

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)
FY03/2020		35,348	835	712	(3,485)	(160.01)	2.00	536.64
FY03/2021		32,462	1,613	1,676	477	21.90	2.00	568.26
FY03/2022CoE		38,400	2,800	2,710	1,630	74.62	8.00	-
FY03/2021	YoY	(8.2%)	93.0%	135.1%	-	-	-	-
FY03/2022CoE	YoY	18.3%	73.6%	61.6%	241.2%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2021		15,412	313	372	(544)	-	-	-
Q3 to Q4 FY03/2021		17,049	1,300	1,303	1,021	-	-	-
Q1 to Q2 FY03/2022		19,523	1,768	1,736	1,258	-	-	-
Q3 to Q4 FY03/2022CoE		18,876	1,031	973	371	-	-	-
Q1 to Q2 FY03/2022	YoY	26.7%	464.7%	365.7%	-	-	-	-
Q3 to Q4 FY03/2022CoE	YoY	10.7%	(20.7%)	(25.3%)	(63.7%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (20 January 2022)


Growth Investment

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies in Japan and overseas, has revealed its policy of aggressively implementing capital investment for the sake of long-term growth. With respect to the latest developments by region, sales in China have exceeded the level at the time before the Corona crisis, while a similar trend can be seen in Electronic Components & Semiconductors by application. For earnings, the Company has renewed its record high levels since its listing. More importantly, it appears that the Company is to go for further growth during the period of upcoming next midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), leaving the launch pad of above-mentioned situations. In light of ongoing expansion of IoT-based society, the Company is planning to steadily capture new demand generated by this with aggressive capital investment in "promotion of new technological developments" that leverage the Company's strengths. Elsewhere, in addition to manufacturing and selling parts of molds & dies, the Company is planning to cultivate and expand its exposure to a servicing domain related to the existing operations. Further, the Company is planning to aggressively invest in promotion of DX (digital transformation) with an objective of raising own operational efficiency. At the moment, the Company is carefully examining the outline of the next midterm management plan, while the plan is scheduled to be announced towards the end of March 2022, including performance target, as long as no unforeseen circumstances take place.

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

2.0 Company Profile

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

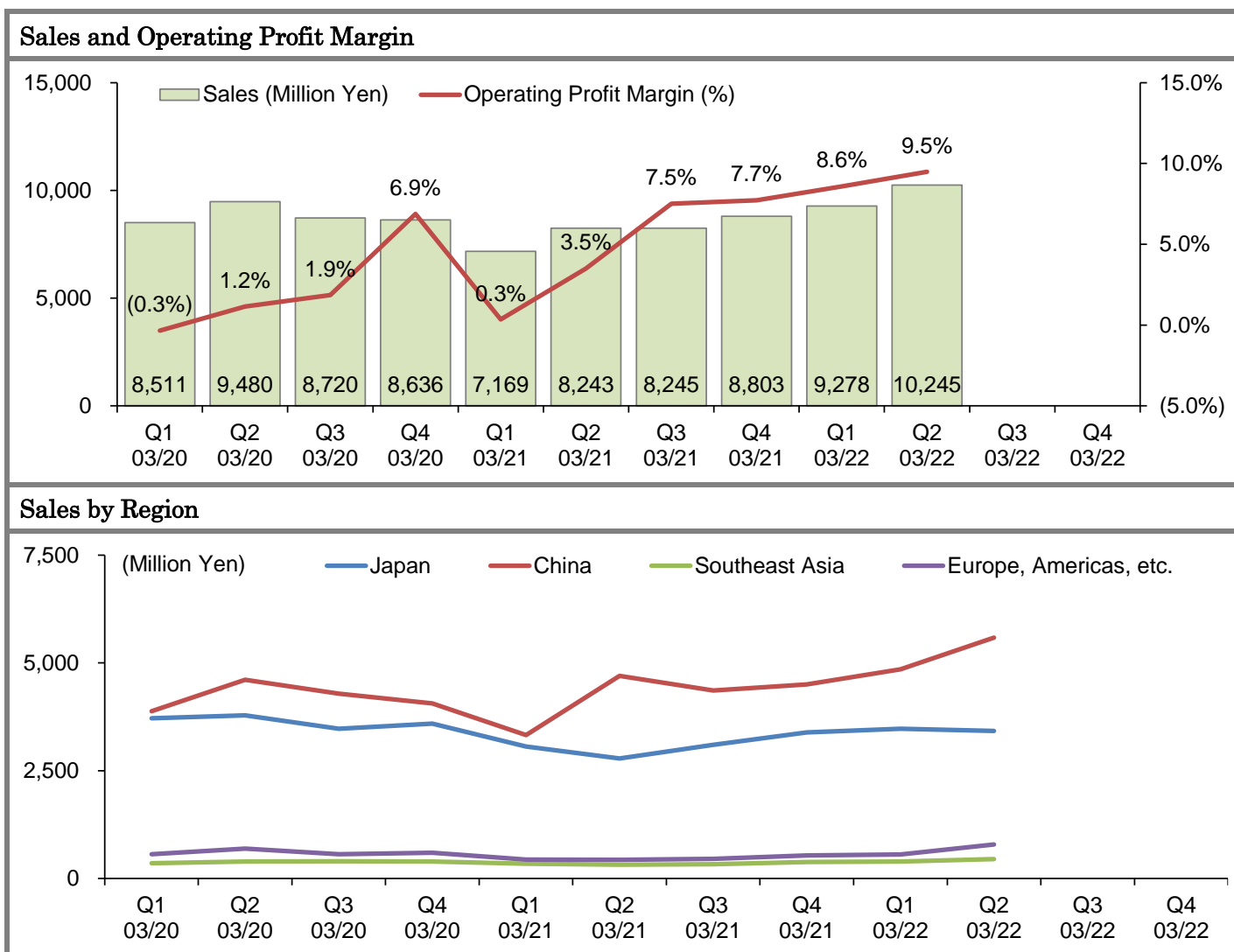
Company Name	PUNCH INDUSTRY CO., LTD. Company Website IR Information Share price (Japanese)	
Established	29 March 1975	
Listing	14 March 2014: Tokyo Stock Exchange 1st section (ticker: 6165) 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥2,897m (as of the end of September 2021)	
No. of Shares	22,122,400 shares, including 278,568 treasury shares (as of the end of Sep. 2021)	
Main Features	<ul style="list-style-type: none"> ● Customers of collective 15,000 or more, market share the second largest on a global basis (estimated by the Company) ● Ranked the second in Japan for market share and the first in China ● Supplying high-value added special order products to manufacturers of molds and dies, while selling catalog (standard) products at the same time 	
Segment	I . Parts of Molds & Dies Business	
Representative	Representative Director, President and CEO: Tetsuji Morikubo	
Shareholders	MT Kosan 17.42%, Caceis Bank Germany Customer Acc. 11.04%, Master Trust Bank of Japan, T. 9.32% (as of the end of September 2021, but for treasury shares)	
Head Office	Shinagawa-ku, Tokyo, JAPAN	
No. of Personnel	Japan: 954, Overseas: 3,052 (as of the end of March 2021)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2022

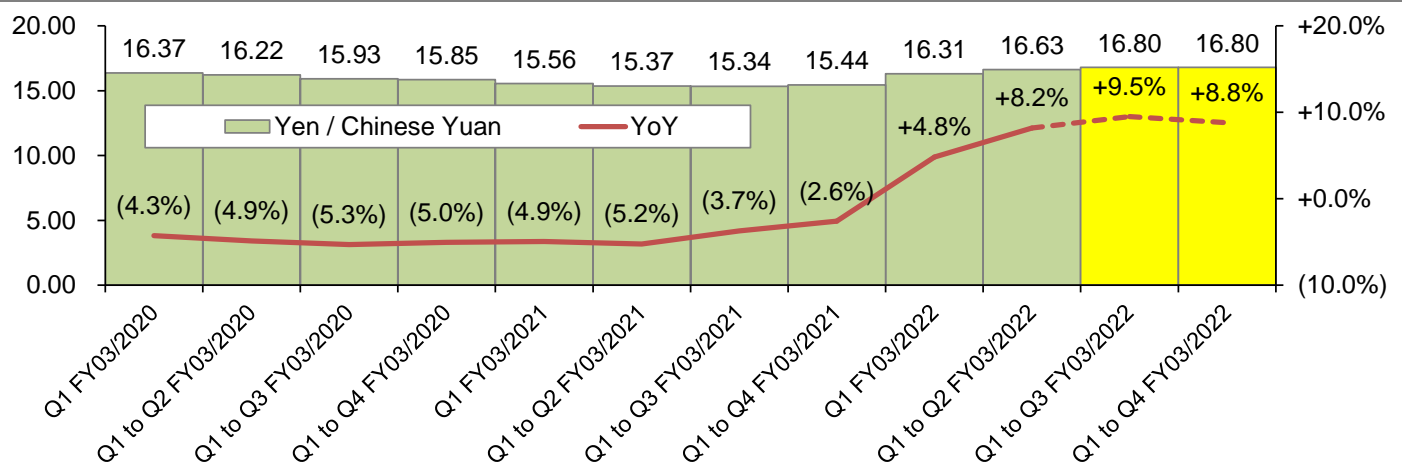
In Q1 to Q2 FY03/2022, sales came in at ¥19,523m (up 26.7% YoY), operating profit ¥1,768m (up 464.7%), recurring profit ¥1,736m (up 365.7%) and profit attributable to owners of parent ¥1,258m (versus minus ¥544m during the same period of the previous year), while operating profit margin 9.1% (up 7.0% points).



