

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)
FY03/2021		32,462	1,613	1,676	477	21.90	2.00	568.26
FY03/2022		39,358	3,041	3,007	2,040	93.36	13.00	737.40
FY03/2023CoE		43,100	2,350	2,300	1,130	48.66	19.50	-
FY03/2022		YoY	21.2%	88.5%	79.4%	327.2%	-	-
FY03/2023CoE		YoY	9.5%	(22.7%)	(23.5%)	(44.6%)	-	-
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 FY03/2022		19,523	1,768	1,736	1,258	-	-	-
Q3 to Q4 FY03/2022		19,834	1,273	1,271	781	-	-	-
Q1 to Q2 FY03/2023		21,665	1,537	1,524	905	-	-	-
Q3 to Q4 FY03/2023CoE		21,434	812	775	224	-	-	-
Q1 to Q2 FY03/2023		YoY	11.0%	(13.1%)	(12.2%)	(28.0%)	-	-
Q3 to Q4 FY03/2023CoE		YoY	8.1%	(36.2%)	(39.1%)	(71.3%)	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (31 January 2023)


Setting the Target

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies in Japan and overseas, announced on 13 January 2023 that it has newly set the target for its shareholder return policy, i.e., “payout ratio of at least 30% and dividend on equity (DOE) ratio of at least 3%.” Consequently, the Company has revised up its planned dividend per share for FY03/2023 from ¥13.00 to ¥19.50. At the same time, the Company is looking to a long-term growth by leveraging its strengths as the leader in a niche market for special order products associated with parts of molds & dies. The Company’s midterm management plan (FY03/2023 to FY03/2025) is calling for CAGR of 8.3% in sales and 18.0% in operating profit as business objective. According to the Company, it has the largest market share for special order products associated with parts of molds & dies in Japan and China, although the market size is limited for each. Meanwhile, as they carry gross profit margin relatively far higher than that of the average of parts of molds & dies, the Company has revealed its intention to focus on beefing up sales of all those products. On top of this, the Company intends to respond to growing demand for automation and workforce saving at manufacturing sites by actively developing and expanding sales of “Special Order Products” Belonging to the FA Domain by applying its differentiating technology for special order products associated with parts of molds & dies. For FY03/2023, the first year of the midterm management plan, the Company is to suffer from sales and earnings worse than assumptions due to changes in management circumstances. More importantly, however, the Company is convinced with the fact that structural changes have not taken place, leaving the business objective of the midterm management plan unchanged.

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

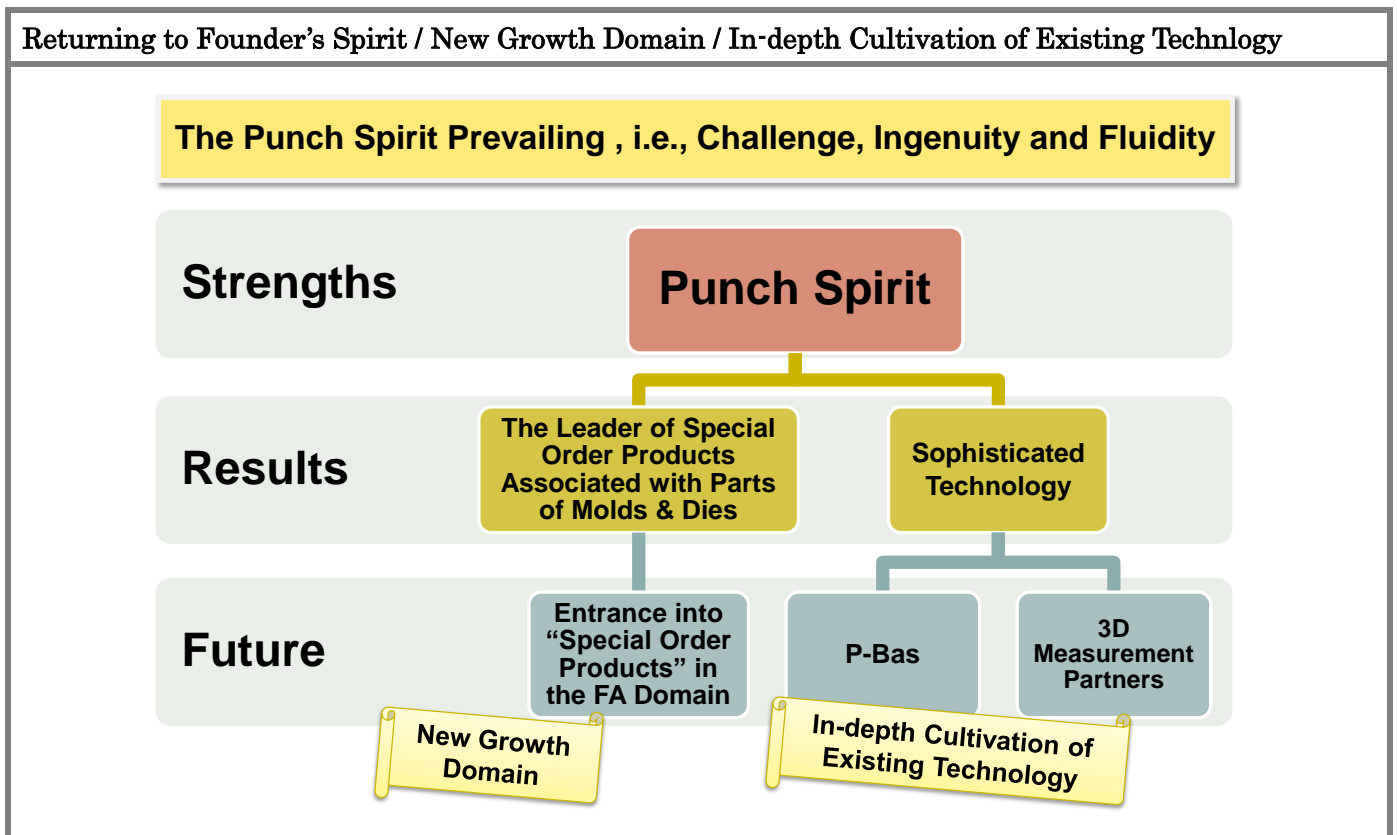
Company Name	PUNCH INDUSTRY CO., LTD. Company Website IR Information Share price (Japanese)	
Established	29 March 1975	
Listing	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 6165) 14 March 2014: Tokyo Stock Exchange 1st section 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥3,074m (as of the end of September 2022)	
No. of Shares	22,962,400 shares, including 241,539 treasury shares (as of the end of Sep. 2022)	
Main Features	<ul style="list-style-type: none"> ● Customers of collective 15,000 or more in the number, market share the second largest on a global basis (Company estimate and the same applies below) ● Ranked the second in Japan for market share and the first in China ● The first in Japan and China for special order products 	
Segment	I . Parts of Molds & Dies Business	
Representative	Representative Director, President and CEO: Tetsuji Morikubo	
Shareholders	MT Kosan 16.75%, Caceis Bank Germany Customer Acc. 10.71%, Master Trust Bank of Japan, T. 7.83% (as of the end of September 2022, but for treasury shares)	
Head Office	Shinagawa-ku, Tokyo, JAPAN	
No. of Personnel	Consolidated:3,979, Parent:927 (as of the end of March 2022)	

Source: Company Data

3.0 Corporate Vision and Business Model

Establishing the Leading Brand for Parts of Molds & Dies to Become the Punchy

The Company, founded by Yuji Morikubo (appointed as honorary chairperson on 24 June 2015), goes for “achieving high profitability by leveraging own competitive advantages as a manufacturer integrated with sales capability, while establishing the leading brand of parts of molds & dies” as its corporate vision. In March 1975, Morikubo set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo, having started up the manufacture of pins to make holes for printed circuit boards, which was followed by change for the corporate name to PUNCH INDUSTRY CO., LTD. in August 1977.



Source: Company Data

The Company has an idea, particularly during the times of uncertainty just like now, that it is necessary to return to the grass roots of the operations created by Morikubo, the founder, i.e., his passion and tenacity, having set up Punch Spirit to aim at Returning to Founder’s Spirit as well as having worked to spread this spirit to all the employees through such keywords as Challenge, Ingenuity and Fluidity. The Company's strengths lie in the fact that this spirit has permeated the Company's culture. As a result, the Company has been able to achieve the No. one market share in Japan and China for special order products associated with parts of molds & dies to date thanks to its highly differentiated technology, even though there is an aspect that the market is only of niche.

For the future, the Company plans to develop New Growth Domain by applying its differentiated technology for special order products associated with parts of molds & dies, while making progress with In-depth Cultivation of Existing Technology at the same time. For an example with respect to the former, the Company refers to “Special Order Products” Belonging to the FA Domain, on which it will focus its resources of sales and development. For an example of the latter, the Company refers to P-Bas® (trademark acquired), a bonding technology that replaces metal 3D printers, which is found in the disclosure on a prototype of core pins for spiral-aqueduct-arrayed die casting molds. Further, in January 2022, the Company has begun offering 3D Measurement Partners or new services on a full-fledged basis, which are leveraging its measurement technology using a 3D scanner on top of high technology and quality it has cultivated over the past years in the manufacture of parts for molds & dies as well as the track record in the manufacturing industry.

Meanwhile, 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, in October 1990, the Company set up manufacturing base in Dalian, China. In early days, the said operations were nothing but of processing raw materials imported from Japan into semi-finished products to be finished in Japan. However, given increased volume of home electrical appliances, automobiles, etc., locally manufactured, the Company has started up locally selling parts of molds & dies locally manufactured since April 2002. Meanwhile, 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.

On 1 November 2019, Tetsuji Morikubo was appointed as representative director, president and CEO. According to his conviction, what the Company should do 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 a manufacturer integrated with sales capability,” while "the leading brand of parts of molds & dies” is established, when the Company is always being “the first candidate for customers,” which is the utmost business challenge advocated by Tetsuji Morikubo.

