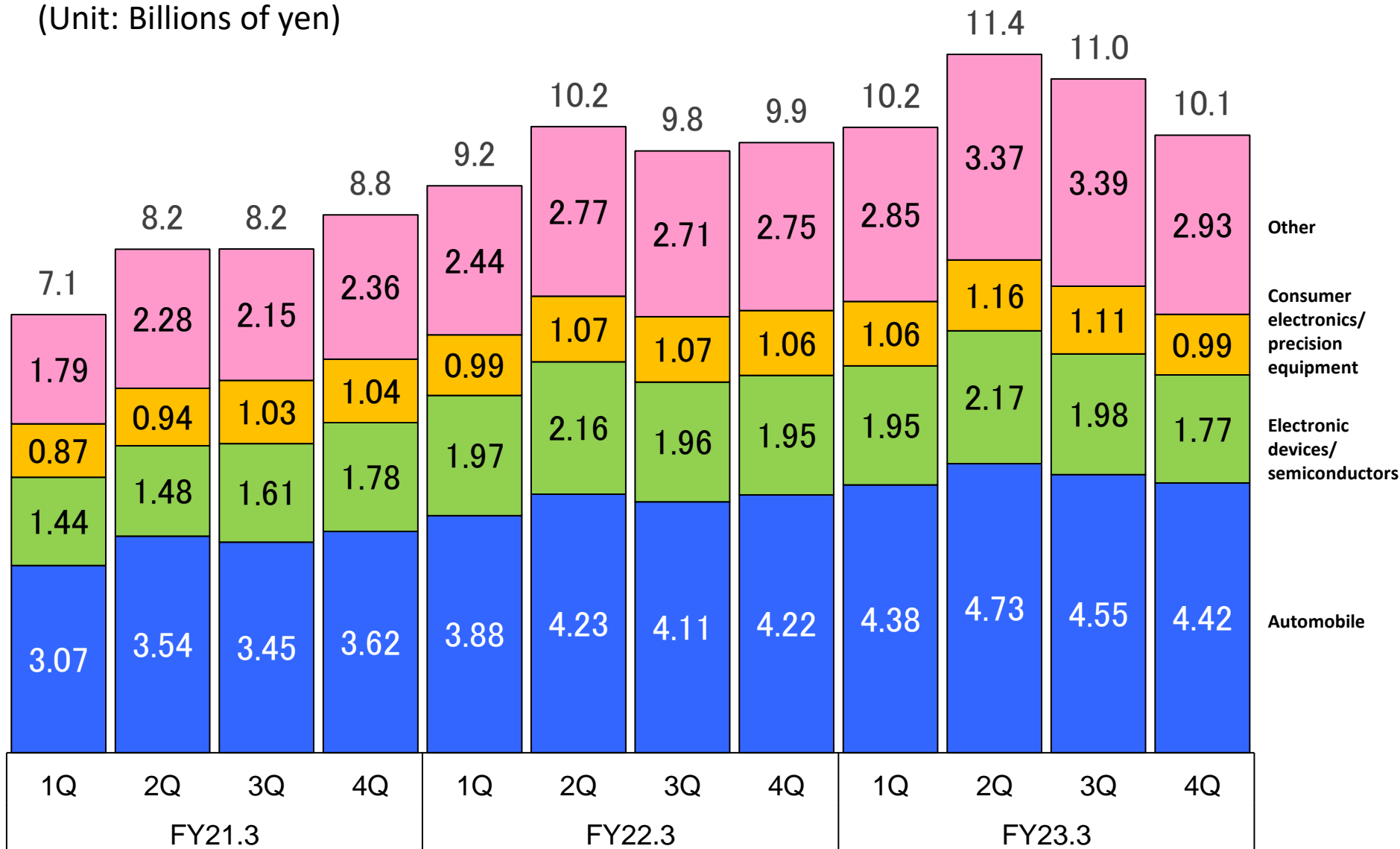
# Sales by Region

(Unit: Billions of yen)



# Sales by Industry

(Unit: Billions of yen)