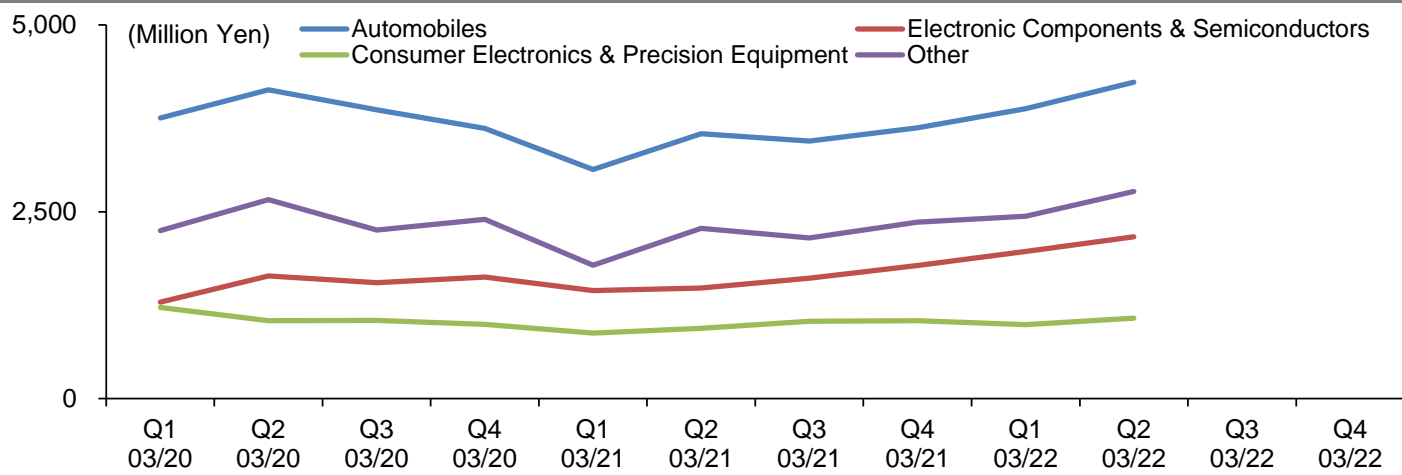
Source: Company Data, WRJ Calculation

Compared with the same period of the previous year, when sales across the regions slowed down due to the impacts stemming from COVID-19, sales picked up nicely across the regions, i.e., ¥6,897m (up 17.9%) in Japan, ¥10,441m (up 30.1%) in China, ¥841m (up 26.5%) in Southeast Asia and ¥1,342m (up 54.1%) in Europe, Americas, etc. For China, sales increased by 20.3% on a local currency basis. In Q1 to Q2, yen was depreciating against Chinese yuan, having additionally driven sales on a Japanese currency basis to a corresponding extent. Still, the Company saw a major increase also on a local currency basis for China, which is pointed out as the key contributor to increased sales for the Company as a whole. Meanwhile, the Company suggests that sales in China have been showing an upward trend most recently, even when the impacts of yen's depreciation being excluded, in terms of comparison with the levels in FY03/2020, when the impacts stemming from COVID-19 had not emerged in earnest. Meanwhile, sales in Japan have been seeing a trend of recovery relatively weaker, which is raised as an issue to be resolved.

Forex Rate of Japanese Yen against Chinese Yuan



Sales by Application



Source: Company Data, WRJ Calculation

In Japan (accounting for 35.3% of total sales), the Company saw sales associated with Automobiles, the mainstay by application, were weak against a backdrop of so-called semiconductor shortages and other factors, while sales associated with Electronic Components & Semiconductors were favorable, given demand for semiconductors firmer than originally expected, presumably towards elimination of so-called semiconductor shortages. In China (53.5% of total sales), the Company saw strengths in all the applications, comprising Automobiles, Electronic Components & Semiconductors, Consumer Electronics & Precision Equipment and Other. For semiconductors, demand has been firmer than originally expected as in Japan, according to the Company. In Southeast Asia (4.3% of total sales), sales have risen particularly in Singapore, Malaysia and the Philippines. In Europe, Americas, etc. (6.9% of total sales), the Company saw surging healthcare-related demand, whose sales are included in Other by application, as well as benefiting from increased sales associated with Electronic Components & Semiconductors. Consequently, sales in Europe, Americas, etc. saw a high rate of growth over the same period of the previous year, having exceeded that of China. From an application perspective, it is a major feature that sales associated with Electronic Components & Semiconductors have exceeded the level at the time before the Corona crisis, as implied in above-mentioned trends by region.

In Q1 to Q2, the Company saw a favorable increase in sales as above-mentioned, while benefiting from surging operating profit margin at the same time. Consequently, the Company has renewed its record high operating profit (and operating profit margin) during the same period since its listing. According to the Company, the same applies to recurring profit and profit attributable to owners of parent. For the Company as a whole, gross profit came in at ¥5,864m (up 46.6% and/or up ¥1,864m) and SG&A expenses ¥4,095m (up 11.1% and/or up ¥409m), implying gross profit margin of 30.0% (up 4.1% points) and sales to SG&A expenses ratio of 21.0% (down 2.9% points), having resulted in operating profit margin of 9.1% (up 7.0 % points) as above mentioned.

Gross profit surged by increased sales (effect on increased sales) as much as ¥1,066m (equating 5.5% of sales) and by improvement in cost rate but for the impacts of increased sales (effect on increased sales) as much as ¥798m (4.1%), according to the Company. Sales for the Company as a whole have increased as above mentioned, while the improvement in cost rate but for the impacts of increased sales (effect on increased sales) of 4.1% was driven by a) upturn in utilization of production facilities due to increased sales, b) decreased depreciation charge as a result of impairment in the past and c) the impacts of management innovation project. On the other hand, the reason cited for the increase in SG&A expenses is that some of the expenses the Company had curbed on a group-wide basis for a while have started to increase and expenses linked to increase in sales have also risen. However, the rate of increase in SG&A expenses has been smaller than the rate of increase in sales, having also contributed to improvement in operating profit margin.

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	YoY	
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	Net Chg.	
Sales	7,169	15,412	23,658	32,462	9,278	19,523	-	-	+4,111	
Cost of Sales	5,315	11,413	17,206	23,375	6,521	13,659	-	-	+2,246	
Gross Profit	1,853	3,999	6,452	9,086	2,756	5,864	-	-	+1,864	
SG&A Expenses	1,828	3,685	5,519	7,473	1,960	4,095	-	-	+409	
Operating Profit	24	313	932	1,613	796	1,768	-	-	+1,455	
Non Operating Balance	(18)	59	72	63	(34)	(32)	-	-	(92)	
Recurring Profit	6	372	1,005	1,676	761	1,736	-	-	+1,363	
Extraordinary Balance	(13)	(703)	(719)	(662)	(30)	(48)	-	-	+654	
Profit before Income Taxes	(7)	(331)	285	1,014	731	1,687	-	-	+2,018	
Total Income Taxes	67	212	365	535	203	426	-	-	+214	
Profit Attributable to Non-Controlling Interests	0	1	0	1	0	1	-	-	+0	
Profit Attributable to Owners of Parent	(76)	(544)	(80)	477	526	1,258	-	-	+1,803	
Sales YoY	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	-	-	-	
Operating Profit YoY	-	+290.5%	+286.0%	+93.0%	-	+464.7%	-	-	-	
Recurring Profit YoY	-	-	+443.5%	+135.1%	-	+365.7%	-	-	-	
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	
Gross Profit Margin	25.9%	25.9%	27.3%	28.0%	29.7%	30.0%	-	-	+4.1%	
Sales to SG&A Expenses Ratio	25.5%	23.9%	23.3%	23.0%	21.1%	21.0%	-	-	(2.9%)	
Operating Profit Margin	0.3%	2.0%	3.9%	5.0%	8.6%	9.1%	-	-	+7.0%	
Recurring Profit Margin	0.1%	2.4%	4.2%	5.2%	8.2%	8.9%	-	-	+6.5%	
Profit Attributable to Owners of Parent Margin	(1.1%)	(3.5%)	(0.3%)	1.5%	5.7%	6.4%	-	-	+10.0%	
Total Income Taxes / Profit before Income Taxes	-	-	128.0%	52.8%	27.9%	25.3%	-	-	-	
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		
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	Net Chg.
Sales	7,169	8,243	8,245	8,803	9,278	10,245	-	-	-	+2,001
Cost of Sales	5,315	6,097	5,792	6,168	6,521	7,137	-	-	-	+1,040
Gross Profit	1,853	2,145	2,453	2,634	2,756	3,107	-	-	-	+961
SG&A Expenses	1,828	1,857	1,833	1,954	1,960	2,135	-	-	-	+277
Operating Profit	24	288	619	680	796	971	-	-	-	+683
Non Operating Balance	(18)	78	12	(9)	(34)	2	-	-	-	(75)
Recurring Profit	6	366	632	671	761	974	-	-	-	+607
Extraordinary Balance	(13)	(690)	(16)	57	(30)	(18)	-	-	-	+672
Profit before Income Taxes	(7)	(323)	616	728	731	955	-	-	-	+1,279
Total Income Taxes	67	144	153	170	203	222	-	-	-	+78
Profit Attributable to Non-Controlling Interests	0	0	(0)	0	0	0	-	-	-	+0
Profit Attributable to Owners of Parent	(76)	(468)	463	558	526	732	-	-	-	+1,200
Sales YoY	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	-	-	-	-
Operating Profit YoY	-	+163.1%	+283.8%	+14.5%	-	+237.2%	-	-	-	-
Recurring Profit YoY	-	+293.8%	+247.3%	+27.1%	-	+165.7%	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	-
Gross Profit Margin	25.9%	26.0%	29.7%	29.9%	29.7%	30.3%	-	-	-	+4.3%
Sales to SG&A Expenses Ratio	25.5%	22.5%	22.2%	22.2%	21.1%	20.8%	-	-	-	(1.7%)
Operating Profit Margin	0.3%	3.5%	7.5%	7.7%	8.6%	9.5%	-	-	-	+6.0%
Recurring Profit Margin	0.1%	4.4%	7.7%	7.6%	8.2%	9.5%	-	-	-	+5.1%
Profit Attributable to Owners of Parent Margin	(1.1%)	(5.7%)	5.6%	6.3%	5.7%	7.1%	-	-	-	+12.8%
Total Income Taxes / Profit before Income Taxes	-	-	24.9%	23.4%	27.9%	23.3%	-	-	-	-