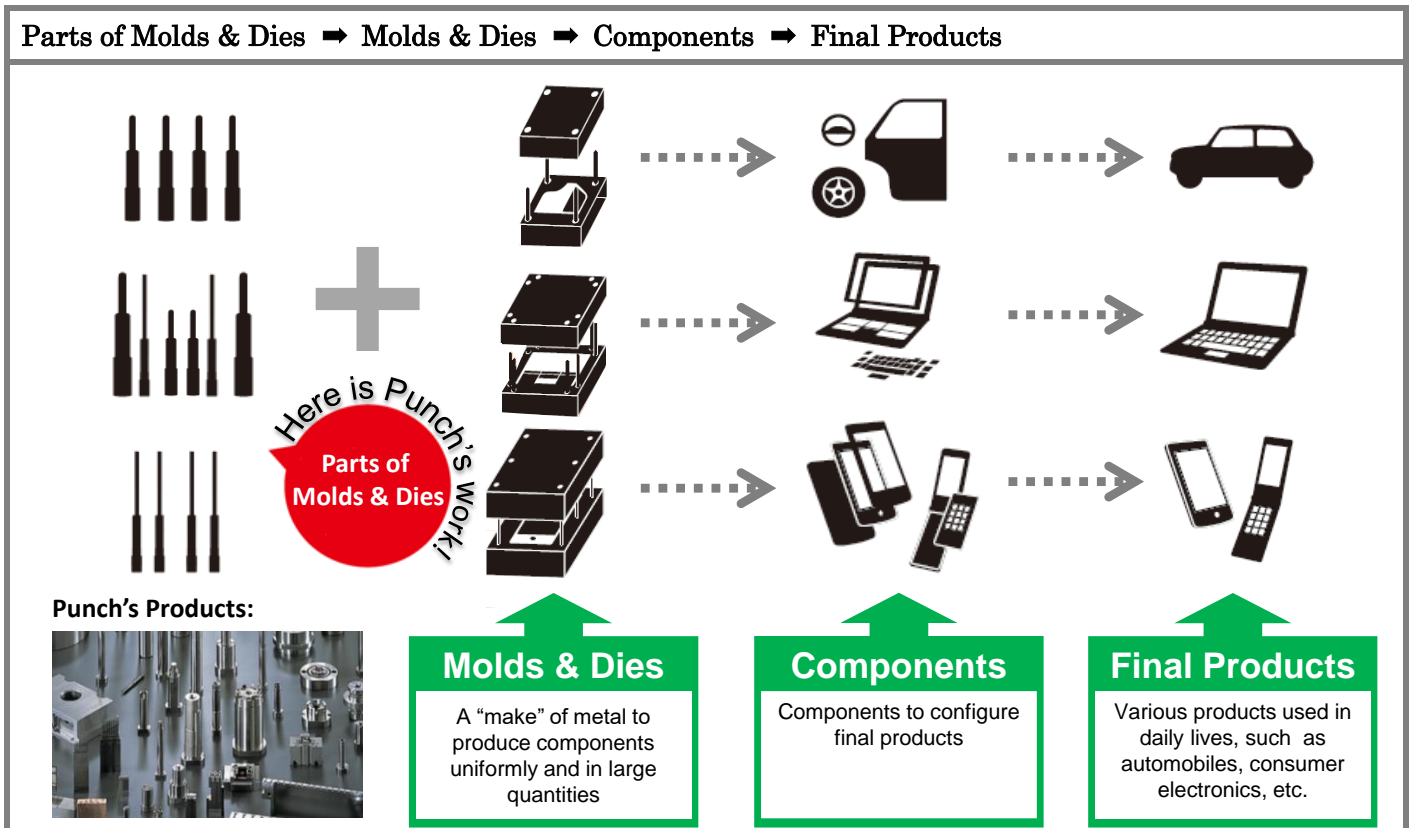
Now then, on 28 March 2022, the Company announced its midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), which was followed by the listing change to Tokyo Stock Exchange Prime Market on 4 April 2022. Meanwhile, the Company has revealed its intention to work on new measures with an objective of enhancing its corporate value with “our aspiration” newly set, where it “incorporates demand associated with automation and labor-saving (in the manufacturing processes) as new engine of growth,” always being “the first candidate for customers” at the same time. Specifically, the Company goes for three business challenges, i.e., Expanding of the Operations New and Existing, Strengthening of the Manufacturing System and Strengthening of R&D. At the same time, Company also goes for three measures to propel, i.e., DX Promotions, Financial Strategy and Sustainability in order to support all those challenges. For Sustainability, the Company presses on to solutions for “earth’s environment” and “social issues,” advocated by SGDs, ESG, etc. as the measures and policies, while this is also expected to enhance the corporate value.

Company History (extract)

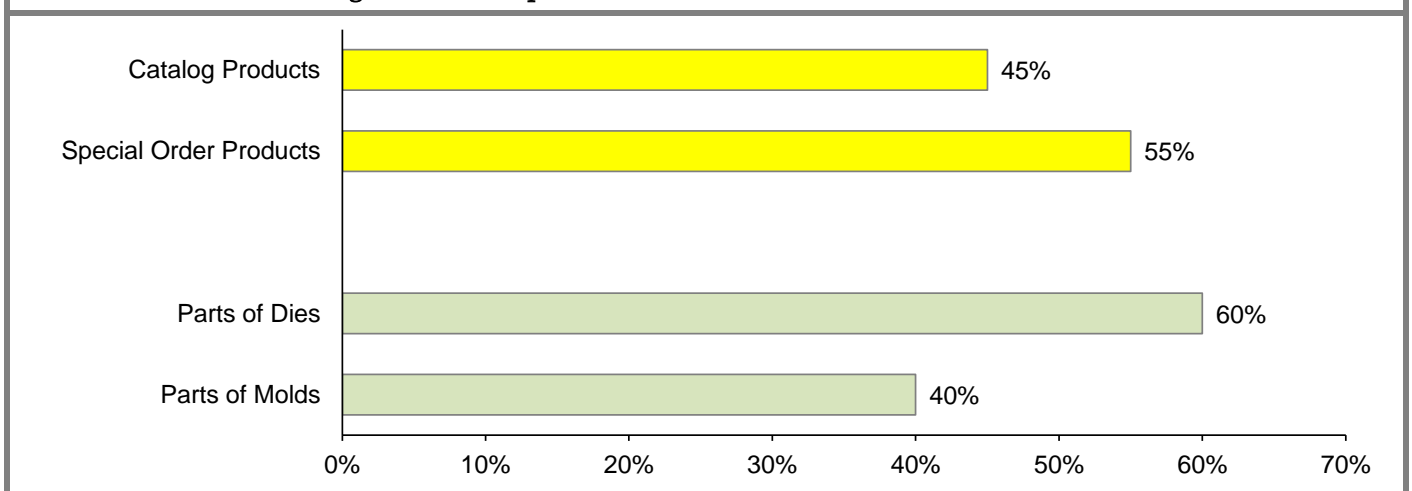
Date	Events
March 1975	Founded and started the manufacture of pins to make holes for printed circuit boards
August 1982	Entered into the manufacture of parts of molds (succeeded in mass production of high-speed steel ejector pins)
November 1983	Set up Kitakami factory
May 1989	Set up Miyako Punch Industry (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 of founding
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	Launched business innovation project
March 2022	Announced midterm management plan Value Creation 2024
April 2022	Listing change to Tokyo Stock Exchange Prime Market
October 2022	Consolidated ASCe Inc. as subsidiary

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 a “make” of metal to manufacture components (configuring diverse consumer-use final products, automobiles, etc.) that are to be produced 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.



Sales Breakdown (Catalog Products / Special Order Products) (Parts of Dies / Parts of Molds)

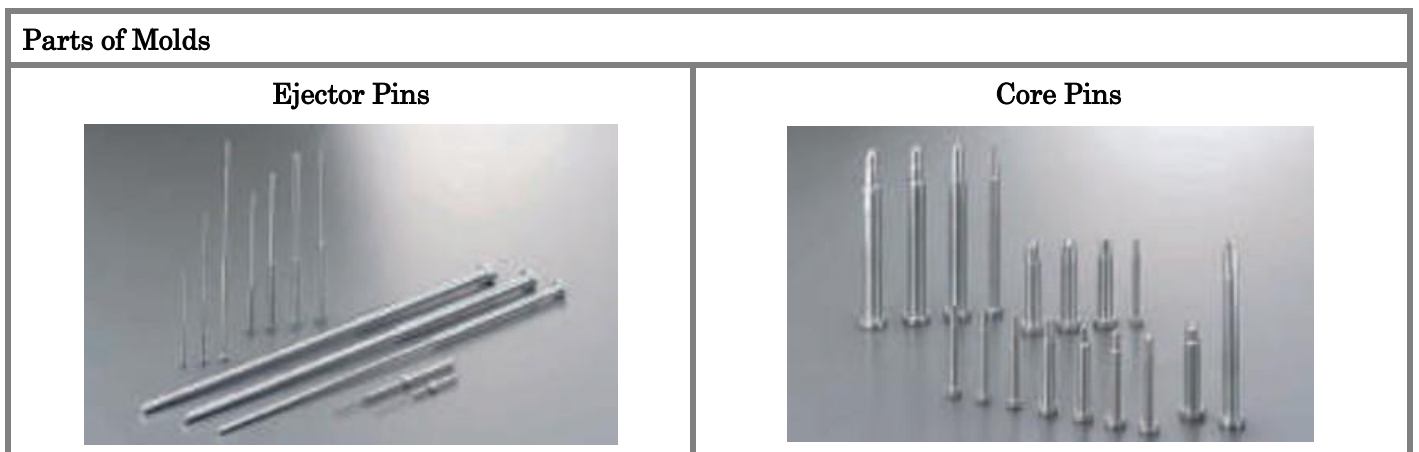


Source: Company Data, WRJ Calculation (estimates)

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 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. At the end of the day, the composition ratio of each for sales is exchanged for gross profit in our rough estimates, i.e., 60% for parts of molds and 40% for parts of dies.

Now then, parts of molds are defined as those to configure molds, which are adopted in the manufacture of diverse plastic products like external body frames of smartphones and digital cameras. Meanwhile, molds are in charge of shaping components as above-mentioned by means of cooling down and solidifying plastic resins heated and melted, which are poured in for mold tools mounted in injection molding machines. On the other hand, parts of dies are defined as those to configure dies, which have framework separated up and down with an objective of bookending metallic plates or materials to process, while shaping components in line with utilization of pressing machines (to make a vertical move) where they are loaded.



