

PUNCH INDUSTRY (6165)

Consolidated Fiscal Year (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018	41,025	2,843	2,731	1,788	81.61	16.75	736.64
FY03/2019	40,935	2,578	2,547	960	43.92	16.75	721.49
FY03/2020CoE	38,000	1,200	1,100	700	32.20	8.40	-
FY03/2019	YoY (0.2%)	(9.3%)	(6.8%)	(46.3%)	-	-	-
FY03/2020CoE	YoY (7.2%)	(53.5%)	(56.8%)	(27.1%)	-	-	-
Consolidated Quarter (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2019	10,342	714	682	511	-	-	-
Q2 FY03/2019	10,594	659	657	494	-	-	-
Q3 FY03/2019	10,228	807	818	578	-	-	-
Q4 FY03/2019	9,770	397	388	(623)	-	-	-
Q1 FY03/2020	8,511	(29)	(90)	(126)	-	-	-
Q1 FY03/2020	YoY (17.7%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (12 September 2019)

Bedrock Earnings

PUNCH INDUSTRY, manufacturing / selling parts of molds and dies in Japan and overseas, suggests that the Company is currently seeing bedrock earnings on a quarterly basis with its most recent Company forecasts released on 8 August 2019. In Q1 FY03/2020, sales came down roughly to the break-even point, negatively affected by deterioration of the market condition driven by China-United States Trade War, but Company forecasts are going for a gradual recovery of sales and thus earnings towards Q2 and H2. As far as we could gather, Company forecasts assume a recovery for sales of China and Japan, collectively accounting for the bulk of sales as a whole for the Company. In Q1, sales of China accounted for 45.6% of total and 43.6% for sales of Japan, collectively 89.2%. Demand for the Company's products is inclined to hinge on production volume of diverse final products represented by automobiles, smartphones, etc. When paying attention to a factor that the Company has market share particularly high in China, local sales of China should hinge on local production volume of diverse final products represented by automobiles, smartphones, etc. also in particular. Meanwhile, the Company is going for long-term growth strategy to beef up sales of Southeast Asia (4.1% of sales) and sales of Europe / Americas / Other (6.6%), given ample room to cultivate going forward in there.

IR Representative: Hayato Matsuda, Corporate Strategy Planning Office (info-corp@punch.co.jp)

2.0 Company Profile

Manufacturing / Selling Parts of Molds and Dies in Japan and Overseas

Company Name	PUNCH INDUSTRY CO., LTD. Website IR Information Share Price (Japanese)	
Established	29 March 1975	
Listing	14 March 2014: Tokyo Stock Exchange 1st section (ticker: 6165) 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥2,897m (as of the end of June 2019)	
No. of Shares	22,122,400 shares, including 376,963 treasury shares (as of the end of June 2019)	
Main Features	<ul style="list-style-type: none"> ● By far the largest in China and one of the largest on a global basis ● Collective 15,000 customers (6,000 in Japan, 8,000 in China and 1,000 in other) ● Focus on high value-added strategic products 	
Business Segment	I . Parts of Molds and Dies Business	
Top Management	Representative Director / President / CEO: Masaaki Takeda	
Shareholders	MT Kosan 12.7%, Yuji Morikubo 7.4% (as of the end of March 2019)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 4,282, Parent: 982 (as of the end of March 2019)	

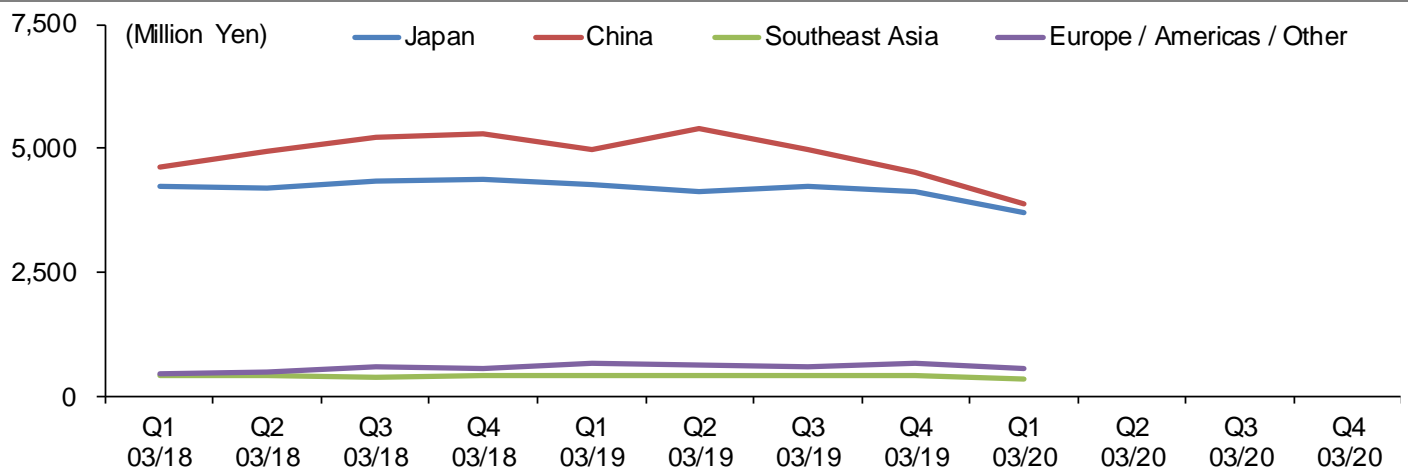
Source: Company Data

3.0 Recent Trading and Prospects

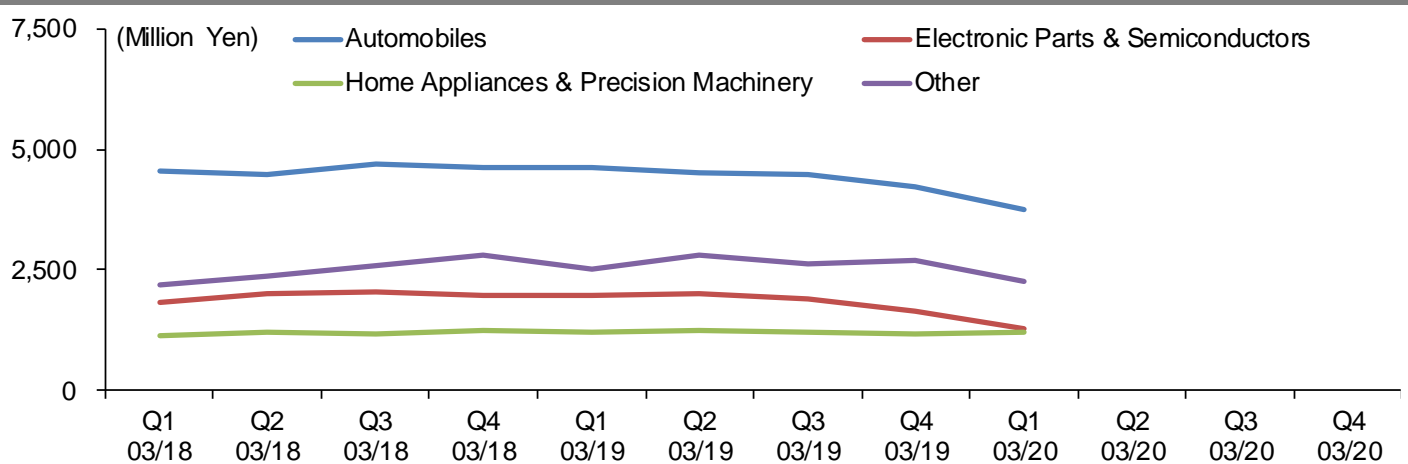
Q1 FY03/2020 Results

In Q1 FY03/2020 results released on 8 August 2019, sales came in at ¥8,511m (down 17.7% YoY), operating profit minus ¥29m (versus ¥714m during the same period of the previous year), recurring profit minus ¥90m (¥682m) and profit attributable to owners of parent minus ¥126m (¥511m), while operating profit margin minus 0.3% (down 7.3% points). At the release of Q1 results, the Company also released downward revision for Company forecasts. Due mainly to deteriorated market condition driven by China-United States Trade War, sales in Q1 came down over the same period, particularly in China, to the extent for the Company as a whole to see sales roughly equating to the break-even point, which is to be followed by negative impacts from deteriorated market condition larger than initially expected, having resulted in downward revision for prospective earnings in Q1 to Q2. The Company now has prospects worse than before in H2 and thus full-year prospective earnings have been also downgraded.