Source: Company Data, WRJ Calculation

Sales by Region (Cumulative / Quarterly)

Sales by Region	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)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	Net Chg.
Japan	3,063	5,850	8,950	12,338	3,475	6,897	-	-	+1,047
China	3,325	8,025	12,385	16,888	4,851	10,441	-	-	+2,416
Southeast Asia	344	665	997	1,376	394	841	-	-	+176
Europe, Americas, etc.	436	871	1,325	1,858	556	1,342	-	-	+471
Sales	7,169	15,412	23,658	32,462	9,278	19,523	-	-	+4,111
Japan	(17.6%)	(22.0%)	(18.5%)	(15.3%)	+13.5%	+17.9%	-	-	-
China	(14.3%)	(5.5%)	(3.1%)	+0.3%	+45.9%	+30.1%	-	-	-
Southeast Asia	(2.4%)	(10.6%)	(12.7%)	(10.3%)	+14.6%	+26.5%	-	-	-
Europe, Americas, etc.	(22.6%)	(30.7%)	(27.0%)	(22.9%)	+27.5%	+54.1%	-	-	-
Sales (YoY)	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	-	-	-
Japan	42.7%	38.0%	37.8%	38.0%	37.5%	35.3%	-	-	-
China	46.4%	52.1%	52.3%	52.0%	52.3%	53.5%	-	-	-
Southeast Asia	4.8%	4.3%	4.2%	4.2%	4.2%	4.3%	-	-	-
Europe, Americas, etc.	6.1%	5.7%	5.6%	5.7%	6.0%	6.9%	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-

Sales by Region	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)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	Net Chg.
Japan	3,063	2,786	3,099	3,388	3,475	3,422	-	-	+636
China	3,325	4,700	4,360	4,503	4,851	5,590	-	-	+890
Southeast Asia	344	321	331	379	394	447	-	-	+126
Europe, Americas, etc.	436	434	454	532	556	785	-	-	+351
Sales	7,169	8,243	8,245	8,803	9,278	10,245	-	-	+2,001
Japan	(17.6%)	(26.4%)	(10.8%)	(5.6%)	+13.5%	+22.8%	-	-	-
China	(14.3%)	+2.0%	+1.7%	+10.9%	+45.9%	+18.9%	-	-	-
Southeast Asia	(2.4%)	(17.9%)	(16.6%)	(3.6%)	+14.6%	+39.3%	-	-	-
Europe, Americas, etc.	(22.6%)	(37.3%)	(18.9%)	(10.4%)	+27.5%	+80.9%	-	-	-
Sales (YoY)	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	-	-	-
Japan	42.7%	33.8%	37.6%	38.5%	37.5%	33.4%	-	-	-
China	46.4%	57.0%	52.9%	51.1%	52.3%	54.6%	-	-	-
Southeast Asia	4.8%	3.9%	4.0%	4.3%	4.2%	4.4%	-	-	-
Europe, Americas, etc.	6.1%	5.3%	5.5%	6.0%	6.0%	7.7%	-	-	-
Sales (Composition Ratio)	100.0%	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	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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Automobiles	3,065	6,610	10,059	13,682	3,880	8,113	-	-		+1,503
Electronic Components & Semiconductors	1,444	2,924	4,536	6,315	1,968	4,132	-	-		+1,208
Consumer Electronics & Precision Equipment	874	1,814	2,848	3,888	988	2,062	-	-		+248
Other	1,785	4,063	6,213	8,574	2,441	5,215	-	-		+1,152
Sales	7,169	15,412	23,658	32,462	9,278	19,523	-	-		+4,111
Automobiles	(18.4%)	(16.2%)	(14.4%)	(11.0%)	+26.6%	+22.7%	-	-		-
Electronic Components & Semiconductors	+11.9%	(0.3%)	+1.1%	+3.3%	+36.3%	+41.3%	-	-		-
Consumer Electronics & Precision Equipment	(28.2%)	(19.7%)	(13.8%)	(9.5%)	+13.0%	+13.7%	-	-		-
Other	(20.6%)	(17.3%)	(13.3%)	(10.4%)	+36.8%	+28.4%	-	-		-
Sales (YoY)	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	-	-		-
Automobiles	42.8%	42.9%	42.5%	42.1%	41.8%	41.6%	-	-		-
Electronic Components & Semiconductors	20.1%	19.0%	19.2%	19.5%	21.2%	21.2%	-	-		-
Consumer Electronics & Precision Equipment	12.2%	11.8%	12.0%	12.0%	10.6%	10.6%	-	-		-
Other	24.9%	26.4%	26.3%	26.4%	26.3%	26.7%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Sales by Application	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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Automobiles	3,065	3,544	3,448	3,623	3,880	4,233	-	-		+689
Electronic Components & Semiconductors	1,444	1,480	1,612	1,779	1,968	2,164	-	-		+684
Consumer Electronics & Precision Equipment	874	939	1,034	1,040	988	1,074	-	-		+135
Other	1,785	2,277	2,150	2,361	2,441	2,773	-	-		+496
Sales	7,169	8,243	8,245	8,803	9,278	10,245	-	-		+2,001
Automobiles	(18.4%)	(14.2%)	(10.8%)	+0.2%	+26.6%	+19.4%	-	-		-
Electronic Components & Semiconductors	+11.9%	(9.9%)	+3.9%	+9.3%	+36.3%	+46.2%	-	-		-
Consumer Electronics & Precision Equipment	(28.2%)	(9.9%)	(1.1%)	+4.6%	+13.0%	+14.4%	-	-		-
Other	(20.6%)	(14.5%)	(4.7%)	(1.5%)	+36.8%	+21.8%	-	-		-
Sales (YoY)	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	-	-		-
Automobiles	42.8%	43.0%	41.8%	41.2%	41.8%	41.3%	-	-		-
Electronic Components & Semiconductors	20.1%	18.0%	19.5%	20.2%	21.2%	21.1%	-	-		-
Consumer Electronics & Precision Equipment	12.2%	11.4%	12.5%	11.8%	10.6%	10.5%	-	-		-
Other	24.9%	27.6%	26.1%	26.8%	26.3%	27.1%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Cash and Deposit	3,702	3,796	3,976	4,092	3,399	4,021	-	-	-	+225
Accounts Receivables	8,682	9,053	9,454	9,629	10,504	10,901	-	-	-	+1,848
Inventory	4,024	3,833	3,925	3,965	4,021	4,065	-	-	-	+232
Other	223	267	292	373	315	438	-	-	-	+170
Current Assets	16,632	16,950	17,648	18,060	18,241	19,426	-	-	-	+2,476
Tangible Assets	6,846	6,090	6,210	6,194	6,462	6,796	-	-	-	+706
Intangible Assets	326	183	173	175	174	163	-	-	-	(20)
Investments and Other Assets	292	264	266	272	310	299	-	-	-	+35
Fixed Assets	7,465	6,538	6,651	6,641	6,947	7,259	-	-	-	+720
Total Assets	24,098	23,488	24,299	24,702	25,189	26,685	-	-	-	+3,196
Accounts Payables, etc.	3,059	3,227	3,058	3,297	3,564	3,931	-	-	-	+704
Short Term Debt	3,422	3,146	3,248	3,324	2,690	2,636	-	-	-	(510)
Other	1,995	2,171	2,322	2,832	2,537	2,788	-	-	-	+617
Current Liabilities	8,477	8,545	8,629	9,454	8,791	9,356	-	-	-	+811
Long Term Debt	2,739	2,582	2,413	1,251	1,104	957	-	-	-	(1,625)
Other	1,593	1,571	1,702	1,559	1,562	1,649	-	-	-	+78
Fixed Liabilities	4,332	4,154	4,116	2,811	2,667	2,607	-	-	-	(1,547)
Total Liabilities	12,810	12,699	12,745	12,266	11,459	11,963	-	-	-	(735)
Shareholders' Equity	11,794	11,330	11,795	12,355	12,838	13,587	-	-	-	+2,256
Other	(506)	(541)	(241)	80	891	1,134	-	-	-	+1,676
Net Assets	11,287	10,788	11,553	12,436	13,729	14,721	-	-	-	+3,932
Total Liabilities and Net Assets	24,098	23,488	24,299	24,702	25,189	26,685	-	-	-	+3,196
Equity Capital	11,243	10,748	11,515	12,398	13,691	14,686	-	-	-	+3,938
Interest Bearing Debt	6,161	5,729	5,661	4,576	3,794	3,594	-	-	-	(2,135)
Net Debt	2,459	1,933	1,685	484	395	(427)	-	-	-	(2,360)
Equity Ratio	46.7%	45.8%	47.4%	50.2%	54.4%	55.0%	-	-	-	-
Net Debt Equity Ratio	21.9%	18.0%	14.6%	3.9%	2.9%	(2.9%)	-	-	-	-
ROE (12 months)	(25.5%)	(30.3%)	(7.2%)	4.0%	8.7%	17.9%	-	-	-	-
ROA (12 months)	3.0%	4.2%	6.0%	6.7%	9.9%	12.1%	-	-	-	-
Days for Inventory Turnover	69	57	62	59	56	52	-	-	-	-
Quick Ratio	146%	150%	156%	145%	158%	159%	-	-	-	-
Current Ratio	196%	198%	205%	191%	207%	208%	-	-	-	-