Source: Company Data

For parts of molds, the mainstay products are ejector pins and core pins. 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." Further, the latter also have functionalities of "casting pierced bits of a part of products" and "engraving a part of products," according to the Company.

Parts of Dies

Punches



Holder Guideposts



Source: Company Data

For parts of dies, the mainstay products are punches and holder guideposts. Punches are defined as "typical parts embedded in dies to make holes in metallic plates, transfer shapes, etc.," which is the origin of the Company name at the same time. Meanwhile, holder guideposts are defined as "parts to correctly maintain the relationship between the top and the 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). In our rough estimates, special order products account for 55% of sales for the Company as a whole and 45% for catalog products. 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 a limited room for differentiation to survive competition with trades, while there is a plenty of room to do so for special order products with own expertise. In the first place, special order products do create add-on value stemming from the fact that they are customized.

Presumably, given the above-mentioned fact, the Company is heavily involved with the manufacture of special order products, while efficiently taking advantage of outsourcing for the manufacture of catalog products to a large extent. All those subcontractors in charge of the outsourcing are basically smaller business, but each has expertise in some specific processes of the manufacture and thus the Company sometimes takes advantage of them for some part of the manufacture of special order products. In fact, the Company has set up extensive network to have packed them into a bundle, driving forward enhancement of collaborative structure.

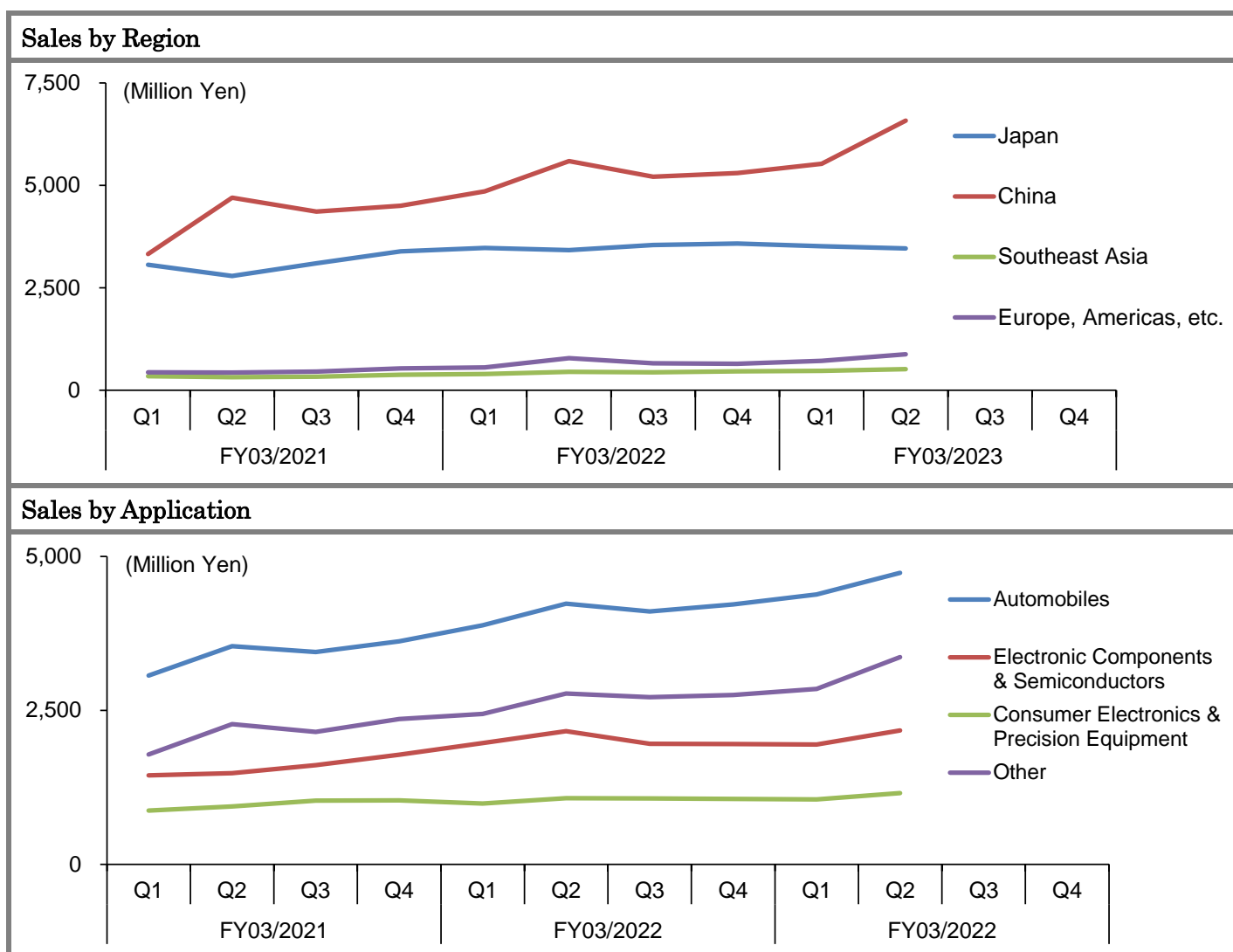
On the sales front, the Company is strengthening its online ordering services for catalog products, being in the process of refining PUNCH NET or the existing system currently in utilization for the sake of “improvement of user-friendliness for customers” and “enhancement of customer follow-up framework”. At the end of the day, the Company is looking to improved on-line ordering ratio for catalog products with all those measures, trying to improve efficiency from the perspective of customers and that of the Company itself at the same time. There is a limited room for differentiation with equivalents by trades in the market with respect to characteristics as products themselves because they are only catalog products (standard products) as mentioned earlier. On the other hand, the Company believes there is a room for differentiation with respect to efficiency associated with ordering from the perspective of customers, resulting in a case that it is an indispensable prerequisite to improve efficiency associated with ordering for the sake of enhancing competitive advantages from the perspective of the Company. In other words, the extent to which the Company will be able to promote labor-saving and other issues related to ordering will ultimately create the key factor for determining the size of sales for catalog products in the future.

In Japan and China, collectively accounting for almost 90% of sales for the Company as a whole, the Company saw online ordering ratio of 39% on catalog products for FY03/2022. Meanwhile, the Company is planning to see the ratio up to 48% for FY03/2025, the final year of the midterm management plan (FY03/2023 to FY03/2025) by means of pushing on with “improvement of user-friendliness for customers” through refining PUNCH NET. At the same time, the Company says that it will leverage its aforementioned new services of 3D Measurement Partners in order to ensure “enhancement of customer follow-up framework”. The services provided here are of measuring shape of products for the sake of investigating the causes of defects and propose improvement measures by processing and analyzing the data obtained, according to the Company.

4.0 Recent Trading and Prospects

Q1 to Q2 FY03/2023

For Q1 to Q2 FY03/2023, sales came in at ¥21,665m (up 11.0% YoY), operating profit ¥1,537m (down 13.1%), recurring profit ¥1,524m (down 12.2%) and profit attributable to owners of parent ¥905m (down 28.0%), while operating profit margin 7.1% (down 2.0% points). At the extraordinary level, the Company saw increased impairment loss over the same period of the previous year, having resulted in a decline relatively larger for profit attributable to owners of parent to a corresponding extent, generally speaking.

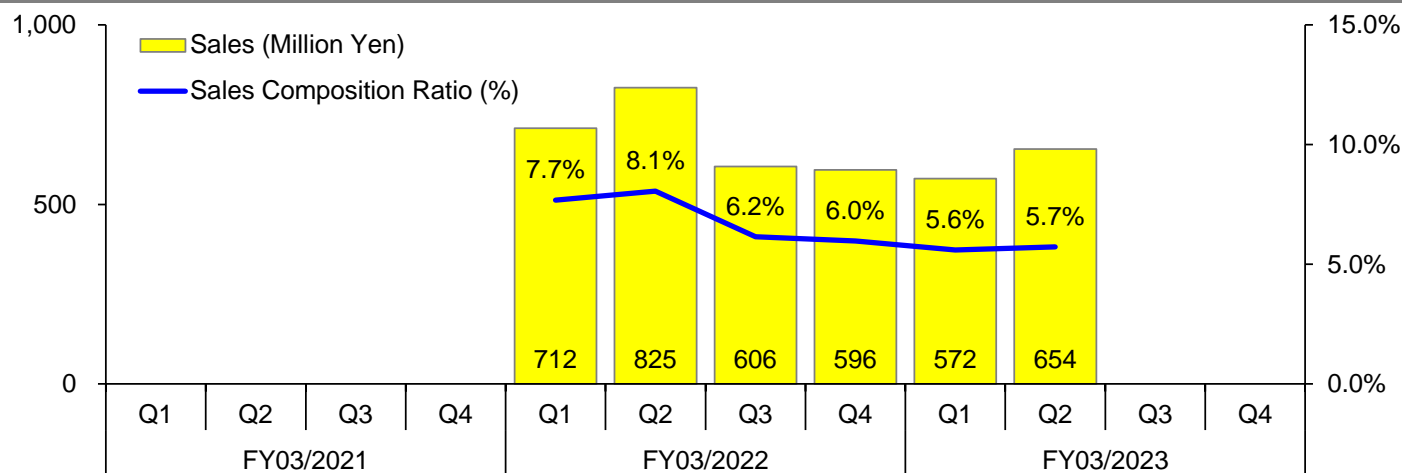


Source: Company Data, WRJ Calculation

By region, sales in Japan came in at ¥6,977m (up 1.2%), sales in China ¥12,109m (up 16.0%), sales in Southeast Asia ¥986m (up 17.2%) and sales in Europe, Americas, etc. ¥1,592m (up 18.7%). In other words, while sales increased in all the regions, the contribution from sales growth in China was particularly large. For Q1 to Q2, however, there is an aspect that yen got depreciated against Chinese yuan (¥18.98 per yuan / yen's depreciation by 14.1% over the same period of the previous year), having significantly driven sales in China. According to the Company, sales in China on a local currency basis increased by no more than 1.6% over the same period of the previous year.