Sales by Region



Sales by Application

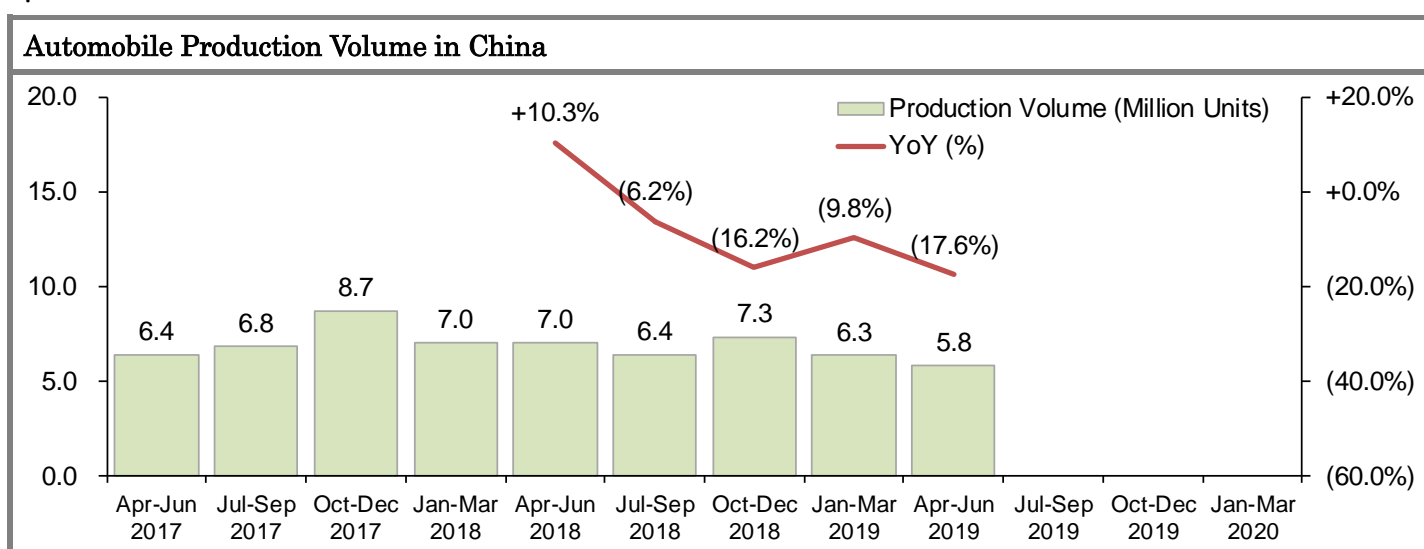


Source: Company Data, WRJ Calculation

Gross profit came in at ¥2,148m (down 27.2%) and SG&A expenses ¥2,177m (down 2.6%), implying gross profit margin of 25.2% (down 3.3% points) and sales to SG&A expenses ratio of 25.6% (up 4.0% points). In line with decreased sales, gross profit decreased, while gross profit margin was under pressure as it was getting harder to recover fixed cost due to lowered utilization of own production capacity. In order to compensate for all those issues, the Company cut back on personnel expenses, etc., having resulted in decreased SG&A expenses, but not sufficient enough to compensate for decreased gross profit.

Sales of Japan came in at ¥3,715m (down 13.0%), sales of China ¥3,879m (down 22.1%), sales of Southeast Asia ¥352m (down 14.7%) and sales of Europe / Americas / Other ¥563m (down 16.4%). With respect to sales of Japan and those of China, collectively accounting for almost 90% of sales as a whole for the Company, the Company suggests that demand associated with Automobiles and Electronic Parts & Semiconductors is coming down sharply. As a result of China-United States Trade War, the number of new vehicle projects are on the decreases as well as of automobile production volume, while decreased volume of smartphone production is suggested to be another negative factor. In Southeast Asia, the Company suggests strengths in India, but weakness elsewhere is more than offsetting. In Europe / Americas / Other, sales of Europe are now slowing down, despite strengths until recently, according to the Company.

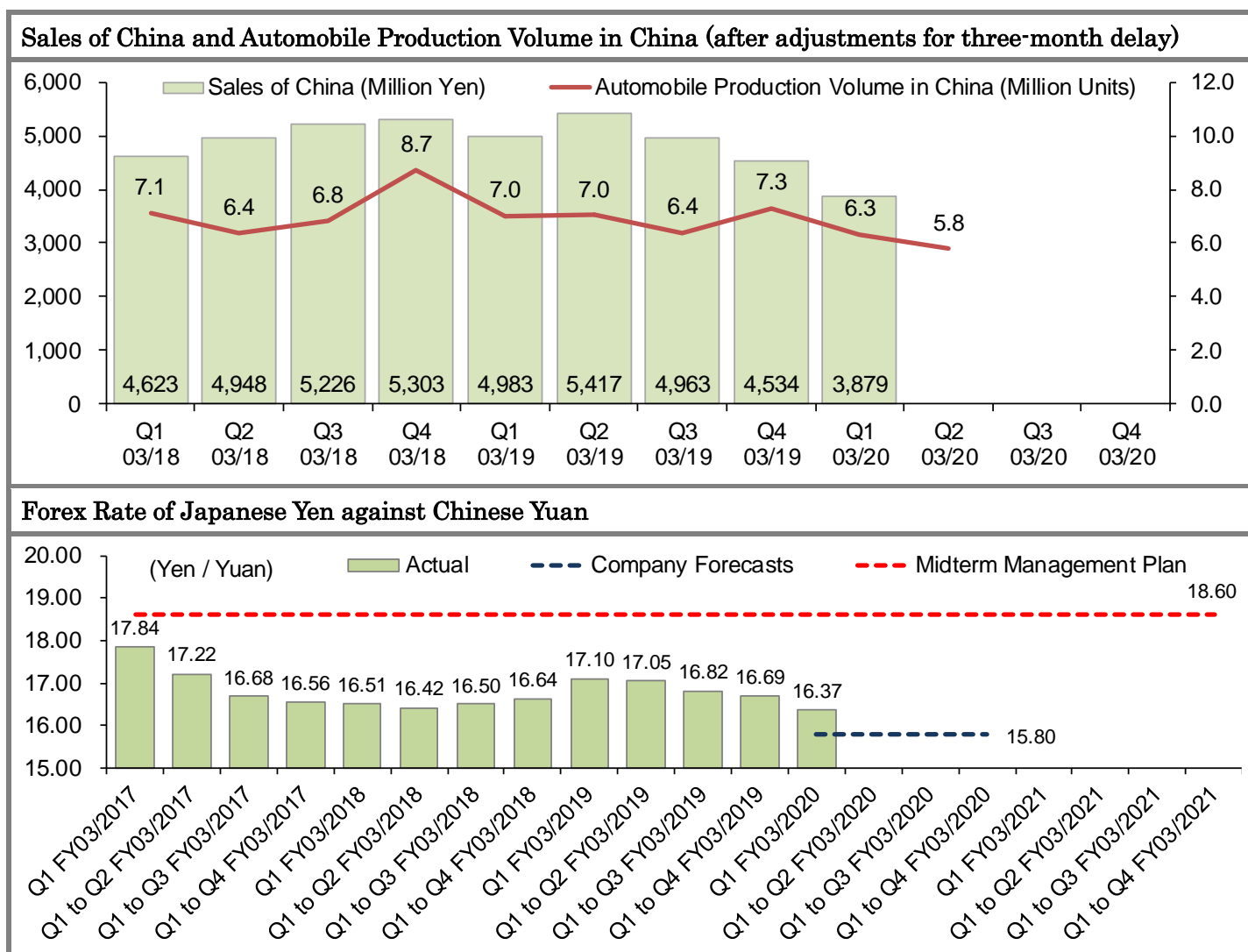
By region, the Company has the largest exposure to China where sales associated with Automobiles presumably account for more than half of total by application. As far as we could see, sales of China associated with Automobiles are now coming down sharply, which is the key negative factor for decreased sales as a whole for the Company. Automobile production volume in China used to see increases over the same period of the previous year by April to June 2018, which has been followed by consistent decreases starting in July to September 2018. For example, automobile production volume in January to March 2019 came in at 6.3m units (down 9.8% YoY), that of April to June 2019 came in at 5.8m units (down 17.6%). Most recently, the monthly volume in July 2019 came in at 1.8m (down 11.9%), implying ongoing weakness so far for automobile production volume in China.



Source: [Automobile Industry Portal "MARK LINE"](#)

Meanwhile, the Company saw sales of China in Q1 FY03/2020 (April to June 2019) of ¥3,879m (down 22.1%) as mentioned earlier. One of the factors to be considered here is that business performance of the Company's subsidiaries based in China is reflected in the Company's consolidated income statement with a three-month delay, given that their fiscal yearend is December versus March for the Company. In other words, above-mentioned sales of ¥3,879m (down 22.1%) are of those in January to March 2019 with the Company's subsidiaries based in China.

During the said period, the Company saw forex rate of ¥16.37 per yuan, implying yen's appreciation by 4.3% (¥0.73) when compared with forex rate of ¥17.10 per yuan during the same period of the previous year. As far as simply based on this, it should have been the case that sales of China in Q1 FY03/2020 decreased by 18.7% on a local currency basis over the same period of the previous year. Meanwhile, this corresponds to automobile production volume in China of 6.3m units (down 9.8%) in January to March 2019. As in those of other regions, sales of China are exposed to Electronic Parts & Semiconductors, Home Appliances & Precision Machinery and Other by application on top of Automobiles, which makes a discrepancy for the rate of changes between the two, but it appears that they are correlated positively each other to more than a certain extent, as suggested by the Company in its results meeting. Thus, automobile production volume in China is one of the indicators for sales of China with the Company as far as could see.



Source: Company Data, WRJ Calculation

A period through 4 February to 10 February is that of Chinese New Year in CY2019, while the Company suggests that production activities in China across the board are rather suspended during the period of Chinese New Year, which was the case so far in fact and will be the case going forward. Meanwhile, this gives negative impacts to sales of China in Q1 with the Company, while driving sales of China in Q2 over Q1 as the suspension of production activities like this does not take place in Q2. In fact, this was the case in FY03/2018 as well as in FY03/2019.

In FY03/2020, automobile production volume in China came in at 6.3m units in Q1 and 5.8m units in Q2. Meanwhile, given the fact that business performance of the Company's subsidiaries in China is reflected in the Company's income statement with a three-month delay, automobile production volume has been effectively fixed to date, while this is true of sales associated with Automobiles. On top of those of Automobiles by application, this is also true of sales associated Electronic Parts & Semiconductors, Home Appliances & Precision Machinery and Other. Now, after all those factors, the Company is going for increased sales of China in Q2 over Q1 as in the past years.