Source: Company Data, WRJ Calculation

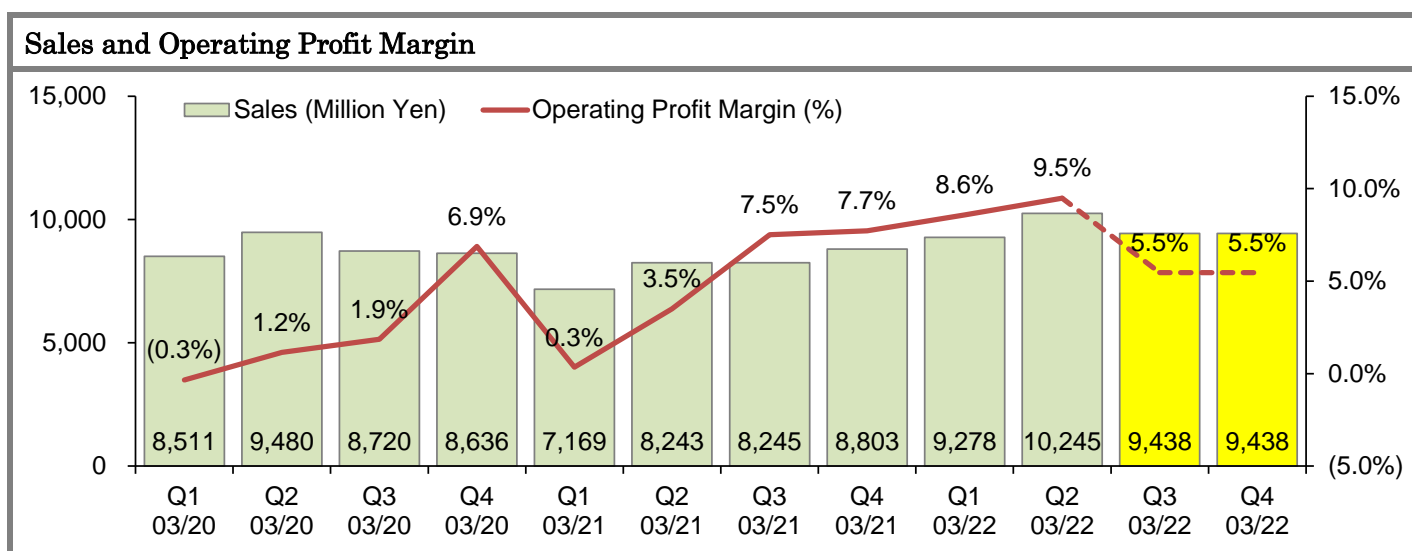
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Operating Cash Flow	-	1,215	-	2,942	-	1,392	-	-	-	+177
Investing Cash Flow	-	(437)	-	(670)	-	(638)	-	-	-	(201)
Operating Cash Flow and Investing Cash Flow	-	778	-	2,272	-	753	-	-	-	(24)
Financing Cash Flow	-	(363)	-	(1,684)	-	(1,131)	-	-	-	(768)

Source: Company Data, WRJ Calculation

FY03/2022 Company Forecasts

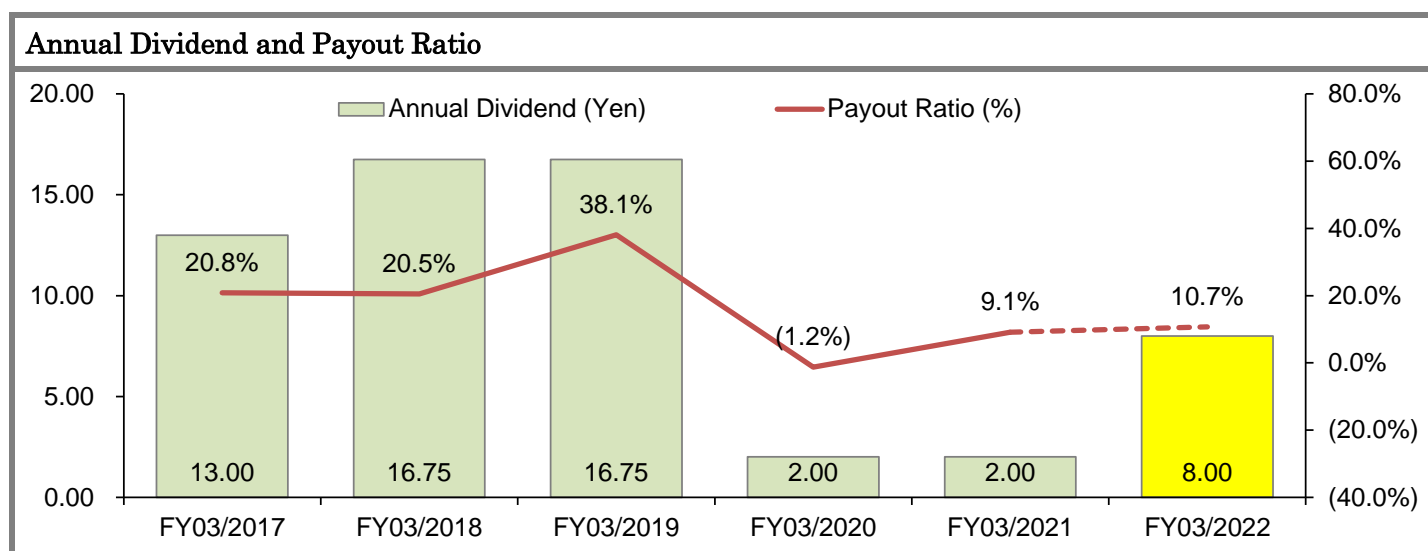
FY03/2022 Company forecasts (announced on 10 December 2021) are going for prospective sales of ¥38,400m (up 18.3% YoY), operating profit of ¥2,800m (up 73.6%), recurring profit of ¥2,710m (up 61.6%) and profit attributable to owners of parent of ¥1,630m (up 241.2%), while operating profit margin of 7.3% (up 2.3% points). The large increase in profit attributable to owners of parent appears to be basically attributable to that impairment loss as much as ¥730m, booked as extraordinary loss for FY03/2021, is not to reappear. At the same time, Company forecasts are going for prospective annual dividend of ¥8.00 per share, implying payout ratio of 10.7%.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2022: H2 Company forecasts, pro rata)

The above-mentioned full-year Company forecasts are after upward revision, revised up by ¥1,000m (2.7%) for sales, when compared with the latest Company forecast prior to this, by ¥250m (9.8%) for operating profit, by ¥240m (9.7%) for recurring profit and by ¥180m (12.4%) for profit attributable to owners of parent. At the stage when the Q1 to Q2 results were announced (11 November 2021), the existing full-year Company forecasts (announced on 6 August 2021) have remained unchanged due to "uncertainty about the future". For example, the Company pointed out that the impacts stemming from shortages of some components, represented by semiconductors, had emerged for production activities amongst manufacturers in general, while the Company was worried about the impacts of soaring raw material prices worldwide at the same time. On top of this, the Company also pointed out that concerns over power shortages in China and those of resurgence of trade friction between the United States and China could not have had been dispelled. By the way, the Company says that "uncertainty about the future" referred to a circumstance where it was too hard to reasonably assume prospective impacts stemming from all those risk factors in Company forecasts for H2. At the end of the day, it has been revealed to date that the assumptions adopted were rather too conservative.

On 10 December 2021, Company forecasts have been revised up as mentioned above. The background to this is that the Company has noticed some of the factors in "uncertainty" of "uncertainty about the future" being gradually eliminated at this stage. For example, the Company has come to a stage to reasonably estimate prospective impacts of power shortages in China, while having realized recent trading suggests a recovery of order intake associated with Automobiles. Still, Company forecasts for H2 may still look rather conservative at least superficially, going for prospective sales of ¥18,876m (up 10.7% YoY), operating profit of ¥1,031m (down 20.7%) and operating profit margin of 5.5% (down 2.1% points), when simply based on the Q1 to Q2 results.



Source: Company Data, WRJ Calculation

Profit attributable to owners of parent, which is the source of dividend, was not an exception in the above-mentioned upgrade, but prospective annual dividend of ¥8.00 per share, implying payout ratio of 10.7%, has remained unchanged from initial Company forecasts (announced on 13 May 2021). The Company has paid ¥4.00 per share as of the end of Q2, which is to be followed by scheduled ¥4.00 per share as of the end of Q4. The Company is working on returning earnings to shareholders as one of the key management issues, but prospective dividend as of the end of Q4 has remained unchanged, comprehensively taking into account the Company's current financial ground and other factors. For example, the Company, which has revealed its policy of aggressively implementing long-term growth investment, suggests that demand for raising funds may increase in the short term as a direction.

In fact, on 4 January 2022, the Company issued the 4th Share Acquisition Rights with a moving strike clause through a third-party allotment. Based on the closing price of the share on the date immediately preceding that of determination of the terms (16 December 2021), it is expected that the equity financing will be provided for some ¥1,268m, while dilution rate of 11.30% (= dilutive shares of 2,500,000 ÷ the number of shares outstanding of 22,122,400) being implied. The exercise period is generally about three years from 5 January 2022 to 30 December 2024, while the exercise price is adjusted to 91.5% of the closing price on the trading day immediately preceding each exercise request date. Therefore, it is considered that the actual amount of funding depends largely on the share price trends during the exercisable period.

Meanwhile, there is an aspect as a measure to enhance market capitalization of “tradable” shares in the above-mentioned equity financing. On 10 December 2021, the Company has announced that it selected the "prime market" and filed an application for this, on the occasion of the market classification change by Tokyo Stock Exchange scheduled to take place in April 2022. However, the Company has not fulfilled one of the listing standards, i.e., market capitalization of “tradable” shares and thus the listing on the “prime market” is supposed to be based on so-called “transitional measures”. The Company has revealed that it would actively take various measures to resolve this situation, while it is taken for granted that the above-mentioned equity financing will increase the Company’s exposure to “tradable” shares in terms of the ratio to total.

According to the TSE's primary judgment results, made on 30 June 2021, the ratio of “tradable” shares equated 65.3% of total, while this will be 73.9%, when assuming the above-mentioned Share Acquisition Rights (dilutive shares of 2,500,000) are all exercised instantaneously and determined as “tradable” shares. On top of this, when being based on this assumption, the ratio of holdings to total amongst all the existing shareholders is to correspondingly come down, including that of major shareholders. This should lower the ratio of the holdings by a major shareholder down to less than 10%, which will lead to a case that the said holdings are to be newly determined as “tradable shares”, additionally raising the ratio of “tradable” shares to total to a corresponding extent. In view of this, the Company points out that it may be possible to meet all the listing standards of the “prime market" at an early stage.