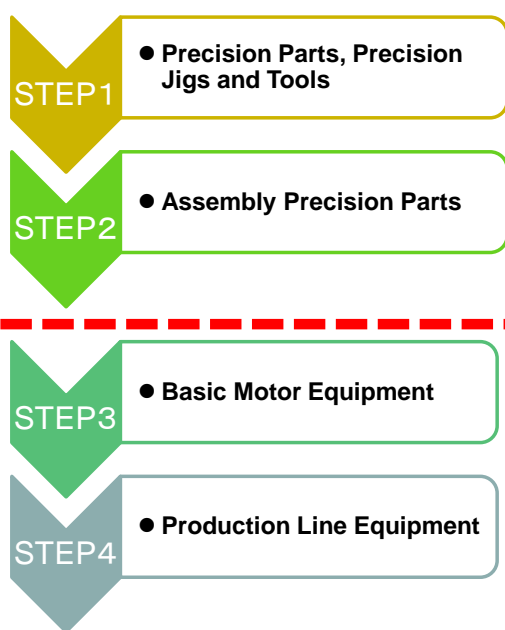
In Japan (32.2% of total sales), sales have edged up over the same period of the previous year due mainly to increased sales associated with precision equipment being included in Consumer Electronics & Precision Equipment, which was substantial enough to more than compensate for weakness in sales associated with Automobiles. In China (55.9%), sales associated with Automobiles are buoyant in particular by application, which is mentioned as the key driver for increased sales. In Southeast Asia (4.6%), sales in Singapore, Thailand, Vietnam and Malaysia are strong across the board, according to the Company. In Europe, America, etc. (7.3%), the Company says that sales are firm in particular for those of healthcare-related, belonging to Other by application.

“Special Order Products” Belonging to the FA Domain: Sales and Sales Composition Ratio



“Special Order Products” Belonging to the FA Domain: Sales Enhancement Measures

Applying Technology of Special Order Products Associated with Parts for Molds & Dies to “Special Order Products” Belonging to the FA Domain, the New Operations



株式会社 ASce

PUNCH INDUSTRY
パンチ工業株式会社

ASce Inc. joining the Punch Group with an objective of enhancing sales, including those of advanced products incorporating equipment

- Launching a project to propel FA operations in Japan
 - Setting out strategy for sales promotions
 - Jacking up or developing FA subcontracting factories



High-pressure injection of flavored liquid into food stuff

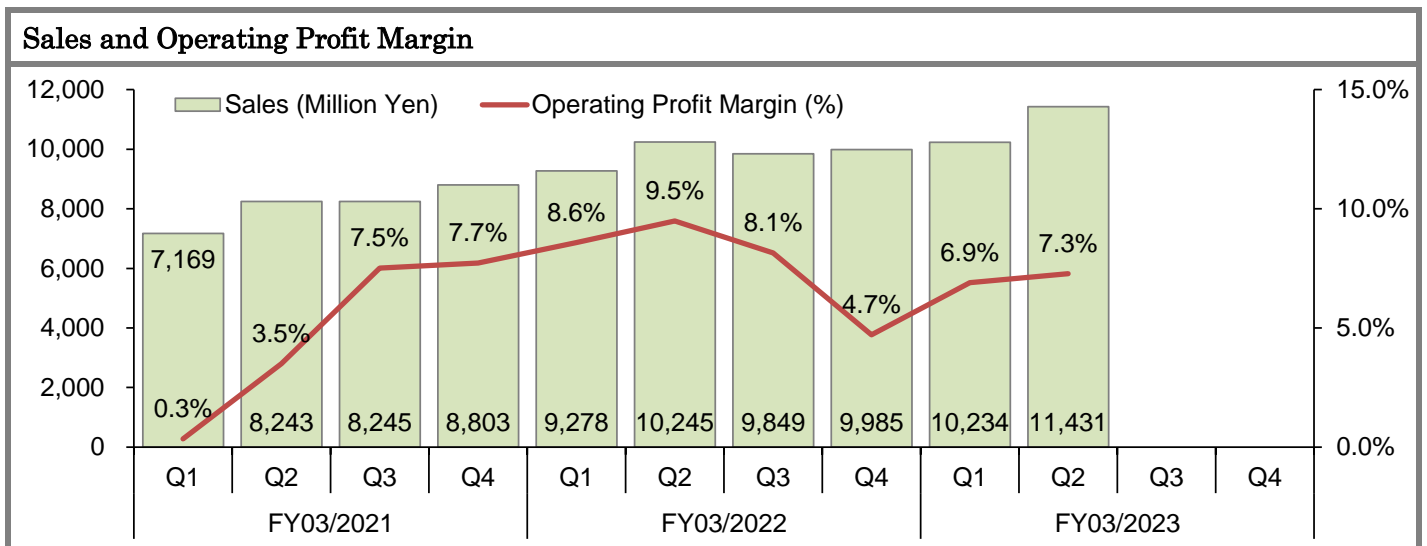
Source: Company Data, WRJ Calculation

With respect to "Special Order Products" Belonging to the FA Domain, where the Company is actively undertaking the task of development and sales promotions for a long-term growth, sales are included respectively in sales by region and sales by application. By region, the majority of sales are booked in Japan and China, collectively, while sales are basically those of "precision parts, precision jigs and tools" and "assembly precision parts," where the Company leverages its expertise of special order products associated with parts for molds & dies. On top of this, the Company is planning to get being exposed to "basic motor equipment" and then "production line equipment" for the near future, through its effort of accumulating knowhow on development and design for FA equipment. For Q1 to Q2, the Company suffered from sales decreased over the same period of the previous year. This was inevitable, according to the Company, as sales during the same period of the previous year were boosted by temporary increase in sales due to special demand.

On 26 October 2022, the Company announced that it had acquired all the shares of ASCe Inc. (hereafter, ASCe / capital: ¥15m) for a consolidation as subsidiary. The purpose of this acquisition is to accelerate the activities to propel sales expansion of "Special Order Products" Belonging to the FA Domain, which is one of the main pillars of the Company's midterm management plan.

According to the Company, by acquiring ASCe which has strengths in self-development of FA equipment for food processing, automotive parts, electronic devices and healthcare-related, it has taken the first step toward accumulating knowhow on development and design for FA equipment mentioned above. At the same time, the Company is also looking to synergy stemming from mutual use of sales channels of each and technological exchange. The Company hopes that the above will ensure achievement of the business objective of its midterm management plan and promote long-term enhancement of its corporate value.

For example, ASCe makes Needle-less Flavored Liquid Injector, a device (based on patented technology by ASCe) that injects flavored liquid into foodstuff such as meat and fish by letting it fly at high pressure like a water gun. According to the Company, processing with this device has the advantages of reducing the soaking time of the flavored liquid, eliminating the risk of contamination by foreign objects because there is no needle to point at the foodstuff and reducing the time required for cleaning. In other words, it is suggested that ASCe has high capability of development and design related to FA equipment.



Source: Company Data, WRJ Calculation

For the Company as a whole, gross profit came in at ¥6,048m (up 3.1%) and SG&A expenses ¥4,511m (up 10.2%), implying gross profit margin of 27.9% (down 2.1% points) and SG&A ratio of 20.8% (down 0.2% points). That is to say, the Company has suffered from operating profit margin declined due to deterioration of cost rate. SG&A ratio has come down, albeit marginally, having rather positively affected to operating profit margin as a result of so-called effect on increased sales.

According to the Company, there are negative impacts stemming from a rise in purchasing prices of raw materials and that of resources, while profitability is inevitably under pressure in subsidiaries based in China due to yen's depreciation against yuan. With respect to the actual results for Q1 to Q2, it appears for the Company that increased cost as a result of increased purchasing prices of raw materials, etc. was hardly passed on to selling prices of own products. Meanwhile, yen's depreciation against yuan is also cited as a reason for increase in SG&A expenses, while increase in expenses to rise in conjunction with increase in sales is mentioned as another reason here.