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Sales	10,342	20,937	31,165	40,935	8,511	-	-	-	-	(1,830)
CoGS	7,390	15,036	22,264	29,463	6,363	-	-	-	-	(1,027)
Gross Profit	2,951	5,900	8,900	11,472	2,148	-	-	-	-	(803)
SG&A Expenses	2,236	4,526	6,719	8,893	2,177	-	-	-	-	(59)
Operating Profit	714	1,374	2,181	2,578	(29)	-	-	-	-	(744)
Non Operating Balance	(32)	(34)	(22)	(31)	(60)	-	-	-	-	(28)
Recurring Profit	682	1,340	2,158	2,547	(90)	-	-	-	-	(772)
Extraordinary Balance	(6)	(7)	(11)	(897)	(5)	-	-	-	-	+1
Profit before Income Taxes	676	1,332	2,147	1,650	(95)	-	-	-	-	(771)
Total Income Taxes	164	325	560	686	30	-	-	-	-	(133)
NP Belonging to Non-Controlling SHs	1	1	2	3	0	-	-	-	-	-
Profit Attributable to Owners of Parent	511	1,005	1,583	960	(126)	-	-	-	-	(637)
Sales YoY	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	-	-	-	-	-
Operating Profit YoY	+2.0%	(2.2%)	(2.0%)	(9.3%)	-	-	-	-	-	-
Recurring Profit YoY	(4.0%)	(4.2%)	(1.1%)	(6.8%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	+20.9%	+9.1%	+15.9%	(46.3%)	-	-	-	-	-	-
Gross Profit Margin	28.5%	28.2%	28.6%	28.0%	25.2%	-	-	-	-	(3.3%)
Sales to SG&A Expenses Ratio	21.6%	21.6%	21.6%	21.7%	25.6%	-	-	-	-	+4.0%
Operating Profit Margin	6.9%	6.6%	7.0%	6.3%	(0.3%)	-	-	-	-	(7.3%)
Recurring Profit Margin	6.6%	6.4%	6.9%	6.2%	(1.1%)	-	-	-	-	(7.7%)
Profit Attributable to Owners of Parent Margin	4.9%	4.8%	5.1%	2.3%	(1.5%)	-	-	-	-	(6.4%)
Total Income Taxes / Profit before Income Taxes	24.3%	24.5%	26.1%	41.6%	-	-	-	-	-	-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Sales	10,342	10,594	10,228	9,770	8,511	-	-	-	-	(1,830)
CoGS	7,390	7,646	7,227	7,199	6,363	-	-	-	-	(1,027)
Gross Profit	2,951	2,948	3,000	2,571	2,148	-	-	-	-	(803)
SG&A Expenses	2,236	2,289	2,193	2,174	2,177	-	-	-	-	(59)
Operating Profit	714	659	807	397	(29)	-	-	-	-	(744)
Non Operating Balance	(32)	(2)	11	(8)	(60)	-	-	-	-	(28)
Recurring Profit	682	657	818	388	(90)	-	-	-	-	(772)
Extraordinary Balance	(6)	(1)	(3)	(885)	(5)	-	-	-	-	+1
Profit before Income Taxes	676	655	814	(497)	(95)	-	-	-	-	(771)
Total Income Taxes	164	161	234	125	30	-	-	-	-	(133)
NP Belonging to Non-Controlling SHs	1	-	1	-	-	-	-	-	-	-
Profit Attributable to Owners of Parent	511	494	578	(623)	(126)	-	-	-	-	(637)
Sales YoY	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	-	-	-	-	-
Operating Profit YoY	+2.0%	(6.3%)	(1.6%)	(35.8%)	-	-	-	-	-	-
Recurring Profit YoY	(4.0%)	(4.4%)	+4.4%	(29.2%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	+20.9%	(0.9%)	+29.9%	-	-	-	-	-	-	-
Gross Profit Margin	28.5%	27.8%	29.3%	26.3%	25.2%	-	-	-	-	(3.3%)
Sales to SG&A Expenses Ratio	21.6%	21.6%	21.4%	22.3%	25.6%	-	-	-	-	+4.0%
Operating Profit Margin	6.9%	6.2%	7.9%	4.1%	(0.3%)	-	-	-	-	(7.3%)
Recurring Profit Margin	6.6%	6.2%	8.0%	4.0%	(1.1%)	-	-	-	-	(7.7%)
Profit Attributable to Owners of Parent Margin	4.9%	4.7%	5.7%	(6.4%)	(1.5%)	-	-	-	-	(6.4%)
Total Income Taxes / Profit before Income Taxes	24.3%	24.7%	28.8%	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Sales by Region (Cumulative, Quarterly)

Sales by Region (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020		
Japan	4,270	8,399	12,632	16,775	3,715	-	-	-	(555)	
China	4,983	10,400	15,363	19,897	3,879	-	-	-	(1,104)	
Southeast Asia	413	839	1,259	1,668	352	-	-	-	(61)	
Europe / Americas / Other	674	1,295	1,905	2,588	563	-	-	-	(111)	
Sales	10,342	20,937	31,165	40,935	8,511	-	-	-	(1,830)	
Japan	+0.9%	(0.3%)	(1.0%)	(2.2%)	(13.0%)	-	-	-	-	
China	+7.8%	+8.7%	+3.8%	(1.0%)	(22.1%)	-	-	-	-	
Southeast Asia	+0.7%	+1.6%	+2.5%	+1.0%	(14.7%)	-	-	-	-	
Europe / Americas / Other	+44.9%	+33.0%	+22.3%	+22.5%	(16.4%)	-	-	-	-	
Sales (YoY)	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	-	-	-	-	
Japan	41.3%	40.1%	40.5%	41.0%	43.6%	-	-	-	-	
China	48.2%	49.7%	49.3%	48.6%	45.6%	-	-	-	-	
Southeast Asia	4.0%	4.0%	4.0%	4.1%	4.1%	-	-	-	-	
Europe / Americas / Other	6.5%	6.2%	6.1%	6.3%	6.6%	-	-	-	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-	

Sales by Region (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	
Japan	4,270	4,129	4,233	4,143	3,715	-	-	-	(555)
China	4,983	5,417	4,963	4,534	3,879	-	-	-	(1,104)
Southeast Asia	413	426	420	409	352	-	-	-	(61)
Europe / Americas / Other	674	621	610	683	563	-	-	-	(111)
Sales	10,342	10,594	10,228	9,770	8,511	-	-	-	(1,830)
Japan	+0.9%	(1.5%)	(2.5%)	(5.6%)	(13.0%)	-	-	-	-
China	+7.8%	+9.5%	(5.0%)	(14.5%)	(22.1%)	-	-	-	-
Southeast Asia	+0.7%	+2.4%	+4.5%	(3.5%)	(14.7%)	-	-	-	-
Europe / Americas / Other	+44.9%	+22.0%	+4.5%	+23.3%	(16.4%)	-	-	-	-
Sales (YoY)	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	-	-	-	-
Japan	41.3%	39.0%	41.4%	42.4%	43.6%	-	-	-	-
China	48.2%	51.1%	48.5%	46.4%	45.6%	-	-	-	-
Southeast Asia	4.0%	4.0%	4.1%	4.2%	4.1%	-	-	-	-
Europe / Americas / Other	6.5%	5.9%	6.0%	7.0%	6.6%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Source: Company Data, WRJ Calculation

Sales by Application (Cumulative, Quarterly)

Sales by Application	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Automobiles	4,610	9,120	13,610	17,877	3,755	-	-	-	(855)
Electronic Parts & Semiconductors	1,970	3,980	5,880	7,558	1,290	-	-	-	(680)
Home Appliances & Precision Machinery	1,220	2,460	3,660	4,837	1,217	-	-	-	(3)
Other	2,520	5,330	7,940	10,662	2,248	-	-	-	(272)
Sales	10,342	20,937	31,165	40,935	8,511	-	-	-	(1,830)
Automobiles	+1.3%	+0.9%	(0.9%)	(2.8%)	(18.6%)	-	-	-	-
Electronic Parts & Semiconductors	+7.1%	+3.6%	(0.3%)	(4.3%)	(34.8%)	-	-	-	-
Home Appliances & Precision Machinery	+6.1%	+4.2%	+3.1%	+1.0%	(0.6%)	-	-	-	-
Other	+15.1%	+17.1%	+11.4%	+7.2%	(11.0%)	-	-	-	-
Sales (YoY)	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	-	-	-	-
Automobiles	44.6%	43.6%	43.7%	43.7%	44.1%	-	-	-	-
Electronic Parts & Semiconductors	19.0%	19.0%	18.9%	18.5%	15.2%	-	-	-	-
Home Appliances & Precision Machinery	11.8%	11.7%	11.7%	11.8%	14.3%	-	-	-	-
Other	24.4%	25.5%	25.5%	26.0%	26.4%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Sales by Application	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Automobiles	4,610	4,510	4,490	4,240	3,755	-	-	-	(855)
Electronic Parts & Semiconductors	1,970	2,010	1,900	1,650	1,290	-	-	-	(680)
Home Appliances & Precision Machinery	1,220	1,240	1,200	1,160	1,217	-	-	-	(3)
Other	2,520	2,810	2,610	2,700	2,248	-	-	-	(272)
Sales	10,342	10,594	10,228	9,770	8,511	-	-	-	(1,830)
Automobiles	+1.3%	+0.4%	(4.5%)	(8.4%)	(18.6%)	-	-	-	-
Electronic Parts & Semiconductors	+7.1%	+0.5%	(7.8%)	(16.7%)	(34.8%)	-	-	-	-
Home Appliances & Precision Machinery	+6.1%	+2.5%	+0.8%	(5.7%)	(0.6%)	-	-	-	-
Other	+15.1%	+19.1%	+1.2%	(3.9%)	(11.0%)	-	-	-	-
Sales (YoY)	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	-	-	-	-
Automobiles	44.6%	42.6%	43.9%	43.4%	44.1%	-	-	-	-
Electronic Parts & Semiconductors	19.0%	19.0%	18.6%	16.9%	15.2%	-	-	-	-
Home Appliances & Precision Machinery	11.8%	11.7%	11.7%	11.9%	14.3%	-	-	-	-
Other	24.4%	26.5%	25.5%	27.6%	26.4%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Cash and Deposit	3,735	2,456	3,618	3,579	2,704	-	-	-		(1,030)
Accounts Receivables	11,816	11,654	11,065	10,988	10,104	-	-	-		(1,712)
Inventory	4,489	4,649	4,938	4,663	4,892	-	-	-		+403
Other	561	685	435	327	268	-	-	-		(293)
Current Assets	20,602	19,445	20,057	19,559	17,969	-	-	-		(2,632)
Tangible Assets	10,112	10,228	10,884	9,972	10,105	-	-	-		(7)
Intangible Assets	1,145	1,136	1,084	1,001	955	-	-	-		(189)
Investments and Other Assets	717	713	604	621	763	-	-	-		+45
Fixed Assets	11,975	12,079	12,572	11,595	11,824	-	-	-		(150)
Total Assets	32,577	31,524	32,630	31,155	29,793	-	-	-		(2,783)
Accounts Payables, etc.	4,968	4,937	4,352	4,148	3,692	-	-	-		(1,276)
Short Term Debt	4,135	3,240	4,266	4,326	3,844	-	-	-		(290)
Other	3,338	3,013	3,312	3,056	2,734	-	-	-		(603)
Current Liabilities	12,441	11,192	11,932	11,531	10,271	-	-	-		(2,170)
Long Term Debt	2,376	2,273	2,465	2,341	2,187	-	-	-		(189)
Other	1,581	1,556	1,597	1,547	1,588	-	-	-		+7
Fixed Liabilities	3,957	3,829	4,062	3,889	3,775	-	-	-		(181)
Total Liabilities	16,398	15,022	15,994	15,420	14,046	-	-	-		(2,352)
Shareholders' Equity	15,388	15,887	16,124	15,500	15,232	-	-	-		(155)
Other	789	615	510	234	514	-	-	-		(275)
Net Assets	16,178	16,502	16,635	15,734	15,747	-	-	-		(431)
Total Liabilities and Net Assets	32,577	31,524	32,630	31,155	29,793	-	-	-		(2,783)
Equity Capital	16,147	16,471	16,595	15,686	15,692	-	-	-		(455)
Interest Bearing Debt	6,511	5,514	6,731	6,668	6,031	-	-	-		(479)
Net Debt	2,775	3,057	3,113	3,088	3,327	-	-	-		+551
Equity Ratio	49.6%	52.2%	50.9%	50.4%	52.7%	-	-	-		+3.1%
Net Debt Equity Ratio	17.2%	18.6%	18.8%	19.7%	21.2%	-	-	-		+4.0%
ROE (12 months)	12.4%	12.0%	12.5%	6.0%	2.0%	-	-	-		(10.4%)
ROA (12 months)	8.8%	8.6%	8.5%	8.0%	5.7%	-	-	-		(3.1%)
Days for Inventory Turnover	55	55	62	59	70	-	-	-		-
Quick Ratio	125%	126%	123%	126%	125%	-	-	-		-
Current Ratio	166%	174%	168%	170%	175%	-	-	-		-