FY03/2022 Company Forecasts and Actual Results

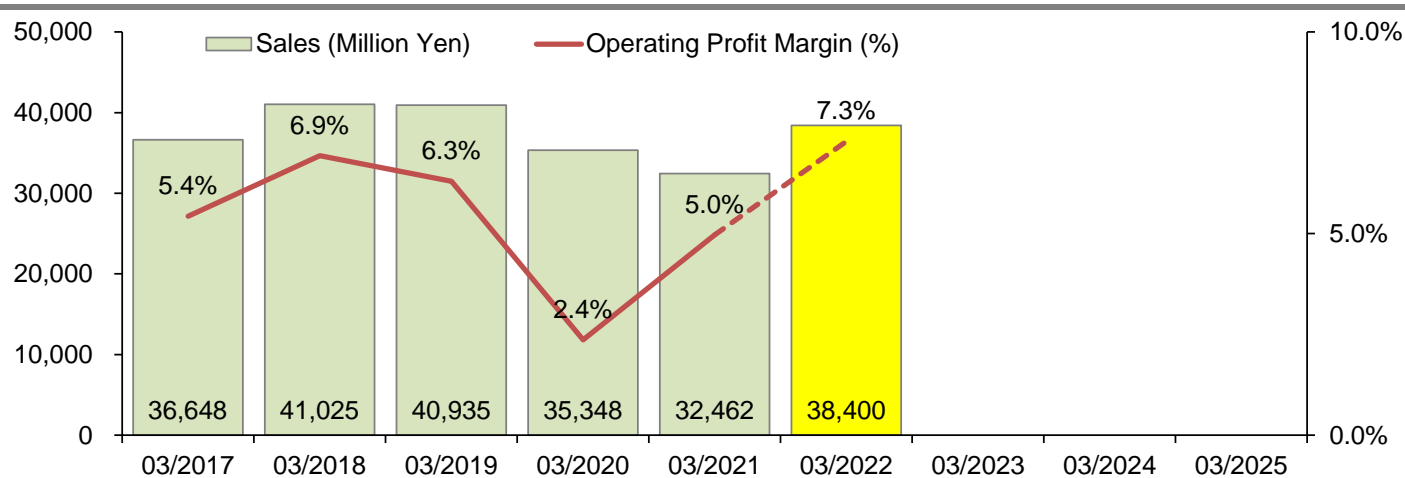
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2021CoE	13-May-21	Q4 Results	36,500	2,200	2,150	1,450
FY03/2021CoE	6-Aug-21	Q1 Results	37,400	2,550	2,470	1,450
		Amount of Gap	900	350	320	0
		Rate of Gap	2.5%	15.9%	14.9%	0.0%
FY03/2021CoE	11-Nov-21	Q2 Results	37,400	2,550	2,470	1,450
FY03/2021CoE	10-Dec-21	Revision	38,400	2,800	2,710	1,630
		Amount of Gap	1,000	250	240	180
		Rate of Gap	2.7%	9.8%	9.7%	12.4%
FY03/2021CoE	13-May-21	Q4 Results	36,500	2,200	2,150	1,450
FY03/2021CoE	10-Dec-21	Revision	38,400	2,800	2,710	1,630
		Amount of Gap	1,900	600	560	180
		Rate of Gap	5.2%	27.3%	26.0%	12.4%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2021CoE	13-May-21	Q4 Results	18,800	1,200	1,180	770
Q1 to Q2 FY03/2021CoE	6-Aug-21	Q1 Results	19,200	1,550	1,500	980
		Amount of Gap	400	350	320	210
		Rate of Gap	2.1%	29.2%	27.1%	27.3%
Q1 to Q2 FY03/2021Act	11-Nov-21	Q2 Results	19,523	1,768	1,736	1,258
		Amount of Gap	323	218	236	278
		Rate of Gap	1.7%	14.1%	15.7%	28.4%
Q1 to Q2 FY03/2021CoE	13-May-21	Q4 Results	18,800	1,200	1,180	770
Q1 to Q2 FY03/2021Act	11-Nov-21	Q2 Results	19,523	1,768	1,736	1,258
		Amount of Gap	723	568	556	488
		Rate of Gap	3.8%	47.3%	47.1%	63.4%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2021CoE	13-May-21	Q4 Results	17,700	1,000	970	680
Q3 to Q4 FY03/2021CoE	6-Aug-21	Q1 Results	18,200	1,000	970	470
		Amount of Gap	500	0	0	(210)
		Rate of Gap	2.8%	0.0%	0.0%	(30.9%)
Q3 to Q4 FY03/2021CoE	11-Nov-21	Q2 Results	17,877	782	734	192
		Amount of Gap	(323)	(218)	(236)	(278)
		Rate of Gap	(1.8%)	(21.8%)	(24.3%)	(59.1%)
Q3 to Q4 FY03/2021CoE	10-Dec-21	Revision	18,877	1,032	974	372
		Amount of Gap	1,000	250	240	180
		Rate of Gap	5.6%	32.0%	32.7%	93.8%
Q3 to Q4 FY03/2021CoE	13-May-21	Q4 Results	17,700	1,000	970	680
Q3 to Q4 FY03/2021CoE	10-Dec-21	Revision	18,877	1,032	974	372
		Amount of Gap	1,177	32	4	(308)
		Rate of Gap	6.6%	3.2%	0.4%	(45.3%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

On 29 May 2020, the Company has announced its midterm management plan Value Creation 2020 Plus (FY03/2021 to FY03/2022). The Company was going for prospective sales of ¥36,100m or more, operating profit of ¥1,800m or more and profit attributable to owners of parent of ¥1,130m or more as performance target for FY03/2022. In the first place, this two-year midterm management plan was formulated to rebuild management in light of earnings correction due to the prolonged trade friction between the United States and China as well as the expansion of the impacts stemming from COVID-19. On the other hand, the Company says the FY03/2022 results will be the launch pad for the next midterm Management Plan Value Creation 2024 (FY03/2023 to FY03/2025). At the moment, the Company is carefully examining the outline of the next midterm management plan, while the plan is scheduled to be announced towards the end of March 2022, including performance target, as long as no unforeseen circumstances take place.

Long-Term Prospects: FY03/2022 Company forecasts (announced on 10 December 2021)

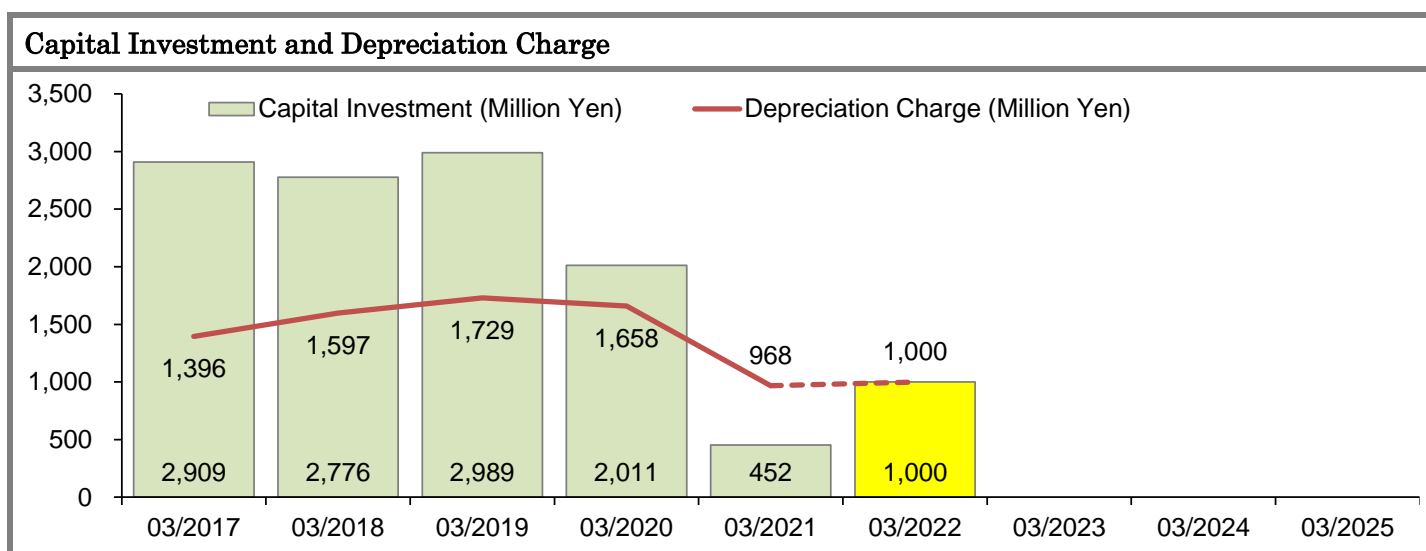


Key Management Issues and Initiatives in Value Creation 2020 Plus

<p>Establishment of 5-Region Sales Structure</p>	<ul style="list-style-type: none"> ■ Southeast Asia: Enhance Market Developments ■ Europe: Establish Sales System ■ Americas: Expand Trade Connection
<p>Enhancement of Sales Capabilities with an Emphasis on the Customers' Perspective</p>	<ul style="list-style-type: none"> ■ Japan: Improve Product Developments and Ordering System Based on Customer Needs ■ China: Establish Partnership with Customers of New Fields
<p>Optimization of Manufacturing System on a Global Basis and Reinforcement of R&D</p>	<ul style="list-style-type: none"> ■ Optimize Manufacturing System for Catalog Products and Special Order Products in Japan and Overseas ■ Develop New Fields and New Markets ■ Consider Business Alliances and M&A ■ Improve Processing Technology for Processed Materials
<p>Reform of Working Practices and Developments of Human Resources</p>	<ul style="list-style-type: none"> ■ Promote Activities by Female Personnel ■ Promote a Work and Life Balance ■ Train up Global Personnel

Source: Company Data, WRJ Calculation

As mentioned earlier, FY03/2022 Company forecasts (announced on 10 December 2021) are going for prospective sales of ¥38,400m (up 18.3% YoY), operating profit of ¥2,800m (up 73.6%) and profit attributable to owners of parent of ¥1,630m (up 241.2%). In other words, the midterm management plan Value Creation 2020 Plus will be exceeded by ¥2,300m (6.4%) for sales, by ¥1,000m (55.6%) for operating profit and ¥500m (44.2%) for profit attributable to owners of parent in terms of performance target. Meanwhile, one of the reasons why performance target will be exceeded a lot for earnings in particular is that the Company sees unexpected decrease in depreciation charge stemming from impairment not assumed in the midterm management plan Value Creation 2020 Plus.