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)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.	
Sales	9,278	19,523	29,372	39,358	10,234	21,665	-	-	+2,142	
Cost of Sales	6,521	13,659	20,613	27,913	7,343	15,617	-	-	+1,957	
Gross Profit	2,756	5,864	8,759	11,444	2,891	6,048	-	-	+184	
SG&A Expenses	1,960	4,095	6,188	8,403	2,185	4,511	-	-	+415	
Operating Profit	796	1,768	2,570	3,041	705	1,537	-	-	(231)	
Non Operating Balance	(34)	(32)	(26)	(33)	(7)	(12)	-	-	+20	
Recurring Profit	761	1,736	2,543	3,007	698	1,524	-	-	(211)	
Extraordinary Balance	(30)	(48)	(66)	(159)	(58)	(107)	-	-	(58)	
Profit before Income Taxes	731	1,687	2,477	2,847	640	1,417	-	-	(269)	
Total Income Taxes	203	426	697	802	210	509	-	-	+82	
Profit Attributable to Non-Controlling Interests	0	1	2	4	2	2	-	-	+1	
Profit Attributable to Owners of Parent	526	1,258	1,778	2,040	427	905	-	-	(352)	
Sales YoY	+29.4%	+26.7%	+24.2%	+21.2%	+10.3%	+11.0%	-	-	-	
Operating Profit YoY	-	+464.7%	+175.5%	+88.5%	(11.4%)	(13.1%)	-	-	-	
Recurring Profit YoY	-	+365.7%	+153.0%	+79.4%	(8.3%)	(12.2%)	-	-	-	
Profit Attributable to Owners of Parent YoY	-	-	-	+327.2%	(18.7%)	(28.0%)	-	-	-	
Gross Profit Margin	29.7%	30.0%	29.8%	29.1%	28.3%	27.9%	-	-	(2.1%)	
SG&A Ratio	21.1%	21.0%	21.1%	21.4%	21.4%	20.8%	-	-	(0.2%)	
Operating Profit Margin	8.6%	9.1%	8.8%	7.7%	6.9%	7.1%	-	-	(2.0%)	
Recurring Profit Margin	8.2%	8.9%	8.7%	7.6%	6.8%	7.0%	-	-	(1.9%)	
Profit Attributable to Owners of Parent Margin	5.7%	6.4%	6.1%	5.2%	4.2%	4.2%	-	-	(2.3%)	
Total Income Taxes / Profit before Income Taxes	27.9%	25.3%	28.1%	28.2%	32.9%	35.9%	-	-	+10.6%	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.	
Sales	9,278	10,245	9,849	9,985	10,234	11,431	-	-	+1,186	
Cost of Sales	6,521	7,137	6,954	7,299	7,343	8,274	-	-	+1,136	
Gross Profit	2,756	3,107	2,894	2,685	2,891	3,157	-	-	+50	
SG&A Expenses	1,960	2,135	2,092	2,214	2,185	2,326	-	-	+190	
Operating Profit	796	971	802	471	705	831	-	-	(140)	
Non Operating Balance	(34)	2	5	(7)	(7)	(4)	-	-	(7)	
Recurring Profit	761	974	807	463	698	826	-	-	(147)	
Extraordinary Balance	(30)	(18)	(17)	(93)	(58)	(48)	-	-	(30)	
Profit before Income Taxes	731	955	790	370	640	777	-	-	(178)	
Total Income Taxes	203	222	270	104	210	298	-	-	+75	
Profit Attributable to Non-Controlling Interests	0	0	0	2	2	0	-	-	(0)	
Profit Attributable to Owners of Parent	526	732	519	262	427	478	-	-	(254)	
Sales YoY	+29.4%	+24.3%	+19.4%	+13.4%	+10.3%	+11.6%	-	-	-	
Operating Profit YoY	-	+237.2%	+29.4%	(30.7%)	(11.4%)	(14.4%)	-	-	-	
Recurring Profit YoY	-	+165.7%	+27.7%	(30.9%)	(8.3%)	(15.2%)	-	-	-	
Profit Attributable to Owners of Parent YoY	-	-	+12.0%	(53.0%)	(18.7%)	(34.7%)	-	-	-	
Gross Profit Margin	29.7%	30.3%	29.4%	26.9%	28.3%	27.6%	-	-	(2.7%)	
SG&A Ratio	21.1%	20.8%	21.2%	22.2%	21.4%	20.3%	-	-	(0.5%)	
Operating Profit Margin	8.6%	9.5%	8.1%	4.7%	6.9%	7.3%	-	-	(2.2%)	
Recurring Profit Margin	8.2%	9.5%	8.2%	4.6%	6.8%	7.2%	-	-	(2.3%)	
Profit Attributable to Owners of Parent Margin	5.7%	7.1%	5.3%	2.6%	4.2%	4.2%	-	-	(3.0%)	
Total Income Taxes / Profit before Income Taxes	27.9%	23.3%	34.2%	28.3%	32.9%	38.4%	-	-	+15.1%	

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)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Japan	3,475	6,897	10,440	14,020	3,516	6,977	-	-	+80
China	4,851	10,441	15,653	20,956	5,528	12,109	-	-	+1,668
Southeast Asia	394	841	1,281	1,740	471	986	-	-	+145
Europe, Americas, etc.	556	1,342	1,998	2,641	717	1,592	-	-	+250
Sales	9,278	19,523	29,372	39,358	10,234	21,665	-	-	+2,142
Japan	+13.5%	+17.9%	+16.6%	+13.6%	+1.2%	+1.2%	-	-	-
China	+45.9%	+30.1%	+26.4%	+24.1%	+13.9%	+16.0%	-	-	-
Southeast Asia	+14.6%	+26.5%	+28.5%	+26.4%	+19.6%	+17.2%	-	-	-
Europe, Americas, etc.	+27.5%	+54.1%	+50.8%	+42.2%	+28.9%	+18.7%	-	-	-
Sales (YoY)	+29.4%	+26.7%	+24.2%	+21.2%	+10.3%	+11.0%	-	-	-
Japan	37.5%	35.3%	35.5%	35.6%	34.4%	32.2%	-	-	-
China	52.3%	53.5%	53.3%	53.2%	54.0%	55.9%	-	-	-
Southeast Asia	4.2%	4.3%	4.4%	4.4%	4.6%	4.6%	-	-	-
Europe, Americas, etc.	6.0%	6.9%	6.8%	6.7%	7.0%	7.3%	-	-	-
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)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Japan	3,475	3,422	3,542	3,579	3,516	3,460	-	-	+38
China	4,851	5,590	5,211	5,303	5,528	6,581	-	-	+991
Southeast Asia	394	447	439	459	471	514	-	-	+67
Europe, Americas, etc.	556	785	656	643	717	875	-	-	+90
Sales	9,278	10,245	9,849	9,985	10,234	11,431	-	-	+1,186
Japan	+13.5%	+22.8%	+14.3%	+5.6%	+1.2%	+1.1%	-	-	-
China	+45.9%	+18.9%	+19.5%	+17.8%	+13.9%	+17.7%	-	-	-
Southeast Asia	+14.6%	+39.3%	+32.6%	+21.1%	+19.6%	+15.0%	-	-	-
Europe, Americas, etc.	+27.5%	+80.9%	+44.5%	+20.9%	+28.9%	+11.5%	-	-	-
Sales (YoY)	+29.4%	+24.3%	+19.4%	+13.4%	+10.3%	+11.6%	-	-	-
Japan	37.5%	33.4%	36.0%	35.8%	34.4%	30.3%	-	-	-
China	52.3%	54.6%	52.9%	53.1%	54.0%	57.6%	-	-	-
Southeast Asia	4.2%	4.4%	4.5%	4.6%	4.6%	4.5%	-	-	-
Europe, Americas, etc.	6.0%	7.7%	6.7%	6.4%	7.0%	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 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)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Automobiles	3,880	8,113	12,221	16,442	4,383	9,115	-	-	+1,002
Electronic Components & Semiconductors	1,968	4,132	6,091	8,043	1,947	4,122	-	-	(10)
Consumer Electronics & Precision Equipment	988	2,062	3,131	4,192	1,055	2,213	-	-	+151
Other	2,441	5,215	7,928	10,679	2,847	6,214	-	-	+999
Sales	9,278	19,523	29,372	39,358	10,234	21,665	-	-	+2,142
Automobiles	+26.6%	+22.7%	+21.5%	+20.2%	+13.0%	+12.4%	-	-	-
Electronic Components & Semiconductors	+36.3%	+41.3%	+34.3%	+27.4%	(1.0%)	(0.3%)	-	-	-
Consumer Electronics & Precision Equipment	+13.0%	+13.7%	+9.9%	+7.8%	+6.8%	+7.4%	-	-	-
Other	+36.8%	+28.4%	+27.6%	+24.5%	+16.6%	+19.2%	-	-	-
Sales (YoY)	+29.4%	+26.7%	+24.2%	+21.2%	+10.3%	+11.0%	-	-	-
Automobiles	41.8%	41.6%	41.6%	41.8%	42.8%	42.1%	-	-	-
Electronic Components & Semiconductors	21.2%	21.2%	20.7%	20.4%	19.0%	19.0%	-	-	-
Consumer Electronics & Precision Equipment	10.6%	10.6%	10.7%	10.7%	10.3%	10.2%	-	-	-
Other	26.3%	26.7%	27.0%	27.1%	27.8%	28.7%	-	-	-
Sales (Composition Ratio)	100.0%	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)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Automobiles	3,880	4,233	4,107	4,221	4,383	4,731	-	-	+498
Electronic Components & Semiconductors	1,968	2,164	1,958	1,952	1,947	2,174	-	-	+10
Consumer Electronics & Precision Equipment	988	1,073	1,069	1,061	1,055	1,158	-	-	+85
Other	2,441	2,773	2,713	2,750	2,847	3,366	-	-	+593
Sales	9,278	10,245	9,849	9,985	10,234	11,431	-	-	+1,186
Automobiles	+26.6%	+19.4%	+19.1%	+16.5%	+13.0%	+11.8%	-	-	-
Electronic Components & Semiconductors	+36.3%	+46.2%	+21.5%	+9.7%	(1.0%)	+0.5%	-	-	-
Consumer Electronics & Precision Equipment	+13.0%	+14.3%	+3.4%	+2.0%	+6.8%	+7.9%	-	-	-
Other	+36.8%	+21.8%	+26.2%	+16.5%	+16.6%	+21.4%	-	-	-
Sales (YoY)	+29.4%	+24.3%	+19.4%	+13.4%	+10.3%	+11.6%	-	-	-
Automobiles	41.8%	41.3%	41.7%	42.3%	42.8%	41.4%	-	-	-
Electronic Components & Semiconductors	21.2%	21.1%	19.9%	19.5%	19.0%	19.0%	-	-	-
Consumer Electronics & Precision Equipment	10.6%	10.5%	10.9%	10.6%	10.3%	10.1%	-	-	-
Other	26.3%	27.1%	27.5%	27.5%	27.8%	29.4%	-	-	-
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	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.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023		
Cash and Deposit	3,399	4,021	4,703	4,816	4,396	5,089	-	-		+1,068
Accounts Receivables	10,504	10,901	10,675	11,235	11,672	12,933	-	-		+2,032
Inventory	4,021	4,065	4,378	4,791	5,095	5,421	-	-		+1,356
Other	315	438	395	437	759	682	-	-		+244
Current Assets	18,241	19,426	20,154	21,279	21,923	24,127	-	-		+4,701
Tangible Assets	6,462	6,796	6,797	7,012	7,359	7,822	-	-		+1,026
Intangible Assets	174	163	161	177	181	202	-	-		+39
Investments and Other Assets	310	299	289	303	284	296	-	-		(3)
Fixed Assets	6,947	7,259	7,248	7,494	7,825	8,322	-	-		+1,062
Total Assets	25,189	26,685	27,402	28,774	29,748	32,449	-	-		+5,764
Accounts Payables, etc.	3,564	3,931	3,803	3,816	3,784	4,575	-	-		+643
Short Term Debt	2,690	2,636	3,051	2,485	2,433	2,542	-	-		(93)
Other	2,537	2,788	2,679	3,698	3,133	3,463	-	-		+675
Current Liabilities	8,791	9,356	9,534	10,001	9,351	10,581	-	-		+1,224
Long Term Debt	1,104	957	810	907	1,062	876	-	-		(81)
Other	1,562	1,649	1,732	1,557	1,616	1,720	-	-		+70
Fixed Liabilities	2,667	2,607	2,542	2,465	2,679	2,596	-	-		(10)
Total Liabilities	11,459	11,963	12,077	12,466	12,031	13,178	-	-		+1,214
Shareholders' Equity	12,838	13,587	14,019	14,378	14,693	15,360	-	-		+1,773
Other	891	1,134	1,305	1,928	3,024	3,911	-	-		+2,776
Net Assets	13,729	14,721	15,324	16,307	17,717	19,271	-	-		+4,550
Total Liabilities and Net Assets	25,189	26,685	27,402	28,774	29,748	32,449	-	-		+5,764
Equity Capital	13,691	14,686	15,288	16,264	17,672	19,225	-	-		+4,539
Interest Bearing Debt	3,794	3,594	3,861	3,393	3,496	3,419	-	-		(174)
Net Debt	395	(427)	(842)	(1,422)	(899)	(1,670)	-	-		(1,243)
Equity Ratio	54.4%	55.0%	55.8%	56.5%	59.4%	59.2%	-	-		-
Net Debt Equity Ratio	2.9%	(2.9%)	(5.5%)	(8.7%)	(5.1%)	(8.7%)	-	-		-
ROE (12 months)	8.7%	17.9%	17.4%	14.2%	12.4%	10.0%	-	-		-
ROA (12 months)	9.9%	12.1%	12.4%	11.2%	10.7%	9.5%	-	-		-
Days for Inventory Turnover	56	52	57	60	63	60	-	-		-
Quick Ratio	158%	159%	161%	160%	172%	170%	-	-		-
Current Ratio	207%	208%	211%	213%	234%	228%	-	-		-