Source: Company Data, WRJ Calculation

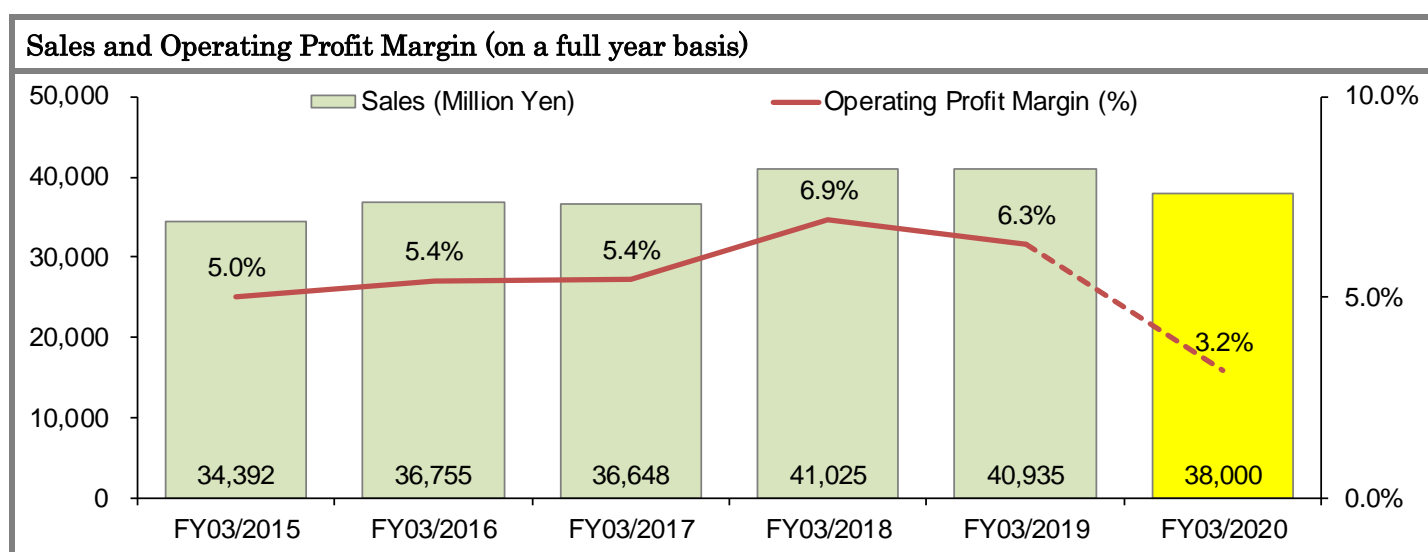
Cash Flow Statement (Cumulative)

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Operating Cash Flow	-	949	-	3,185	-	-	-	-		-
Investing Cash Flow	-	(1,373)	-	(3,253)	-	-	-	-		-
Operating CF and Investing CF	-	(423)	-	(68)	-	-	-	-		-
Financing Cash Flow	-	(761)	-	74	-	-	-	-		-

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 Company forecasts released on 8 August 2019 are going for prospective sales of ¥38,000m (down 7.2% YoY), operating profit of ¥1,200m (down 53.5%), recurring profit of ¥1,100m (down 56.8%) and profit attributable to owners of parent of ¥700m (down 27.1%), while operating profit margin of 3.2% (down 3.1% points). With respect to rather limited decreases of profit attributable to owners of parent, the Company suggests a factor that impairment loss of ¥848m associated with factory of Vietnam, booked as extraordinary loss in FY03/2019, is not to reappear. Meanwhile, Company forecasts have been downgraded. Compared with initial Company forecasts released on 15 May 2019, prospective sales have been downgraded by ¥2,000m (5.0%), operating profit by ¥800m (40.0%), recurring profit by ¥800m (42.1%) and profit attributable to owners of parent by ¥700m (50.0%).

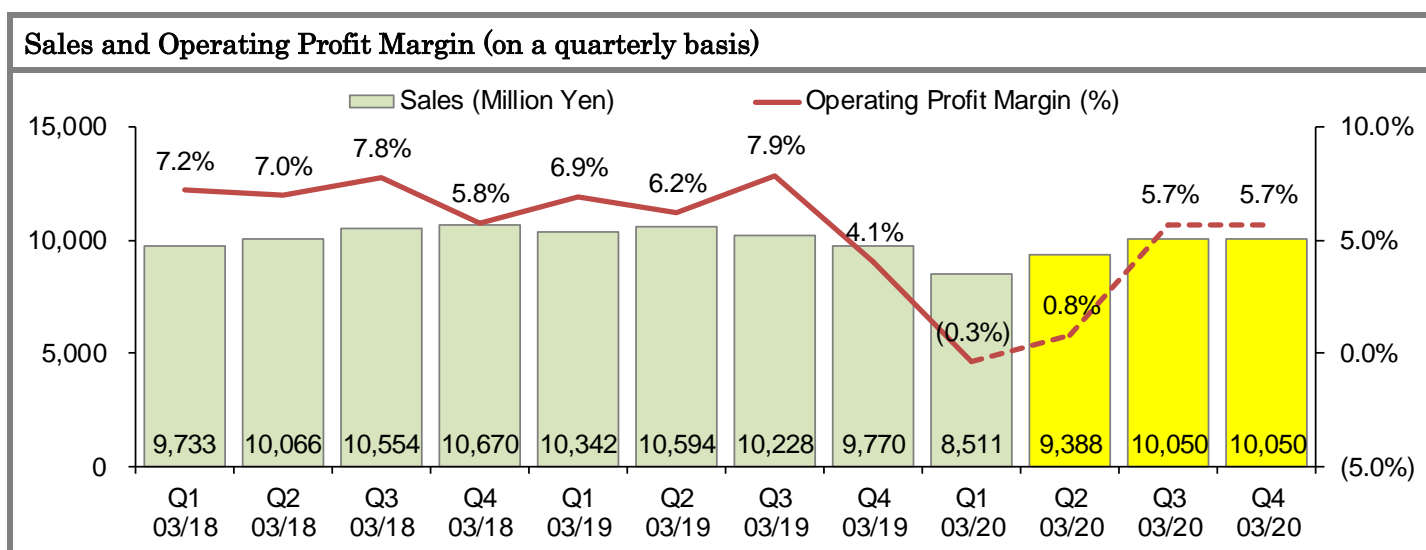


Source: Company Data, WRJ Calculation

At the same time, Company forecasts have been downgraded also for prospective annual dividend, given prospective profit attributable to owners of parent or funds for dividend halved with downgrade this time. Compared with initial Company forecasts going for ¥16.80 per share (implying payout ratio of 26.1%: ¥8.40 as of the end of Q2 and ¥8.40 as of the end of Q4), current Company forecasts are going for ¥8.40 per share (implying payout ratio of 26.1%: nil as of the end of Q2 and ¥8.40 as of the end of Q4). The Company has a guideline for dividend where it is going for stability and consistency as well as for payout ratio of more than 20% with respect paid to linkage with short-term earnings, while trying to maintain underlying trends of increased dividend or increased dividend in stages. As far as payout ratio is concerned, the Company will keep the guideline, but is forced to cut back on dividend given the fall of earnings. With respect to forex rate, Company forecasts have remained unchanged at ¥15.80 per yuan, implying yen's appreciation by 5.3% (¥0.89), compared with ¥16.69 per yuan in the previous year.