Source: Company Data, WRJ Calculation

Meanwhile, the Company has revealed an orientation to aggressively implement capital investment for the period of the next midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) to date. More importantly, the Company plans to raise its long-term growth potential with this. In FY03/2020, the Company was forced to suffer from decreased sales and adjusted earnings, negatively affected by the impacts stemming from intensification of trade friction between the United States and China as well as from the spread of COVID-19, having resulted in capital investment for the next year, FY03/2021, minimal, i.e., the lower end of so-called “replacement investment”, mainly representing investment to replace manufacturing facilities having become obsolete. Nevertheless, it appears that the Company is now aggressively starting over for its capital investment in order to pursue future growth.

The Company suggests that so-called “replacement investment”, mainly representing investment to replace manufacturing facilities having become obsolete, during the said period (FY03/2023 to FY03/2025), will range from some ¥1,000m to some ¥1,300m per year on a cruising basis. On top of this, the Company will aggressively implement capital investment for “promotion of DX (digital transformation) and “promotion of new technological developments”, implying some ¥400m to some ¥500m during the said period (FY03/2023 to FY03/2025).

Meanwhile, the Company advocates that it will aggressively implement above-mentioned capital investment, while maintaining a solid financial ground. For example, equity ratio stood at 50.2% (total assets of ¥24,702m, equity capital of ¥12,398m) as of the end of FY03/2021 versus 55.0% (total assets of ¥26,685m, equity capital of ¥14,686m) as of the end of Q2 FY03/2022, implying that the Company's financial ground is improving further. At the same time, we estimate that net cash stood at ¥427m as of the end of Q2, while "net funds", disclosed by the Company as a unique alternative for this, stood at minus ¥64m. The Company saw increase of ¥841m in "net funds" from minus ¥905m as of the end of FY03/2021, implying a major increase in "net funds", driven by profit attributable to owners of parent having renewed record high, etc. during the same period.

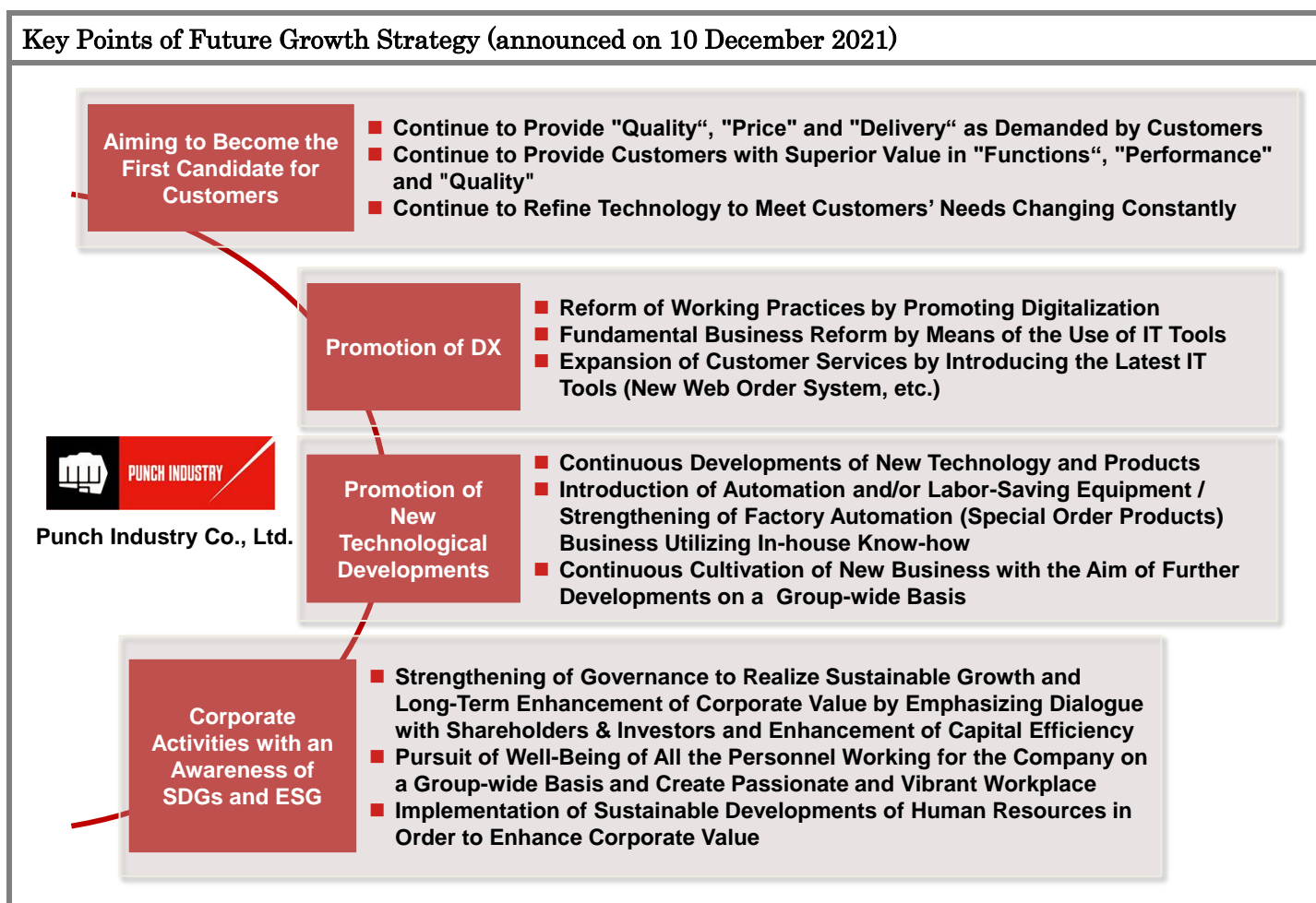
On top of this, it is assumed that the aforementioned equity financing will enable the Company to raise own funds of some ¥1,268m, which is scheduled to be outlaid through January 2022 to December 2024, while the scheduled use of funds raised comprises ¥768m (60% of total) to straighten capacity (so-called "replacement investment", etc.) in production facilities in Japan and overseas, ¥300m (24% of total) to propel "promotion of DX" and ¥200m (16% of total) to propel "promotion of new technological developments". However, even in the absence of the said equity financing, the Company suggests that its solid financial ground can afford implementing capital investment as planned. That is to say, in light of this, it could be the case that the equity financing this time has a strong aspect of a measure to fulfill the listing standards on the "prime market".

Meanwhile, the Company has stated that all the personnel working for the Company on a group-wide basis "will constantly conduct activities with an awareness of SDGs and ESG and will constantly act with an awareness of developments for stakeholders through business and operations", which is regarded as "the key points for future growth strategy". Elsewhere, as has been advocated for some time, the Company does aim to become "the first candidate for customers", while focusing on "promotion of DX", "promotion of new technological developments" and "corporate activities with an awareness of SDGs and ESG" at the same time.

For example, with respect to "promotion of DX", the Company is planning to propel "reform of working practices by promoting digitalization", "fundamental business reform by means of the use of IT tools" and "expansion of customer services by introducing the latest IT tools (new web order system, etc.). At the same time, the Company suggests that all those issues will improve own operational efficiency, driving growth potential for the Company as a whole, while it has been revealed that the Company will be aggressively implement capital investment for this aim.

With respect to “promotion of new technological developments”, assumed to be another theme of capital investment in the next midterm management plan together with “promotion of DX”, the Company says that it will implement “continuous developments of new technology and products” and “introduction of automation and/or labor-saving equipment / strengthening of factory automation (special order products) business utilizing in-house know-how”, continuously cultivating new business with the aim of further developments on a group-wide basis. The Company has an idea that ongoing expansion of IoT-based society will consistently drive demand for sensors, for example, adopted in the sectors related to industrials and infrastructure, comprising automobiles & transportation, agriculture, energy, healthcare, security and factory automation. More importantly, the Company suggests that demand for high-precision components adopted in all those sensors will also rise consistently for the future, which will benefit the Company utilizing own expertise of advanced high-precision processing technology for parts of molds & dies.