Source: Company Data, WRJ Calculation

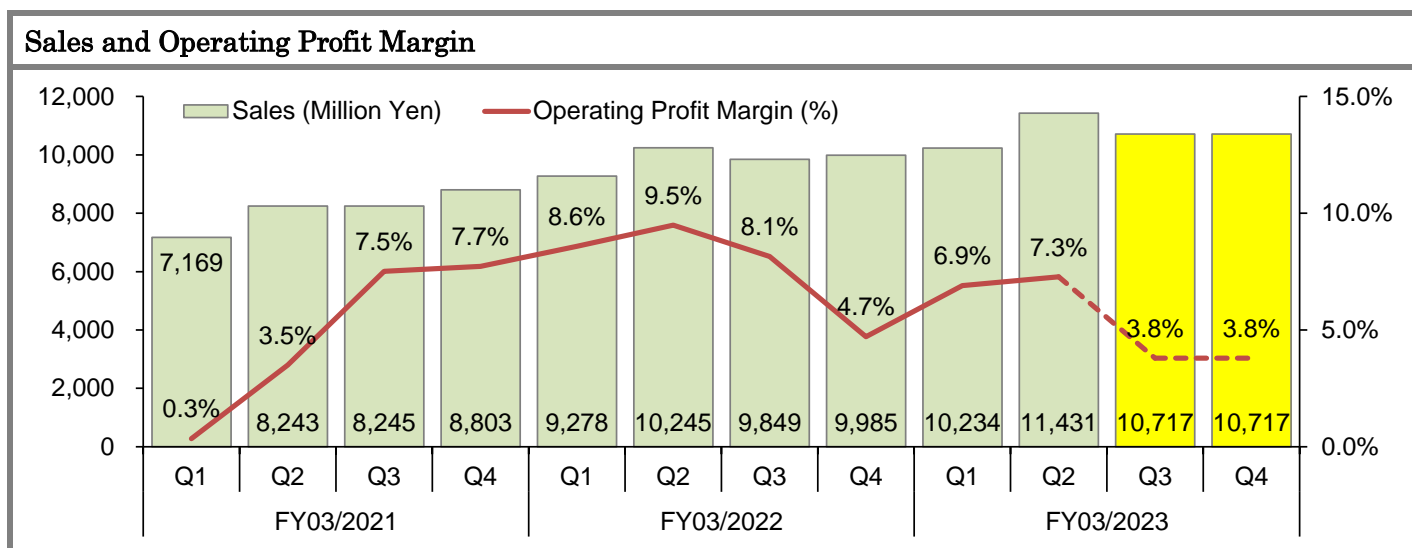
Cash Flow Statement (Cumulative)

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.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023		
Operating Cash Flow	-	1,392	-	2,941	-	825	-	-		(567)
Investing Cash Flow	-	(638)	-	(1,099)	-	(588)	-	-		+50
Operating Cash Flow and Investing Cash Flow	-	753	-	1,841	-	236	-	-		(517)
Financing Cash Flow	-	(1,131)	-	(1,600)	-	(421)	-	-		+709

Source: Company Data, WRJ Calculation

FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 26 December 2022) are going for prospective sales of ¥43,100m (up 9.5% YoY), operating profit of ¥2,350m (down 22.7%), recurring profit of ¥2,300m (down 23.5%) and profit attributable to owners of parent of ¥1,130m (down 44.6%), while operating profit margin of 5.5% (down 2.3% points). At the same time, Company forecasts are going for ROE of 6.7% (down 7.5% points) for FY03/2023.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2023: H2 Company forecasts, pro rata)

When the most recent Company forecasts mentioned above were announced, the Company was going for planned dividend of ¥13.00 per share (¥6.50 as of the end of Q2 and ¥6.50 as of the end of Q4) for FY03/2023. Meanwhile, on 13 January 2023, the Company has newly set the target for its shareholder return policy, i.e., “payout ratio of at least 30% and dividend on equity (DOE) ratio of at least 3%,” and thus the planned dividend as of the end of Q4 was revised up to a corresponding extent. On a full-year basis, the Company is now going for planned dividend of ¥19.50 per share (¥6.50 as of the end of Q2 and ¥13.00 as of the end of Q4), implying pay out ratio of 40.1% and DOE of 3.0% for FY03/2023. By the way, the Company has also announced that “the actual dividend amount is scheduled to be decided, depending on the state of exercise for moving strike warrant outstanding.”

By the way, the Company is to suffer from a shortfall in its performance for FY03/2023, when compared with assumptions of initial Company forecasts, i.e., assumptions for the midterm management plan, by ¥400m (0.9%) for sales, ¥950m (28.8%) for operating profit, ¥970m (29.7%) for recurring profit and ¥970m (46.2%) for profit attributable to owners of parent in terms of the above-mentioned most recent Company forecasts. In other words, the Company will suffer from nothing but a slight shortfall in sales, although a substantial shortfall in earnings.

Sales are to fall short of as those of Japan and China are to do so. It is suggested that sales in Japan are experiencing an unexpected slowdown as a result of delayed recovery in sales associated with Automobiles, where it takes longer than expected to see a recovery in production activities due mainly to extended shortage of semiconductors. Meanwhile, for China, it is suggested that the negative impacts stemming from COVID-19 will be larger than expected. The impacts of Zero-COVID Policy locally implemented have remained roughly as initially expected, while it was beyond expectations that relaxation of this policy was to significantly increase the number of infections, according to the Company. To date, the Company has recognized decrease in order intake due to the latter, while the number of infections has picked up sharply in own local factories, implying that it is now too hard to see rate of utilization in facilities as high as in the recent ordinary times.

Meanwhile, with respect to a shortfall in earnings, the Company suggests that it has been suffering from a remarkable rise in purchasing prices of raw materials and resources since the stage of Q1, while having suffered from a major increase in SG&A expenses due to that of expenses in conjunction with increase in sales at the same time. On top of this, the Company also suggests that profitability is inevitably under pressure in subsidiaries based in China due to yen's depreciation against yuan. It appears that the Company particularly suffers from increased purchasing prices as a result of a rise in raw material prices. Now, for Q3, the Company has begun suffering from a constrained capacity utilization rate for operations in China due to the above-mentioned factor, while ineluctably responding to requests from its subcontractors to raise prices of goods it purchases. At the same time, the Company also suffers from soaring electricity prices. According to the Company, it has begun benefiting from revision on selling prices for products sold in Japan to date. However, the impacts stemming from here have remained insignificant and it takes a while for a rise in purchasing prices to be fully passed on to selling prices, according to the Company.