Initial Company forecasts assumed ¥16,300m (down 2.5%) for prospective sales of Japan, ¥19,100m (down 3.6%) for sales of China and ¥4,400m (up 4.7%) for collective sales of Southeast Asia and Europe / Americas / Other. As far as simply based on above-mentioned assumptions of forex rate, sales of China should have been expected to increase by 1.4% over the previous year on a local currency basis. With respect to prospective sales of China in those days, Company forecasts did not assume negative impacts stemming from China-United States Trade War due to unclear prospects of the issue as far as trading in H2 was concerned. Still, when the Company released Q1 results, it was revealed that market condition will remain difficult in H2 and thus Company forecasts have been downgraded for prospective sales of China. Sales of Japan are also adjusting more than initially assumed and thus downgraded in the same way.

With respect to Japan, Company forecasts were initially going for marginal decreases of sales, while having assumed enhanced sales by means of specifying customers to focus on and/or potential customers to cultivate. Nevertheless, it appears that sales have not been enhanced as much as expected with this so far. With respect to China, Company forecasts initially assumed enhanced sales of high value-added strategic products by means of developing new products and/or new methods as well as pursuing sales associated with Electronic Parts & Semiconductors, Home Appliances & Precision Machinery and Other on top of those of Automobiles presumably accounting for more than half of sales. Still, negative impacts large than expected stemming from China-United States Trade War appear more than offsetting. Meanwhile, with respect to Southeast Asia and Europe / Americas / Other, sales have been also rather worse than expected. Sales came down sharply both in Southeast Asia and Europe / Americas / Other, as mentioned earlier.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2020: H2 Company forecasts, pro rata)

With respect to downgrade of Company forecasts for Q1 to Q2, prospective sales have been downgraded by ¥500m (2.7%) and operating profit by ¥580m (92.1%), while sales by ¥1,500m (6.9%) and operating profit by ¥220m (16.1%) in H2. In other words, Company forecasts are currently going for prospective sales of ¥17,900m (down 14.5% YoY) and operating profit of ¥50m (down 96.4%) and operating profit margin of 0.3% (down 6.3% points) in Q1 to Q2, while sales of ¥20,100m (up 0.5%), operating profit of ¥1,150m (down 4.5%) and operating profit margin of 5.7% (down 0.3% points) in H2.

In Q2 over Q1, sales are likely to increase and thus operating profit margin as currently expected with Company forecasts, given that business performance of the Company's subsidiaries based in China have been effectively fixed to date. Meanwhile, prospective sales in H2 have been downgraded a lot as negative impacts stemming from China-United States Trade War have been assumed to date. More importantly, however, prospective sales on a quarterly basis, when prospective sales in H2 just equally divided, are no less than ¥10,050m and operating profit margin is expected to surge in time series on a quarterly basis. The Company started to suffer from China-United States Trade War in Q3 FY03/2019, while the Company saw sales of ¥10,594m in Q2 FY03/2019 or directly preceding quarter. That is to say, Company forecasts are currently going for sales in H2 equating to 94.9% (10,050, divided by 10,594), when compared with this level and/or for prospective sales in H2 over Q1 to Q2 to rise by 12.3% to ¥20,100m from ¥17,900m. Thus, Company forecasts suggest that the Company is seeing bedrock sales and earnings at the moment.

FY03/2020 Company Forecasts

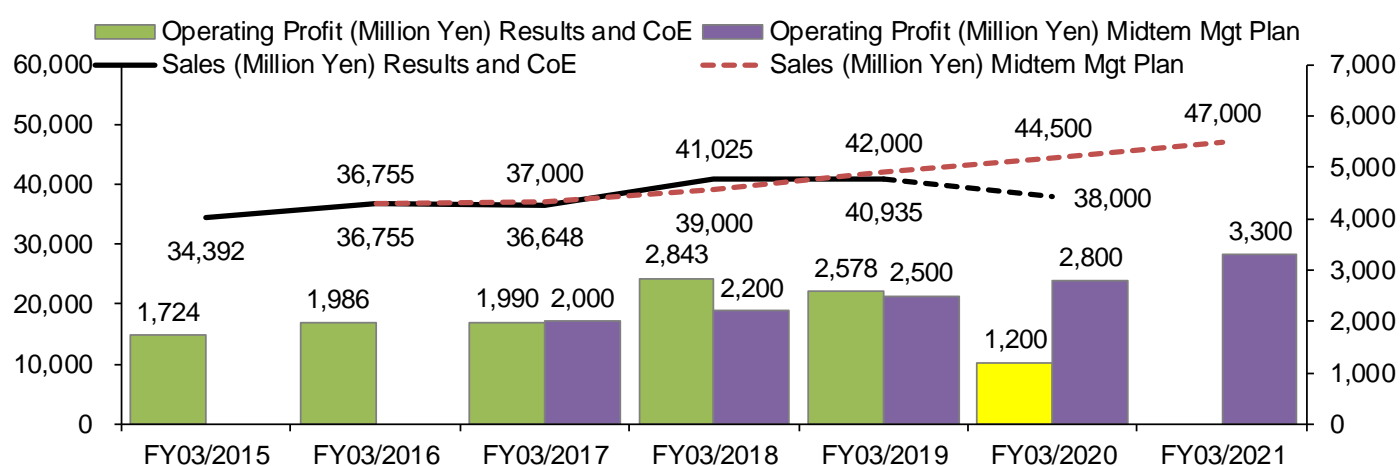
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2019CoE	13-May-19	Q4 Results	40,000	2,000	1,900	1,400
FY03/2019CoE	8-Aug-19	Q1 Results	38,000	1,200	1,100	700
		Amount of Gap	(2,000)	(800)	(800)	(700)
		Rate of Gap	(5.0%)	(40.0%)	(42.1%)	(50.0%)
FY03/2019CoE	13-May-19	Q4 Results	40,000	2,000	1,900	1,400
FY03/2019CoE	8-Aug-19	Q1 Results	38,000	1,200	1,100	700
		Amount of Gap	(2,000)	(800)	(800)	(700)
		Rate of Gap	(5.0%)	(40.0%)	(42.1%)	(50.0%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2019CoE	13-May-19	Q4 Results	18,400	630	560	400
Q1 to Q2 FY03/2019CoE	8-Aug-19	Q1 Results	17,900	50	(10)	(70)
		Amount of Gap	(500)	(580)	(570)	(470)
		Rate of Gap	(2.7%)	(92.1%)	-	-
Q1 to Q2 FY03/2019CoE	13-May-19	Q4 Results	18,400	630	560	400
Q1 to Q2 FY03/2019CoE	8-Aug-19	Q1 Results	17,900	50	(10)	(70)
		Amount of Gap	(500)	(580)	(570)	(470)
		Rate of Gap	(2.7%)	(92.1%)	-	-
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2019CoE	13-May-19	Q4 Results	21,600	1,370	1,340	1,000
Q3 to Q4 FY03/2019CoE	8-Aug-19	Q1 Results	20,100	1,150	1,110	770
		Amount of Gap	(1,500)	(220)	(230)	(230)
		Rate of Gap	(6.9%)	(16.1%)	(17.2%)	(23.0%)
Q3 to Q4 FY03/2019CoE	13-May-19	Q4 Results	21,600	1,370	1,340	1,000
Q3 to Q4 FY03/2019CoE	8-Aug-19	Q1 Results	20,100	1,150	1,110	770
		Amount of Gap	(1,500)	(220)	(230)	(230)
		Rate of Gap	(6.9%)	(16.1%)	(17.2%)	(23.0%)

Source: Company Data, WRJ Calculation

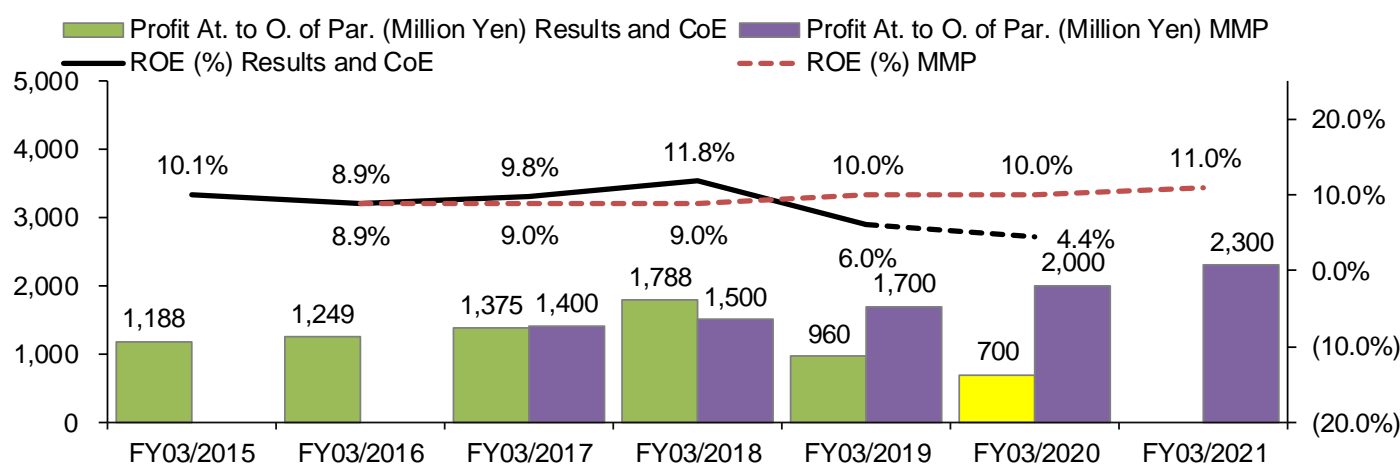
Long-Term Prospects

On 11 March 2016, the Company released its midterm management plan Value Creation 2020 (FY03/2017 to FY03/2021). As prospective business performance target, the Company is calling for sales of more than ¥47,000m to be achieved in the last year of FY03/2021 as well as operating profit of more than ¥3,300m and profit attributable to owners of parent of more than ¥2,300m. Meanwhile, the plan assumes forex rate of ¥18.60 per yuan. When based on FY03/2016 results, sales are to see CAGR of more than 5.0% and operating profit more than 10.7% toward FY03/2021. On top of this, the plan is calling for prospective ROE of 11.0% to be achieved in FY03/2021. On top of this, the Company, having already released the results of FY03/2019 or the third year of this midterm management plan Value Creation 2020, suggests that it is currently in the process of formulating new midterm management plan that could be called Beyond 2020.