Key Points of Future Growth Strategy (announced on 10 December 2021)



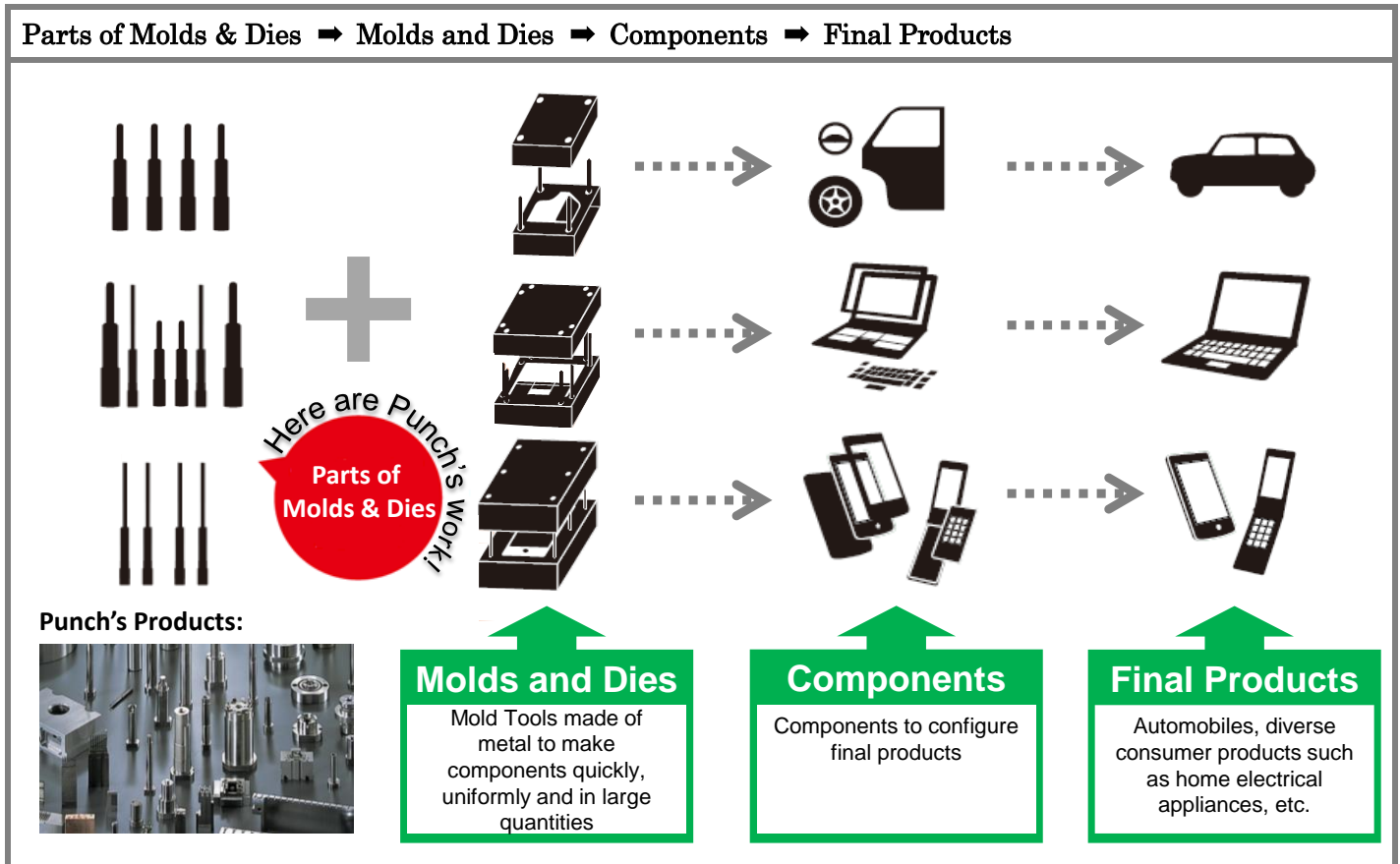
Source: Company Data

It appears that the Company is planning to aggressively invest in “promotion of new technological developments” with an objective of beefing up own differentiating factors in the field of advanced high-precision processing technology to capture demand as much as possible and as steadily as possible. Meanwhile, “introduction of automation and/or labor-saving equipment / strengthening of factory automation (special order products) business utilizing in-house know-how” refers to the Company’s strategy to cultivate and expand its exposure to a servicing domain, while propelling existing operations to manufacture and sell parts of molds & dies. For example, the robotics industry in Japan is considered to have a remarkably high growth potential for the future, implying that demand for introducing automation and/or labor-saving equipment is expected to continue to increase. The Company believes that it will be able to provide this area with competitive servicing based on parts of molds & dies related to factory automation (special order products) utilizing in-house know-how. When this new business has become commercially viable, the Company suggests it will drive future growth for the Company as a whole to more than a certain extent.

4.0 Business Model

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

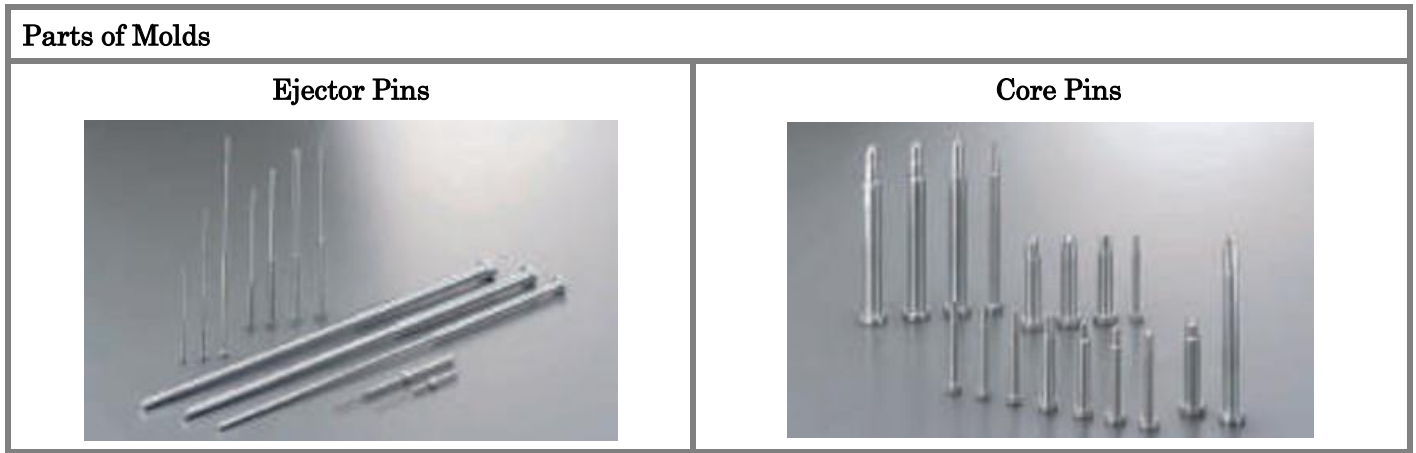
The Company runs operations of manufacturing and selling parts of molds & dies in Japan and overseas. Parts of molds & dies are precision parts to configure molds and dies, being indispensable for them. Meanwhile, molds and dies are “mold tools” made of metal to make components to configure diverse consumer-use final 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 a high variety also for parts of molds & dies at the end of the day.



Source: Company Data

Parts of Molds & Dies

The Company manufactures and sells parts of molds & dies. In our rough estimates, parts of molds account for 40% of sales for the Company as a whole 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 relatively higher for the former and relatively lower for the latter. Thus, the composition ratio is roughly exchanged for gross profit, i.e., 60% for parts of molds and 40% for parts of dies.



Source: Company Data

For parts of molds, the mainstay products are ejector pins and core pins. In the first place, molds are used in the manufacture of a variety of plastic products, represented by external body frames of smartphones and digital cameras, being manufactured by means of cooling down and solidifying plastic resins heated and melted, which are poured in for mold tools mounted in injection molding machines. Meanwhile, such molds comprise ejector pins, core pins and other parts. Ejector pins are defined as "parts (extrusion pins) to separate and protrude injection-molded products from mold tools themselves", while core pins "are used to cast a part of products and the shape of the core pins is transferred / cast pierced bits of a part of products / engrave a part of products", according to the Company.

Parts of Dies

Punches



Holder Guide Post Sets



Source: Company Data

For parts of dies, the mainstay products are punches and holder guide post sets. According to the Company, dies are loaded in pressing machines (for vertical movements), while metallic plates being inserted between mold tools separated up and down as materials, which is followed by utilization of the machines, resulting in the manufacture of products mimicked through this process. Meanwhile, such dies comprise punches, holder guide post sets and other parts. Punches are defined as "typical parts embedded in dies to make holes in metallic plates, transfer shapes, etc.", which are the origin of the Company name at the same time. Meanwhile, holder guide post sets are defined as "parts to correctly maintain the relationship between the top and bottom".

Special Order Products and Catalog Products

Meanwhile, for parts of molds & dies manufactured and sold by the Company, there is another aspect to be classified by whether they are special order products (custom-made products designed and manufactured in response to specifications of each mold & die of each customer) or catalog products (standard products sold mainly via Internet). In our rough estimates, special order products account for 55% of sales for the Company as a whole and catalog products 45%. Special order products are far superior to catalog products in terms of added value and thus gross profit margin. For catalog products, the Company suggests that there is limited room for differentiation in terms of surviving competition with trades, while there is a plenty room to do so for special order products with own expertise. Amongst others, the Company strategically focuses on those of utilizing own expertise so well, which are called "high-value added strategical products".

The Company is heavily involved with the manufacture of special order products, including "high-value added strategical products", while efficiently taking advantage of outsourcing for the manufacture of catalog products to a large extent. The subcontractors in charge of outsourcing are all basically smaller business, but each has expertise in some specific processes of the manufacture. The Company has set up extensive network to have packed them into a bundle. For example, some specific processes of the manufacture for special order products are consigned to some specific subcontractors who have the specific expertise appropriate in some cases.