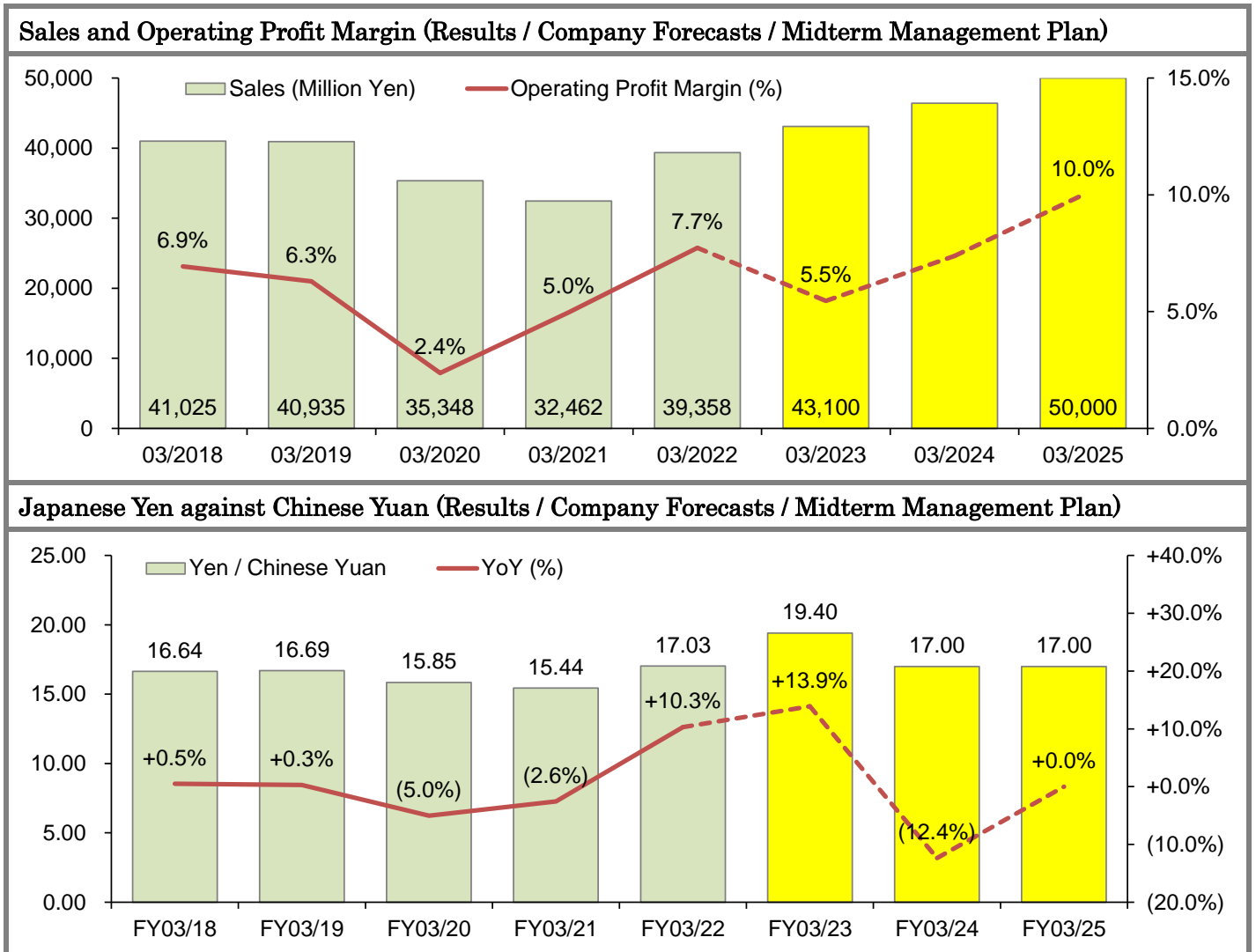
FY03/2023 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2023CoE	13-May-22	Q4 Results	43,500	3,300	3,270	2,100
FY03/2023CoE	10-Aug-22	Q1 Results	44,300	3,100	3,070	1,850
		Amount of Gap	800	(200)	(200)	(250)
		Rate of Gap	1.8%	(6.1%)	(6.1%)	(11.9%)
FY03/2023CoE	10-Nov-22	Q2 Results	44,300	3,100	3,070	1,850
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2023CoE	26-Dec-22	Revision	43,100	2,350	2,300	1,130
		Amount of Gap	(1,200)	(750)	(770)	(720)
		Rate of Gap	(2.7%)	(24.2%)	(25.1%)	(38.9%)
FY03/2023CoE	13-May-22	Q4 Results	43,500	3,300	3,270	2,100
FY03/2023CoE	26-Dec-22	Revision	43,100	2,350	2,300	1,130
		Amount of Gap	(400)	(950)	(970)	(970)
		Rate of Gap	(0.9%)	(28.8%)	(29.7%)	(46.2%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2023CoE	13-May-22	Q4 Results	21,500	1,660	1,640	1,070
Q1 to Q2 FY03/2023CoE	10-Aug-22	Q1 Results	21,700	1,530	1,520	850
		Amount of Gap	200	(130)	(120)	(220)
		Rate of Gap	0.9%	(7.8%)	(7.3%)	(20.6%)
Q1 to Q2 FY03/2023Act	10-Nov-22	Q2 Results	21,665	1,537	1,524	905
		Amount of Gap	(35)	7	4	55
		Rate of Gap	(0.2%)	0.5%	0.3%	6.5%
Q1 to Q2 FY03/2023CoE	13-May-22	Q4 Results	21,500	1,660	1,640	1,070
Q1 to Q2 FY03/2023Act	10-Nov-22	Q2 Results	21,665	1,537	1,524	905
		Amount of Gap	165	(123)	(116)	(165)
		Rate of Gap	0.8%	(7.4%)	(7.1%)	(15.4%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2023CoE	13-May-22	Q4 Results	22,000	1,640	1,630	1,030
Q3 to Q4 FY03/2023CoE	10-Aug-22	Q1 Results	22,600	1,570	1,550	1,000
		Amount of Gap	600	(70)	(80)	(30)
		Rate of Gap	2.7%	(4.3%)	(4.9%)	(2.9%)
Q3 to Q4 FY03/2023CoE	10-Nov-22	Q2 Results	22,635	1,563	1,546	945
		Amount of Gap	35	(7)	(4)	(55)
		Rate of Gap	0.2%	(0.4%)	(0.3%)	(5.5%)
Q3 to Q4 FY03/2023CoE	26-Dec-22	Revision	21,435	813	776	225
		Amount of Gap	(1,200)	(750)	(770)	(720)
		Rate of Gap	(5.3%)	(48.0%)	(49.8%)	(76.2%)
Q3 to Q4 FY03/2023CoE	13-May-22	Q4 Results	22,000	1,640	1,630	1,030
Q3 to Q4 FY03/2023CoE	26-Dec-22	Revision	21,435	813	776	225
		Amount of Gap	(565)	(827)	(854)	(805)
		Rate of Gap	(2.6%)	(50.4%)	(52.4%)	(78.2%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

On 28 March 2022, the Company announced its midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025). For FY03/2025, the final year of the plan, the Company is calling for prospective sales of ¥50,000m, operating profit of ¥5,000m and profit attributable to owners of parent of ¥4,000m as business objective on a quantitative basis. When setting the FY03/2022 results as the point of origin, the Company is calling for CAGR of 8.3%, 18.0% and 25.1%, respectively. From a qualitative aspect, meanwhile, the Company is calling for growth rate even faster across the board. On the other hand, the Company, which has achieved ROIC of 11.4% (WACC estimated at some 6%) for FY03/2022, has set a goal for ROIC for the future of consistently exceeding 10% at least.

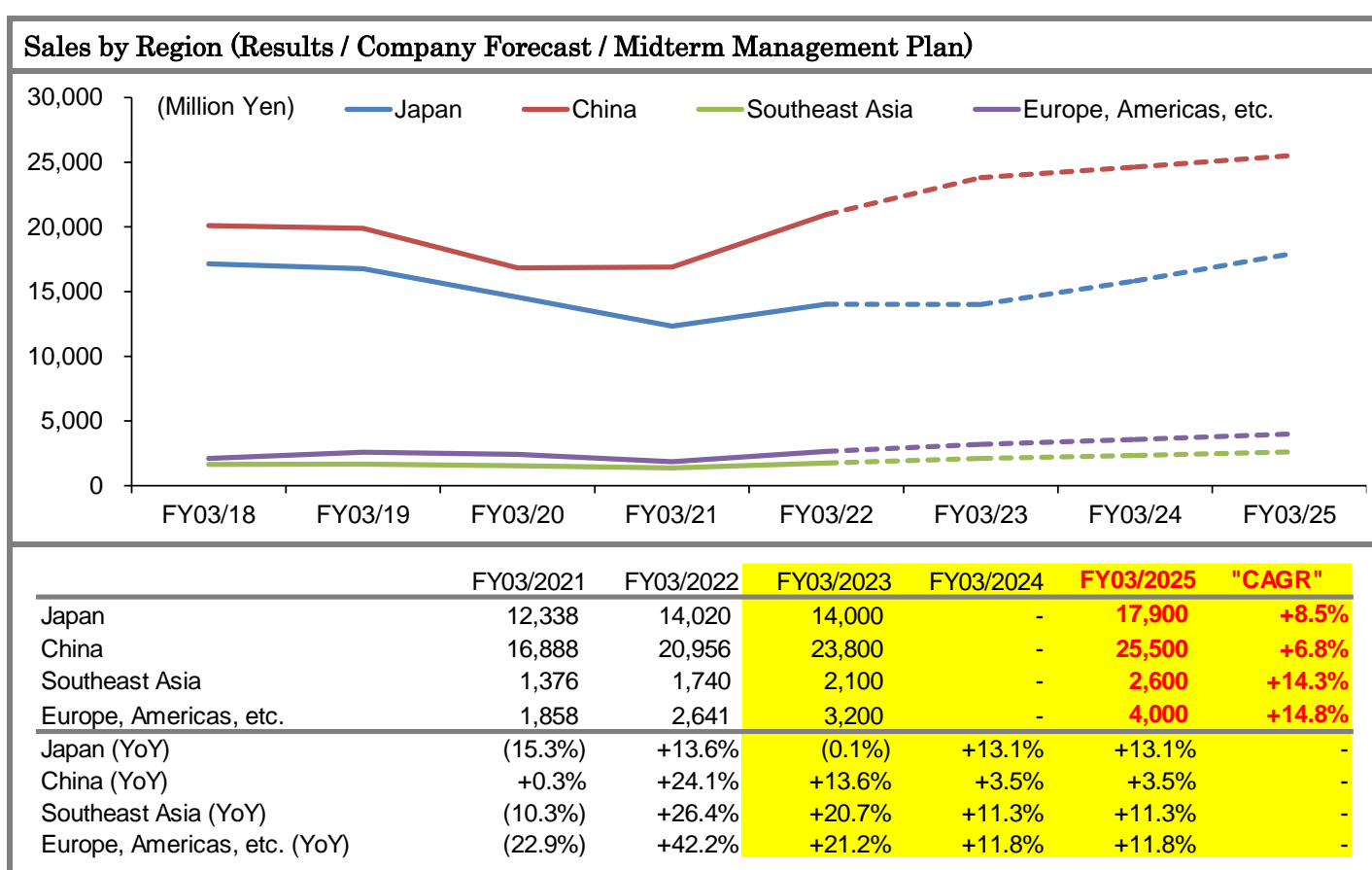


Source: Company Data, WRJ Calculation

As has been discussed in depth, for FY03/2023, the first year of the midterm management plan, the Company is to suffer from sales and earnings worse than assumptions due to changes in management circumstances. More importantly, however, the Company is convinced with the fact that structural changes have not taken place, leaving the business objective of the midterm management plan unchanged.