Midterm Management Plan: Value Creation 2020 (sales and operating profit)



Midterm Management Plan: Value Creation 2020 (profit attributable to owners of parent and ROE)



Source: Company Data, WRJ Calculation

Meanwhile, FY03/2020 Company forecasts are going for prospective sales of ¥38,000m (down 7.2%) and operating profit of ¥1,200m (down 53.5%) versus sales of ¥44,500m and operating profit of ¥2,800m with assumptions of midterm management plan Value Creation 2020. Thus, as far as FY03/2020 Company forecasts are to be met, the Company's business performance in FY03/2020 is to see shortfall of ¥6,500m (14.6%) in sales and of ¥1,600m (57.1%) in operating profit, when compared with assumptions of the midterm management plan.

This is due mainly to negative impacts stemming from China-United States Trade War, but the Company also mentions yen's appreciation as another negative factor. The midterm management plan assumes ¥18.60 per yuan versus ¥15.80 with FY03/2020 Company forecasts. Meanwhile, the gap between the two directly gives impacts to the accounting process of converting yuan-denominated sales and earnings of subsidiaries based in China into yen-denominated equivalents.

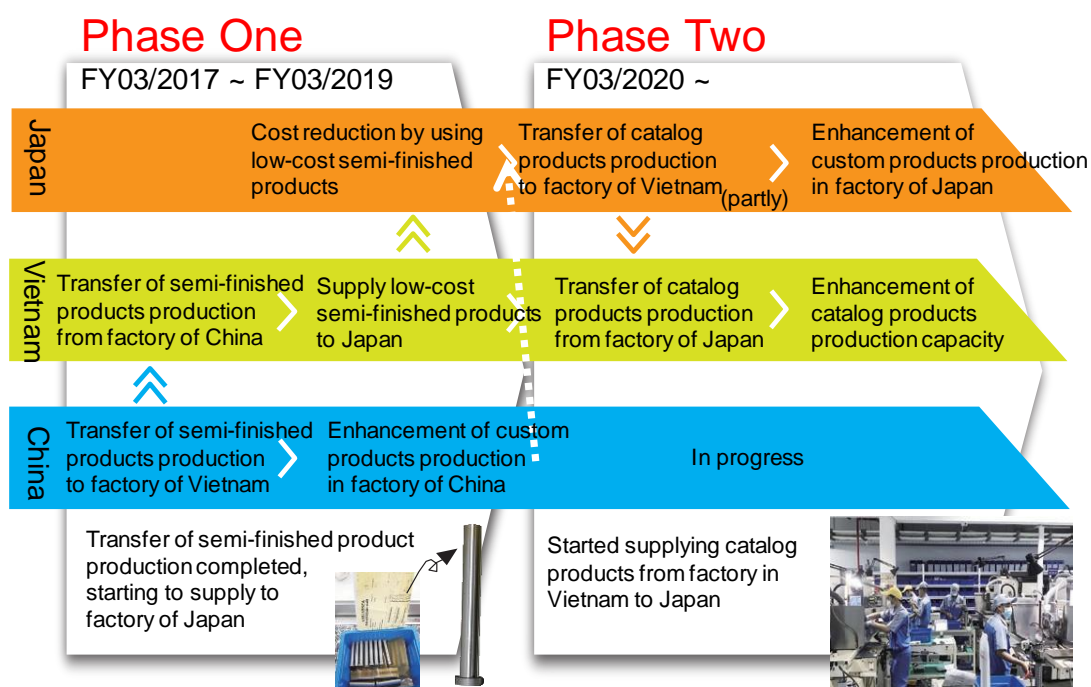
Midterm management plan Value Creation 2020 is going for four priority management strategies comprising Establishment of 5-pole Sales Structure, Improvement of Services for Customers, Promotion of High Profitability Operations Combined with Reinforcement of R&D and Work Style Reform.

After entering China where sales have become even larger than Japan to date, the Company entered Southeast Asia, which was followed by entrance into Europe and then Americas. Thus, Japan, China, Southeast Asia, Europe and Americas are the 5 poles of Establishment of 5-pole Sales Structure. In 2010, the Company entered India, while having entered Southeast Asia on a full-fledged basis since around 2012. Triggered by changeover to wholly owned subsidiary from business partnership for Panther Precision Tools based in Malaysia implemented in August 2013, the Company has entered Europe on a full-fledged basis. With this changeover, the Company succeeded distribution network held by Panther, which was of local distributors based in Germany. As far as we could gather, this distribution network has been doing so well. Most recently, however, the Company suggests sales of Europe corrected in Q1 FY03/2020. Meanwhile, in April 2017, the Company set up bridgehead near Chicago, Illinois in order to enter Americas on a full-fledged basis. Now, the Company is trying to get at Punch of the World by means of promoting sales in Southeast Asia, Europe and Americas where it finds a great room to increase own market shares. At the moment, sales of Japan and sales of China collectively account for almost 90% of sales as a whole for the Company.

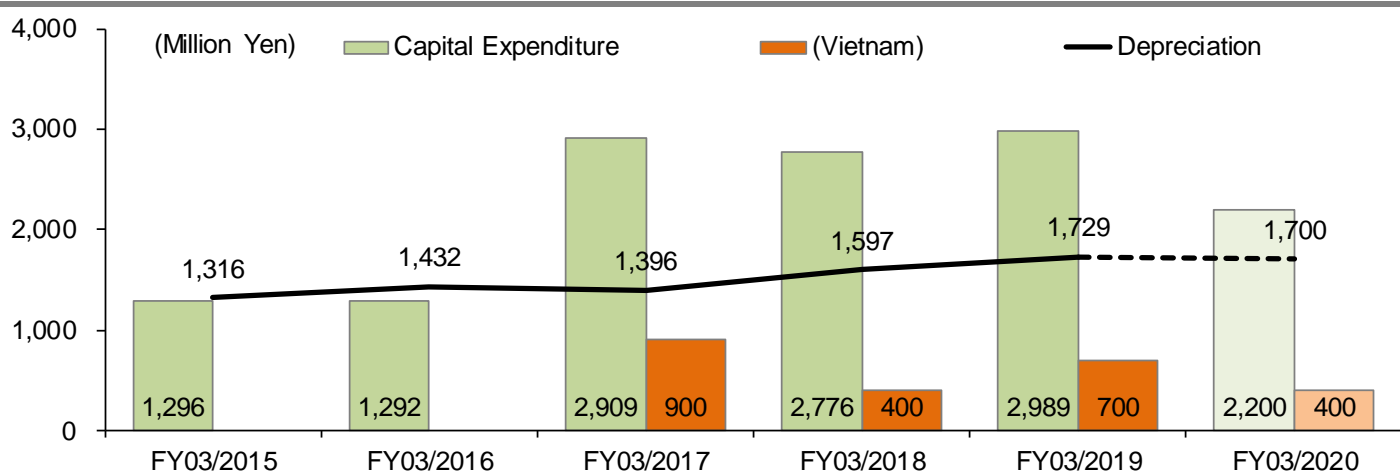
With respect to Promotion of High Profitability Operations Combined with Reinforcement of R&D, the Company advocates Optimization of the Manufacture on a Group basis. The Company started up investment in factory of Vietnam in FY03/2017, i.e., the first year of midterm management plan Value Creation 2020, which is expected to materialize Optimization of the Manufacture on a Group basis. During three-year period by FY03/2019 or Phase One, the Company was basically involved with startup of utilization of capacity with capital expenditure. Semi-finished products which used to be intensively manufactured in China are now increasingly manufactured in Vietnam in line with transfer of the manufacture, enabling to supply low-cost semi-finished products with factory of Japan. Meanwhile, in China where labor cost, etc. have risen, the Company is now involved with the manufacture of custom products carrying high added value more than before. Nevertheless, it takes longer to set up capacity than initially expected, while market sentiment got worsened, having resulted in impairment loss of ¥848m associated with factory of Vietnam in FY03/2019.

Meanwhile, in the period of Phase Two to start with FY03/2020, the Company has started up transfer of the manufacture of standard products sold on catalog to factory of Vietnam from Japan. In line with progress with this transfer, factory of Japan will be increasingly involved with the manufacture of custom products carrying high added value. That is to say, the manufacture of semi-finished products and of standard products, both carrying added value lower than custom products, will be increasingly carried out in factory of Vietnam where low-cost operations are available, while operations in Japan and China are increasingly exposed to the manufacture of custom products carrying added value higher, resulting in improved gross profit margin as a whole for the Company, going forward.