5.0 Financial Statements

Income Statement

Income Statement	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Sales	36,648	41,025	40,935	35,348	32,462	38,400	+5,937
Cost of Sales	26,457	29,367	29,463	26,161	23,375	-	-
Gross Profit	10,191	11,658	11,472	9,187	9,086	-	-
SG&A Expenses	8,201	8,814	8,893	8,351	7,473	-	-
Operating Profit	1,990	2,843	2,578	835	1,613	2,800	+1,186
Non Operating Balance	(116)	(111)	(31)	(122)	63	(90)	(153)
Recurring Profit	1,874	2,731	2,547	712	1,676	2,710	+1,033
Extraordinary Balance	(44)	(215)	(897)	(3,332)	(662)	-	-
Profit before Income Taxes	1,830	2,516	1,650	(2,619)	1,014	-	-
Total Income Taxes	459	725	686	866	535	-	-
Profit Attributable to Non-Controlling Interests	(5)	1	3	0	1	-	-
Profit Attributable to Owners of Parent	1,375	1,788	960	(3,485)	477	1,630	+1,152
Sales YoY	(0.3%)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+18.3%	-
Operating Profit YoY	+0.2%	+42.8%	(9.3%)	(67.6%)	+93.0%	+73.6%	-
Recurring Profit YoY	+12.5%	+45.7%	(6.8%)	(72.0%)	+135.1%	+61.6%	-
Profit Attributable to Owners of Parent YoY	+10.1%	+30.0%	(46.3%)	-	-	+241.2%	-
Gross Profit Margin	27.8%	28.4%	28.0%	26.0%	28.0%	-	-
Sales to SG&A Expenses Ratio	22.4%	21.5%	21.7%	23.6%	23.0%	-	-
Operating Profit Margin	5.4%	6.9%	6.3%	2.4%	5.0%	7.3%	+2.3%
Recurring Profit Margin	5.1%	6.7%	6.2%	2.0%	5.2%	7.1%	+1.9%
Profit Attributable to Owners of Parent Margin	3.8%	4.4%	2.3%	(9.9%)	1.5%	4.2%	+2.8%
Total Income Taxes / Profit before Income Taxes	25.1%	28.8%	41.6%	-	52.8%	-	-

Source: Company Data, WRJ Calculation

Sales by Region

Sales by Region	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Japan	15,903	17,153	16,776	14,565	12,338	-	-
China	17,428	20,100	19,898	16,836	16,888	-	-
Southeast Asia	-	1,652	1,669	1,535	1,376	-	-
Europe, Americas, etc.	-	2,112	2,588	2,410	1,858	-	-
Sales	36,648	41,025	40,935	35,348	32,462	38,400	+5,937
Japan	+1.7%	+7.9%	(2.2%)	(13.2%)	(15.3%)	-	-
China	(2.1%)	+15.3%	(1.0%)	(15.4%)	+0.3%	-	-
Southeast Asia	-	-	+1.0%	(8.1%)	(10.3%)	-	-
Europe, Americas, etc.	-	-	+22.5%	(6.9%)	(22.9%)	-	-
Sales (YoY)	(0.3%)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+18.3%	-
Japan	43.4%	41.8%	41.0%	41.2%	38.0%	-	-
China	47.6%	49.0%	48.6%	47.6%	52.0%	-	-
Southeast Asia	-	4.0%	4.1%	4.3%	4.2%	-	-
Europe, Americas, etc.	-	5.1%	6.3%	6.8%	5.7%	-	-
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 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Automobiles	16,780	18,390	17,877	15,370	13,682	-	-
Electronic Components & Semiconductors	7,000	7,890	7,558	6,113	6,315	-	-
Consumer Electronics & Precision Equipment	4,480	4,790	4,837	4,298	3,888	-	-
Other	8,400	9,946	10,662	9,566	8,574	-	-
Sales	36,648	41,025	40,935	35,348	32,462	38,400	+5,937
Automobiles	(1.6%)	+9.7%	(2.8%)	(14.0%)	(11.0%)	-	-
Electronic Components & Semiconductors	+6.9%	+13.0%	(4.3%)	(19.1%)	+3.3%	-	-
Consumer Electronics & Precision Equipment	(6.7%)	+7.1%	+1.0%	(11.1%)	(9.5%)	-	-
Other	+1.2%	+18.4%	+7.2%	(10.3%)	(10.4%)	-	-
Sales (YoY)	(0.3%)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+18.3%	-
Automobiles	45.8%	44.9%	43.7%	43.5%	42.1%	-	-
Electronic Components & Semiconductors	19.1%	19.3%	18.5%	17.3%	19.5%	-	-
Consumer Electronics & Precision Equipment	12.6%	11.7%	11.8%	12.2%	12.0%	-	-
Other	22.9%	24.2%	26.0%	27.1%	26.4%	-	-
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 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
No. of Shares FY End (thousand shares)	11,061	22,122	22,122	22,122	22,122	-	-
Net Profit / EPS (thousand shares)	11,008	21,921	21,864	21,786	21,813	-	-
Treasury Shares FY End (thousand shares)	100	200	380	313	303	-	-
Earnings Per Share	124.99	81.61	43.92	(160.01)	21.90	74.62	-
Earnings Per Share (Fully Diluted)	124.84	81.35	43.74	-	21.78	-	-
Book Value Per Share	1,292.50	736.64	721.49	536.64	568.26	-	-
Dividend Per Share	26.00	16.75	16.75	2.00	2.00	8.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Share Split Factor	2	1	1	1	1	1	-
Earnings Per Share	62.50	81.61	43.92	(160.01)	21.90	74.62	-
Book Value Per Share	646.25	736.64	721.49	536.64	568.26	-	-
Dividend Per Share	13.00	16.75	16.75	2.00	2.00	8.00	-
Payout Ratio	20.8%	20.5%	38.1%	(1.2%)	9.1%	10.7%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Cash and Deposit	3,280	3,770	3,579	3,389	4,092	-	-
Accounts Receivables	11,468	12,095	10,988	9,942	9,629	-	-
Inventory	3,787	4,425	4,663	4,229	3,965	-	-
Other	613	549	327	230	373	-	-
Current Assets	19,150	20,842	19,559	17,792	18,060	-	-
Tangible Assets	8,669	9,939	9,972	7,134	6,194	-	-
Intangible Assets	1,242	1,157	1,001	344	175	-	-
Investments and Other Assets	389	621	621	304	272	-	-
Fixed Assets	10,301	11,718	11,595	7,784	6,641	-	-
Total Assets	29,451	32,560	31,155	25,576	24,702	-	-
Accounts Payables, etc.	4,287	4,597	4,148	3,660	3,297	-	-
Short Term Debt	4,346	3,730	4,326	3,148	3,324	-	-
Other	3,090	4,322	3,056	2,471	2,832	-	-
Current Liabilities	11,724	12,649	11,531	9,280	9,454	-	-
Long Term Debt	2,460	2,151	2,341	2,927	1,251	-	-
Other	1,089	1,584	1,547	1,621	1,559	-	-
Fixed Liabilities	3,550	3,736	3,889	4,548	2,811	-	-
Total Liabilities	15,275	16,385	15,420	13,829	12,266	-	-
Shareholders' Equity	13,598	15,096	15,500	11,913	12,355	-	-
Other	578	1,077	234	(166)	80	-	-
Net Assets	14,176	16,174	15,734	11,747	12,436	-	-
Total Liabilities and Net Assets	29,451	32,560	31,155	25,576	24,702	-	-
Equity Capital	14,167	16,148	15,686	11,703	12,398	-	-
Interest Bearing Debt	6,807	5,882	6,668	6,075	4,576	-	-
Net Debt	3,526	2,111	3,088	2,686	484	-	-
Equity Ratio	48.1%	49.6%	50.4%	45.8%	50.2%	-	-
Net Debt Equity Ratio	24.9%	13.1%	19.7%	23.0%	3.9%	-	-
ROE (12 months)	9.8%	11.8%	6.0%	(25.5%)	4.0%	-	-
ROA (12 months)	6.6%	8.8%	8.0%	2.5%	6.7%	-	-
Days for Inventory Turnover	52	55	58	59	62	-	-
Quick Ratio	126%	125%	126%	144%	145%	-	-
Current Ratio	163%	165%	170%	192%	191%	-	-

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 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Operating Cash Flow	1,785	3,393	3,185	2,490	2,942	-	-
Investing Cash Flow	(2,770)	(2,335)	(3,253)	(1,788)	(670)	-	-
Operating Cash Flow and Investing Cash Flow	(985)	1,058	(68)	701	2,272	-	-
Financing Cash Flow	1,199	(738)	74	(772)	(1,684)	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Establishing the Leading Brand of Parts of Molds & Dies

The Company, founded by Yuji Morikubo (appointed as honorary chairperson on 24 June 2015), goes “establishing the leading brand of parts of molds & dies, while targeting to see high profitability by means of leveraging own advantages as an entity in charge of both manufacturing and selling” as its corporate vision. In March 1975, Morikubo set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo and started up the manufacture of pins to make holes for printed circuit boards, which was followed by change for the corporate identification to PUNCH INDUSTRY CO., LTD. in August 1977 and the current operations with the Company has started.

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

Meanwhile, on 1 November 2019, Tetsuji Morikubo was appointed as representative director, president and CEO. According to his conviction, what the Company should do at present is not to "obtain orders from what we can do" but to "change ourselves to meet the needs of our customers". In other words, it has been revealed that the Company intends to proactively address each of its customers' problems by leveraging “own advantages as an entity in charge of both manufacturing and selling”, while "the leading brand of parts of molds & dies” is of always being the first candidate for customers. Indeed, he advocates this is the key management issue.

Company History

Date	Events
March 1975	Founded and started the manufacture of pins to make holes for printed circuit boards
August 1982	Entered into the manufacture of parts of molds (succeeded in mass-production of high-speed steel ejector pins)
November 1983	Set up Kitakami factory, while started nation-wide sale of parts of molds & 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 base in China
September 2010	Set up sales base in India
December 2012	Listed on Tokyo Stock Exchange 2nd section
August 2013	Consolidated Panther Precision Tools as subsidiary (currently, Malaysia factory)
November 2013	Announced midterm management plan Value Creation 15
March 2014	Listing change to Tokyo Stock Exchange 1st section
March 2015	40th anniversary
December 2015	Set up manufacturing base in Vietnam
March 2016	Announced midterm management plan Value Creation 2020
October 2016	Started utilizing Vietnam factory on a full-fledged basis
April 2017	Set up sales base in Illinois, the United States
May 2018	Expanded capacity for manufacturing base in Dalian, China
March 2019	Started up the second phase in Vietnam factory
May 2020	Announced midterm management plan Value Creation 2020 Plus
May 2020	Started management innovation project

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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