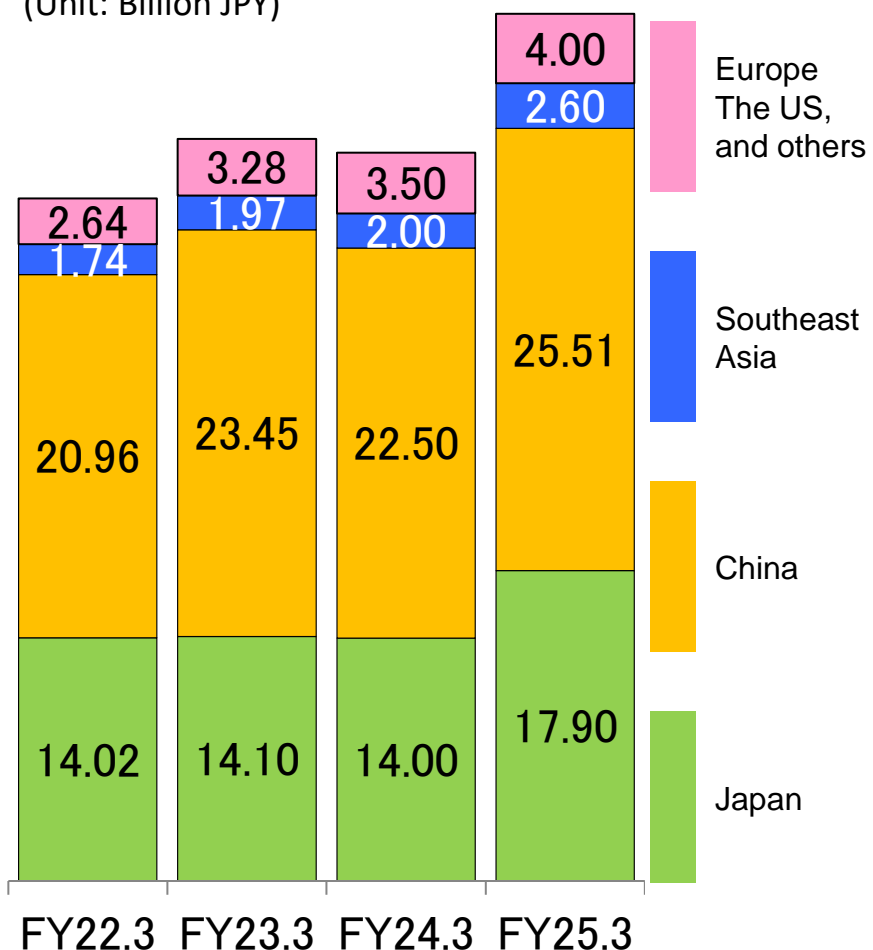


# Numerical Targets for Sales by Region and Industry

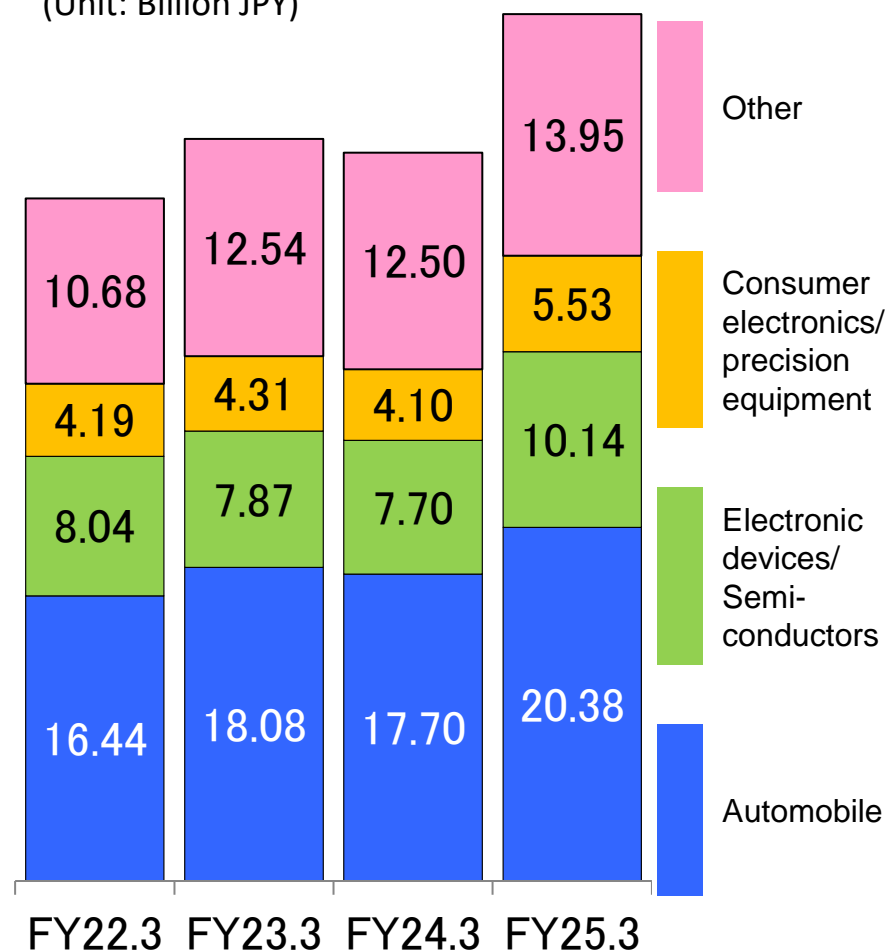
“VC2024” covers FY2022 through FY2024

(fiscal year ending March 31, 2023 through fiscal year ending March 31, 2025)

(Unit: Billion JPY)



(Unit: Billion JPY)



# Progress Chart of Measures to Address Key Management Issues

Policy items	FY22.3	FY23.3	FY24.3	FY25.3	Policy items	FY22.3	FY23.3	FY24.3	FY25.3
FA sales		3.2	3.5	5.0	Japan in-house sales		+13	+19	+25
Results (Billion JPY)	2.7	2.4			Results (Increase/decrease %)	—	(5)		
Web order rate (Japan/China)		41	43	48	Production efficiency		+16	+18	+22
Results (%)	39	34			Results (Increase/decrease %)	—	+22		
Southeast Asia sales		2.0	2.0	2.6	ROIC		10 and above		
Results (Billion JPY)	1.7	2.0			Results (%)	11	8		
Europe/U.S.A./Other sales		3.0	3.5	4.0	Reduction in total actual work hours		(30)	(50)	(100)
Results (Billion JPY)	2.6	3.3			Results (hour)	±0	(26)		
Vietnam factory sales		+20	+20	+35	Percentage of paid leave taken		68	68	70
Results (Increase/decrease %)	—	+25			Results (%)	67	68		
Overseas procurement		+14	+33	+35	Ratio of female executives		13	14	15
Results (Increase/decrease %)	—	+5			Results (%)	11	13		
Overseas factory investment		3.0 (3-year cumulative total)			Capital investment (inc. overseas)		5.0 (3-year cumulative total)		
Results (Billion JPY)	0.9	0.9			Results (Billion JPY)	1.1	1.3		

\* “Overseas factory investment” and “Capital investment (inc. overseas)” are cumulative figures over three years.





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#### **Disclaimer Regarding Forward-Looking Statements**

This 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 these 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.