Attempts with Factory of Vietnam



Capital Expenditure and Depreciation



Source: Company Data

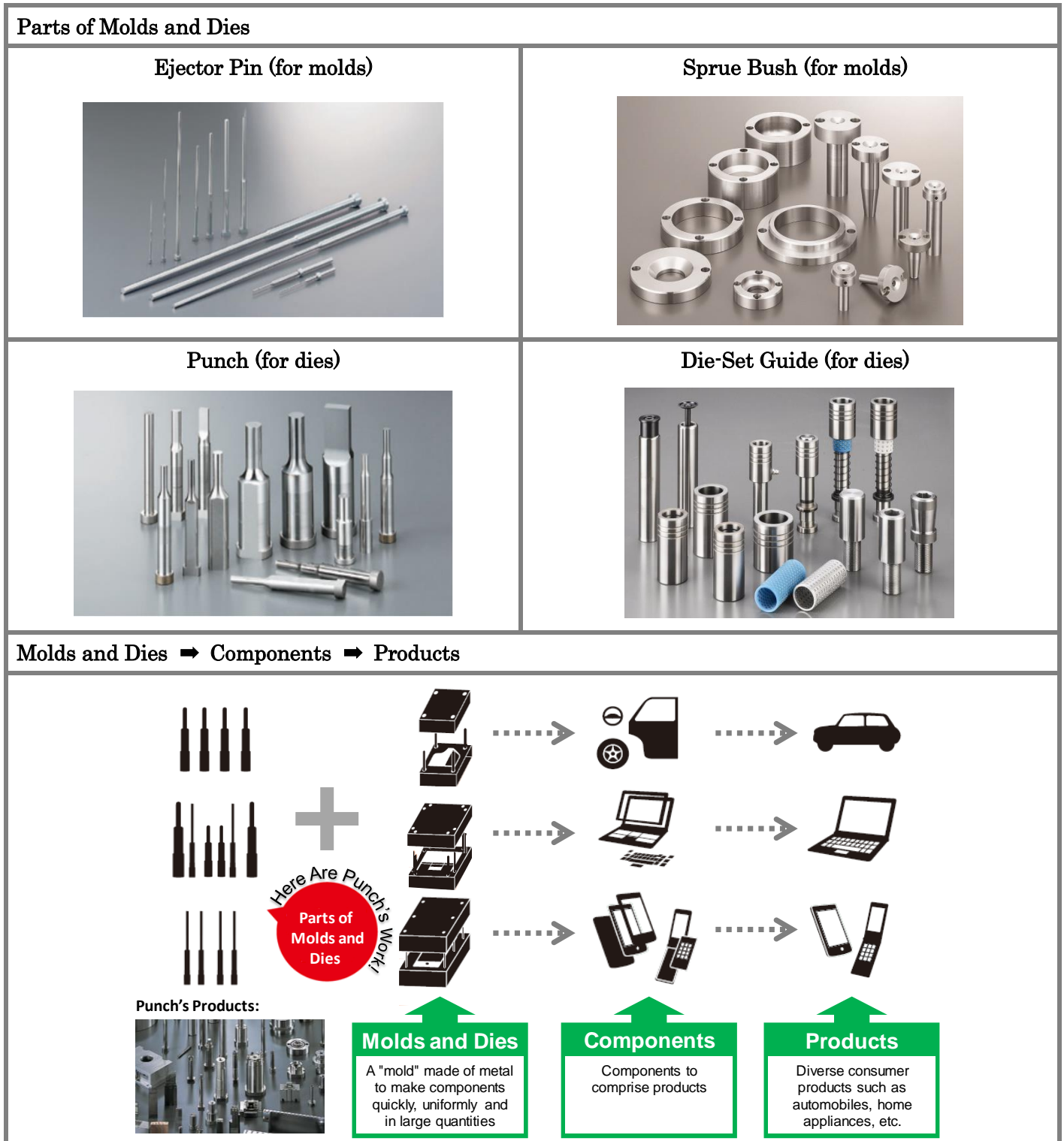
The Company suffered from rate lower than expected in regards to stability of workforce locally hired in Vietnam, while it has turned out be the case that it takes longer than initially assumed for local workforce to be trained to an expected level on the machining skills. However, the Company sees improved rate on stability of workforce most recently, while seeing machining skills amongst workforce gradually improving in line with their manufacturing activities day by day.

With respect to Improvement of Services for Customers, the Company refers to digital engineering services, offered by its business office in Nagoya where Japan's largest manufacturer of automobiles is based nearby, representing those of implementing 3D-data Creation based on Existent Parts of Molds and Dies with No Engineering Drawings. Those services enable the manufacture of parts for molds and dies incorporating exactly the same specifications as said existent ones. So far, the business has remained being in its infancy with expenses on frontloaded investment rather larger than sales, but the Company sees frequent inquiries from fairly diverse manufacturers. Meanwhile, it is taken for granted that all of the Company's directors and employees must fulfill their own tasks assigned each in order to materialize all those aforementioned priority management strategies and thus Work Style Reform is indispensable, according to the Company.

4.0 Business Model

Manufacturing / Selling Parts of Molds and Dies in Japan and Overseas

The Company runs operations of manufacturing / selling parts of molds and dies in Japan and overseas. Parts of molds and dies are high precision parts to configure molds and dies and thus are indispensable for them. Meanwhile, molds and dies are a “mold” made of metal to make components to configure diverse consumer products, automobiles, etc., manufactured uniformly in large quantities. Given all those final products being diverse, so are components as well as molds and dies, resulting in high variety also for parts of molds and dies at the end of the day.



Parts of Molds and Dies

The Company manufactures and sells parts of molds and dies. In our rough estimates, parts of molds account for 40% of sales as a whole for the Company and parts of dies for the remaining 60%, while parts of molds are superior to parts of dies in terms of added value and thus gross profit margin higher for the former and lower for the latter. Thus, the composition ratio is switched over in terms of gross profit, i.e., 60% for parts of molds and 40% for parts of dies.

Molds are adopted in the manufacture of diverse components made of plastic resin such as external body frames of smartphones and digital still cameras. Specifically, being implemented by injection molding machine, molds are used to cool down plastic resin heated and melted for molding plastic resin as designed. Here, the Company is involved with ejector pin to separate molded components from molds and get them protruded as well as with sprue bush to pour melted plastic resin into molds from injection nozzle of injection molding machine, etc.

Meanwhile, dies are adopted in the mass-production of components for automobiles, home appliances, precision machinery, etc. Specifically, being implemented by pressing machine, dies are in charge of pressing of metal steel sheets. Here, the Company is involved with punch used for punching metal steel sheets to be pressed and/or in transferring shapes as well as with die-set guide to hold motions of pressing machine going up and down, etc.

Sales of Standard Products on Catalog, the Manufacture and Sales of Custom Products

The Company is involved with sales of standard products on catalog as well as with the manufacture and sales of custom products at the same time. In our rough estimates, standard products sold on catalog account for 40% of sales as a whole for the Company and the manufacture and sales of custom products for the remaining 60%. Meanwhile, the manufacture and sales of custom products are far superior to sales of standard products on catalog in terms of added value and thus gross profit margin. While it is too hard to make any distinguished features in regards to standard products sold on catalog, there are good chances to do so in regards to custom products designed and manufactured in line with specifications of each mold or die for each customer. Amongst others, the Company strategically focuses on high value-added products where the Company's technology of differentiation is fully utilized, which are called high value-added strategic products.

The Company is heavily involved with the manufacture of custom products, including high value-added strategic products, while efficiently taking advantage of subcontractors for the manufacture of standard products on the other hand. In regards to the latter, the Company suggests that further efficiency will be pursued with enhanced use of aforementioned factory of Vietnam going forward. Meanwhile, all those subcontractors are of small-sized ones, while each has expertise in some specific processes of the manufacture. The Company holds extensive network of subcontractors in this respect of expertise, which is well taken advantage of. That is to say, some specific processes of the manufacture of custom products have been consigned to some specific subcontractors.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Sales	34,392	36,755	36,648	41,025	40,935	38,000	(2,935)
CoGS	25,030	26,577	26,457	29,367	29,463	-	-
Gross Profit	9,361	10,178	10,191	11,658	11,472	-	-
SG&A Expenses	7,637	8,191	8,201	8,814	8,893	-	-
Operating Profit	1,724	1,986	1,990	2,843	2,578	1,200	(1,378)
Non Operating Balance	(107)	(320)	(116)	(111)	(31)	(100)	(68)
Recurring Profit	1,617	1,666	1,874	2,731	2,547	1,100	(1,447)
Extraordinary Balance	(4)	(10)	(44)	(215)	(897)	-	-
Profit before Income Taxes	1,612	1,656	1,830	2,516	1,650	-	-
Total Income Taxes	428	411	459	725	686	-	-
NP Belonging to Non-Controlling SHs	(4)	(4)	(5)	1	3	-	-
Profit Attributable to Owners of Parent	1,188	1,249	1,375	1,788	960	700	(260)
Sales YoY	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(7.2%)	-
Operating Profit YoY	+48.4%	+15.2%	+0.2%	+42.8%	(9.3%)	(53.5%)	-
Recurring Profit YoY	+54.4%	+3.1%	+12.5%	+45.7%	(6.8%)	(56.8%)	-
Profit Attributable to Owners of Parent YoY	+64.9%	+5.1%	+10.1%	+30.0%	(46.3%)	(27.1%)	-
Gross Profit Margin	27.2%	27.7%	27.8%	28.4%	28.0%	-	-
Sales to SG&A Expenses Ratio	22.2%	22.3%	22.4%	21.5%	21.7%	-	-
Operating Profit Margin	5.0%	5.4%	5.4%	6.9%	6.3%	3.2%	(3.1%)
Recurring Profit Margin	4.7%	4.5%	5.1%	6.7%	6.2%	2.9%	(3.3%)
Profit Attributable to Owners of Parent Margin	3.5%	3.4%	3.8%	4.4%	2.3%	1.8%	(0.5%)
Total Income Taxes / Profit before Income Taxes	26.6%	24.8%	25.1%	28.8%	41.6%	-	-

Source: Company Data, WRJ Calculation

Sales by Region

Sales by Region (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Japan	15,211	15,637	15,903	17,153	16,775	-	-
China	16,208	17,806	17,428	20,100	19,897	-	-
Southeast Asia	-	-	-	1,652	1,668	-	-
Europe / Americas / Other	-	-	-	2,112	2,588	-	-
Sales	34,392	36,755	36,648	41,025	40,935	38,000	(2,935)
Japan	+5.7%	+2.8%	+1.7%	+7.9%	(2.2%)	-	-
China	+24.8%	+9.9%	(2.1%)	+15.3%	(1.0%)	-	-
Southeast Asia	-	-	-	-	+1.0%	-	-
Europe / Americas / Other	-	-	-	-	+22.5%	-	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(7.2%)	-
Japan	44.2%	42.5%	43.4%	41.8%	41.0%	-	-
China	47.1%	48.4%	47.6%	49.0%	48.6%	-	-
Southeast Asia	-	-	-	4.0%	4.1%	-	-
Europe / Americas / Other	-	-	-	5.1%	6.3%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Sales by Application

Sales by Application (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Automobiles	15,550	17,060	16,780	18,390	17,877	-	-
Electronic Parts & Semiconductors	6,540	6,550	7,000	7,890	7,558	-	-
Home Appliances & Precision Machinery	4,500	4,800	4,480	4,790	4,837	-	-
Other	7,800	8,300	8,400	9,940	10,662	-	-
Sales	34,392	36,755	36,648	41,025	40,935	38,000	(2,935)
Automobiles	+12.5%	+9.7%	(1.6%)	+9.6%	(2.8%)	-	-
Electronic Parts & Semiconductors	+14.9%	+0.2%	+6.9%	+12.7%	(4.3%)	-	-
Home Appliances & Precision Machinery	+13.6%	+6.7%	(6.7%)	+6.9%	+1.0%	-	-
Other	+30.7%	+6.4%	+1.2%	+18.3%	+7.2%	-	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(7.2%)	-
Automobiles	45.2%	46.4%	45.8%	44.8%	43.7%	-	-
Electronic Parts & Semiconductors	19.0%	17.8%	19.1%	19.2%	18.5%	-	-
Home Appliances & Precision Machinery	13.1%	13.1%	12.6%	11.7%	11.8%	-	-
Other	22.7%	22.6%	22.9%	24.2%	26.0%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
No. of Shares FY End (-000 Shares)	11,061	11,061	11,061	22,122	22,122	-	-
Net Profit / EPS (-000 Shares)	9,076	11,061	11,008	21,921	21,864	-	-
Treasury Shares FY End (-000 Shares)	-	-	100	200	380	-	-
Earnings Per Share	130.91	112.94	124.99	81.61	43.92	32.20	-
Earnings Per Share (Fully Diluted)	-	-	124.84	81.35	43.74	-	-
Book Value Per Share	1,283.75	1,264.64	1,292.50	736.64	721.49	-	-
Dividend Per Share	25.00	25.00	26.00	16.75	16.75	8.40	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Share Split Factor	2	2	2	1	1	-	-
Earnings Per Share	65.46	56.47	62.50	81.61	43.92	32.20	-
Book Value Per Share	641.88	632.32	646.25	736.64	721.49	-	-
Dividend Per Share	12.50	12.50	13.00	16.75	16.75	8.40	-
Payout Ratio	19.1%	22.1%	20.8%	20.5%	38.1%	26.1%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Cash and Deposit	3,302	3,235	3,280	3,770	3,579	-	-
Accounts Receivables	11,613	10,614	11,468	12,095	10,988	-	-
Inventory	3,992	3,721	3,787	4,425	4,663	-	-
Other	461	303	613	549	327	-	-
Current Assets	19,369	17,875	19,150	20,842	19,559	-	-
Tangible Assets	8,168	7,696	8,669	9,939	9,972	-	-
Intangible Assets	1,789	1,322	1,242	1,157	1,001	-	-
Investments and Other Assets	295	443	389	621	621	-	-
Fixed Assets	10,253	9,462	10,301	11,718	11,595	-	-
Total Assets	29,623	27,337	29,451	32,560	31,155	-	-
Accounts Payables, etc.	4,098	3,860	4,287	4,597	4,148	-	-
Short Term Debt	4,849	3,550	4,346	3,730	4,326	-	-
Other	3,364	3,040	3,090	4,322	3,056	-	-
Current Liabilities	12,312	10,451	11,724	12,649	11,531	-	-
Long Term Debt	2,306	1,794	2,460	2,151	2,341	-	-
Other	799	1,092	1,089	1,584	1,547	-	-
Fixed Liabilities	3,105	2,886	3,550	3,736	3,889	-	-
Total Liabilities	15,418	13,338	15,275	16,385	15,420	-	-
Shareholders' Equity	11,679	12,586	13,598	15,096	15,500	-	-
Other	2,525	1,413	578	1,077	234	-	-
Net Assets	14,205	13,999	14,176	16,174	15,734	-	-
Total Liabilities and Net Assets	29,623	27,337	29,451	32,560	31,155	-	-
Equity Capital	14,199	13,988	14,167	16,148	15,686	-	-
Interest Bearing Debt	7,155	5,344	6,807	5,882	6,668	-	-
Net Debt	3,853	2,108	3,526	2,111	3,088	-	-
Equity Ratio	47.9%	51.2%	48.1%	49.6%	50.4%	-	-
Net Debt Equity Ratio	27.1%	15.1%	24.9%	13.1%	19.7%	-	-
ROE (12 months)	10.1%	8.9%	9.8%	11.8%	6.0%	4.4%	-
ROA (12 months)	6.0%	5.9%	6.6%	8.8%	8.0%	-	-
Days for Inventory Turnover	58	51	52	55	58	-	-
Quick Ratio	121%	133%	126%	125%	126%	-	-
Current Ratio	157%	171%	163%	165%	170%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Operating Cash Flow	1,805	3,187	1,785	3,393	3,185	-	-
Investing Cash Flow	(1,180)	(1,159)	(2,770)	(2,335)	(3,253)	-	-
Operating CF and Investing CF	624	2,028	(985)	1,058	(68)	-	-
Financing Cash Flow	1,013	(1,901)	1,199	(738)	74	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Supporting the Manufacture on a Global basis

The Company was founded by Yuji Morikubo, having been appointed as honorary chairman since 24 June 2015. He set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo in March 1975 and started up the manufacture of pins to make holes for printed circuit boards, then having made a change for its corporate identity to PUNCH INDUSTRY CO., LTD. in August 1977 to start up the current business operations.

In August 1982, the Company succeeded in the mass-production of high-speed steel ejector pins earlier than any other peers on a global basis, having entered the market for parts of molds and dies. Prior to this, the Company used to basically run operations of stocking and selling for parts of molds and dies. This was followed by setup of manufacturing base in Dalian, China in October 1990. In early days, the operations here were nothing but of processing raw materials imported from Japan into semi-finished products to be finished back in Japan. However, given increased appliances, automobiles, etc., locally manufactured, the Company has started up locally selling parts of molds and dies manufactured locally since April 2002. In December 2012, the Company got listed on the 2nd section of Tokyo Stock Exchange, which was followed by the listing change to the 1st section of Tokyo Stock Exchange in March 2014.

In March 2016, the Company released 5-year projection, i.e., Value Creation 2020 (FY03/2017 to FY03/2021) to further ensure growth in the future, while quickly coping with changes of environment for management. As expected in the agenda of this midterm management plan, new factory of Vietnam, having had been under construction for future enhancement of the manufacture on a global basis, started up its utilization in October 2016. Then, the Company set up bridgehead in the United States, having started up sales promotions in April 2017 as the preparation for Establishment of 5-pole Sales Structure.

Meanwhile, the Company is currently led by Masaaki Takeda having been appointed as Representative Director / President / CEO in April 2013. The Company specializes in sales and the manufacture of parts of molds and dies whose real pictures are too hard to get appropriately recognized by public, while Takeda to dedicate himself to management of the Company is convinced with an idea that the Company supports the manufacture on a global basis as well as rich life of people across the world at the same time, given the fact that parts of molds and dies supplied by the Company are just indispensable in the manufacture of diverse consumer products, automobiles, etc. as discussed earlier. On top of this, Takeda is trying to offer increased benefits to increasingly extensive stakeholders by means of making progress with management strategies of Value Creation 2020 and realizing Punch of the World.

Company History

Date	Events
March 1975	Founded and started the manufacture of pins to make holes for printed circuit boards
August 1982	Entered the manufacture of parts of molds and dies (succeeded in mass-production of high-speed steel ejector pins)
November 1983	Set up Kitakami factory, while started nation-wide sales of parts of molds and dies in December of the same year
May 1989	Set up Miyako Punch Industry (currently, Miyako factory)
October 1990	Set up manufacturing base in Dalian, China
July 2001	Set up sales office in China, started selling parts of molds and dies in China in the following year of 2002
September 2010	Set up sales office in India
December 2012	Listed on the 2nd section of Tokyo Stock Exchange
August 2013	Consolidated Panther Precision Tools as subsidiary (currently, Punch Malaysia)
November 2013	Released midterm management plan Value Creation 15
March 2014	Listing change to the 1st section of Tokyo Stock Exchange
March 2015	40th anniversary
December 2015	Set up manufacturing base in Vietnam
March 2016	Released midterm management plan Value Creation 2020
October 2016	Started utilizing new factory of Vietnam on a full-fledged basis
April 2017	Started sales through own sales office in the United States

7.0 Our Reports on the Company in the Past

Fiscal Year	Results Update	Company Report
Q4 FY03/2020	-	-
Q3 FY03/2020	-	-
Q2 FY03/2020	-	-
Q1 FY03/2020	China-United States Trade War	-
Q4 FY03/2019	China-US Trade War to Persist in H1	Autos of China
Q3 FY03/2019	Nor the Furious Winter's Rages	Correction after Overshoot
Q2 FY03/2019	Limited Downgrade	Cruising Speed
Q1 FY03/2019	As Expected	“Five-pole Sales Structure”
Q4 FY03/2018	Midterm Plan Exceeded	“Punch of the World”
Q3 FY03/2018	New Business Domains Taking off	Still Great Room for Development
Q2 FY03/2018	Exceeding in China	Critical Point
Q1 FY03/2018	Punchy PUNCH	Strategic Products with High Added Value
Q4 FY03/2017	In Line with Midterm Management Plan	Increasing Sales and Vietnam
Q3 FY03/2017	-	-
Q2 FY03/2017	-	-
Q1 FY03/2017	-	-

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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