Sales by Region

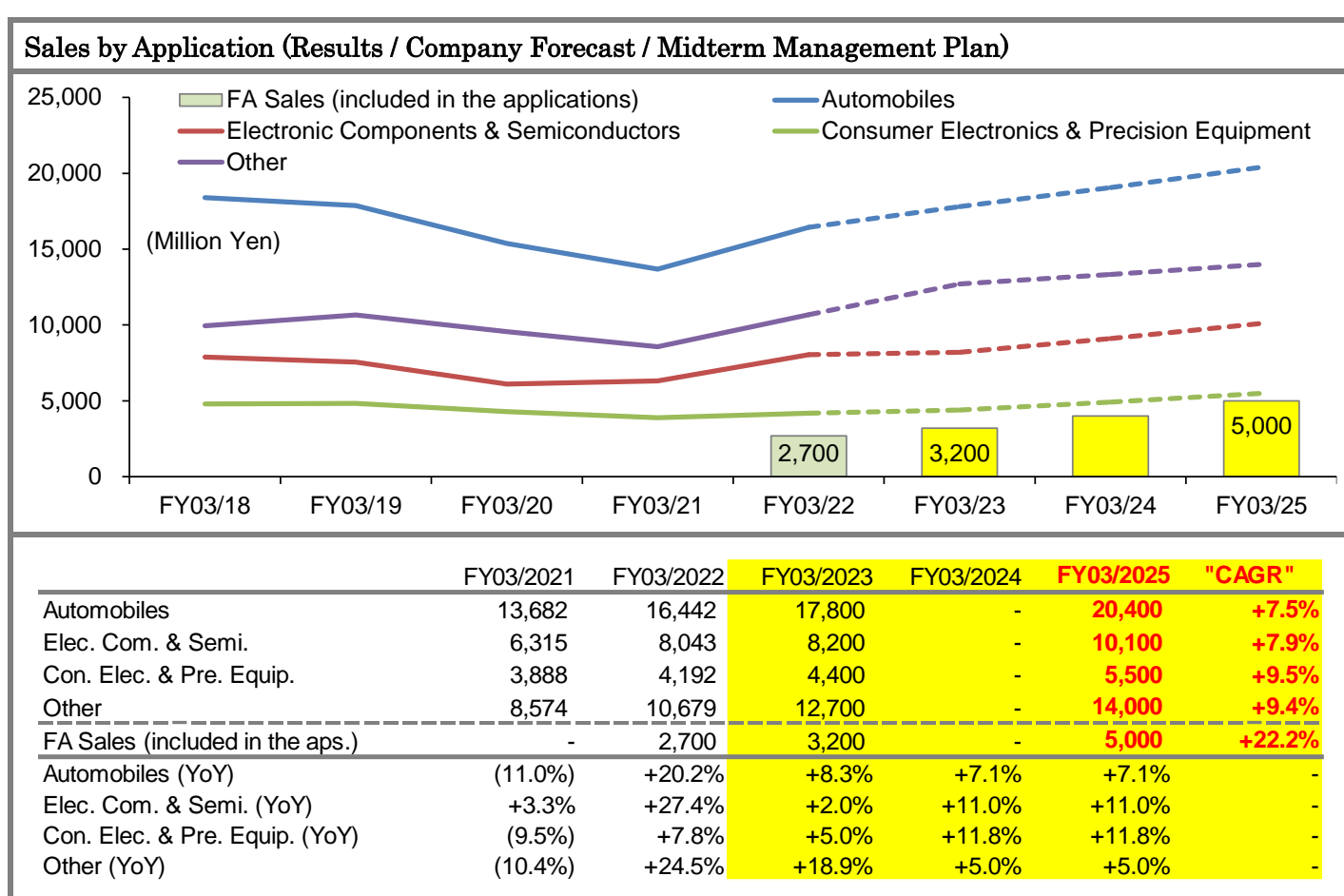
The current FY03/2023 Company forecasts are going for prospective sales to continue increasing across the board by region but for Japan, while the midterm management plan (FY03/2023 to FY03/2025) is calling for an increase in sales across the board by region during its period. However, it is expected that the rate of increase in sales will decelerate from FY03/2022 to FY03/2023, including those of China, which have been driving sales for the Company as a whole. At the same time, in light of “CAGR” to refer to that of three-year period of the midterm management plan, sales in Southeast Asia and Europe, Americas, etc. are expected to see high growth rate in particular. For Southeast Asia, the Company is to focus on sales of Electronic Components & Semiconductors, while trying to enhance local production for local consumption in Vietnam taking advantage of local production facilities at the same time. For the United States, the Company says that it will focus on expanding sales of the healthcare-related belonging to Other and strengthen its collaborations with local distributors for Europe.



Source: Company Data, WRJ Calculation (YoY changes in FY03/2024 and FY03/2025: CAGR for the said years)

Sales by Application

The current FY03/2023 Company forecasts are going for a continued increase in sales by application across the board, while the midterm management plan is calling for a further increase in the same manner during its period. At the same time, in light of “CAGR” to refer to that of three-year period of the midterm management plan, there are no major differences in the growth rate of each application. While the Company is looking to a contribution from aforementioned improvement in ordering services for catalog products, it appears that the plan assumes for the Company to be able to steady capture increased demand in line with increased volume of final products across the board by application as well as looking to acceleration in the rate of growth driven by surging sales of “Special Order Products” Belonging to the FA Domain (whose sales are included as a part of each application). The Company says that the market for FA has a high potential for the future to sustainably expand and it is highly likely that the Company will be able to capture the growth here by means of leveraging own proprietary expertise.



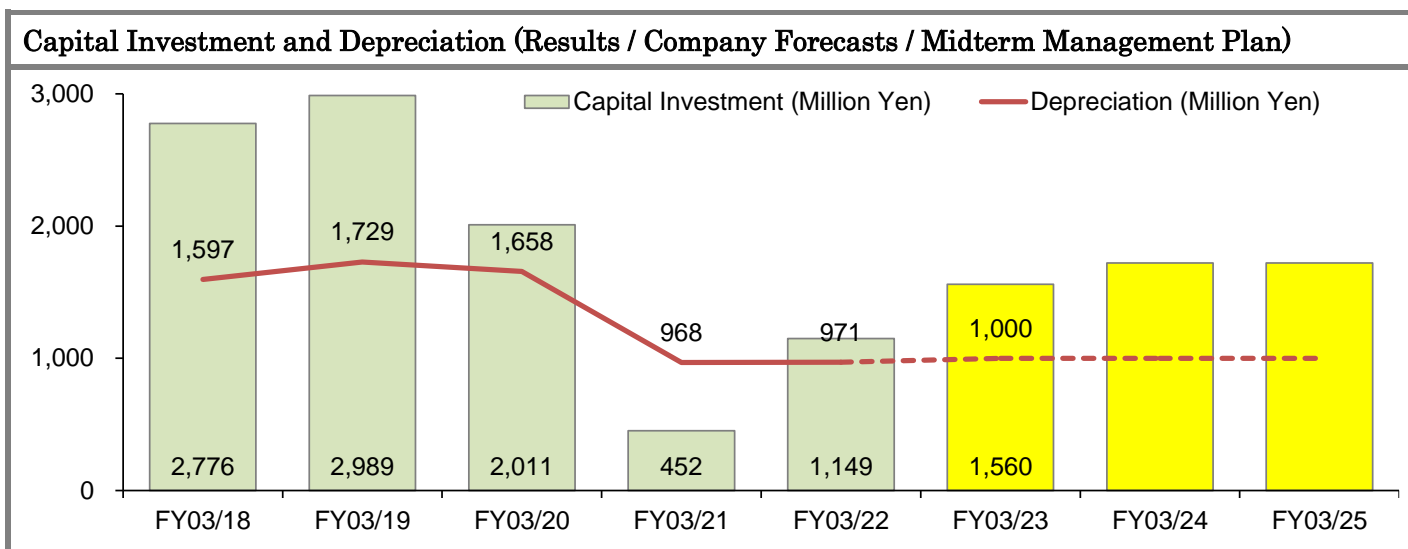
Source: Company Data, WRJ Calculation (YoY changes in FY03/2024 and FY03/2025: CAGR for the said years)

For example, according to data from the National Institute of New Energy and Industrial Technology Organization, the market for industrial robots in Japan will rise from ¥2.9 trillion to ¥9.7 trillion through CY2020 to CY2035, implying CAGR of 8.5% during the same period. Meanwhile, for the manufacturing domain only, with which the Company is heavily involved, the market will rise from ¥1.3 trillion to ¥2.7 trillion, implying CAGR of 5.3%, leading to growth linked to this in the market for FA, according to the Company. More importantly, the Company suggests that it will see the rate of growth in sales to exceed the rate of growth in the market together with its own proprietary expertise. Still, it appears that the midterm management plan also assumes positive impacts here stemming from future business alliances with external entities and M&As. In fact, the Company has acquired ASCe as mentioned earlier.

Sales of "Special Order Products" Belonging to the FA Domain are included in sales of each application, but sales of each application are not disclosed. Meanwhile, in the actual results for FY03/2022, the Company saw sales of ¥2,700m, collectively, and the Company is planning to see sales of ¥5,000m (10.0%% of total sales) for FY03/2025, the final year of the midterm management plan, implying CAGR of 22.2% for the relevant period.

Capital Investment and Depreciation

Over the period of the midterm management plan (FY03/2023 to FY03/2025), the Company plans to pursue efficient mass production of parts for molds & dies by implementing capital investment worth no less than collective ¥5,000m. It has been revealed that the Company will focus on capital investment overseas in particular, i.e., collective ¥2,000m in Japan and collective ¥3,000m overseas. According to the Company, capital investment overseas accounted for some ¥900m versus some ¥250m in Japan out of ¥1,149m in the actual results for FY03/2022.



Source: Company Data, WRJ Calculation

For both of its factories overseas (8 in the number, represented by those based in Malaysia and Dalian) and those of Japan (four in the number, represented by those of Kitakami and Miyako), the Company is to expand capacity and improve productivity by promoting automation and labor-saving measures together with IT tools. At the same time, the Company also plans to establish an optimal manufacturing and procurement system by making full use of external subcontractors. In addition, the Company is planning a transfer of production amongst the four factories in Japan with the aim of raising efficiency, looking to a contribution stemming from here too.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Sales	41,025	40,935	35,348	32,462	39,358	43,100	+3,741
Cost of Sales	29,367	29,463	26,161	23,375	27,913	-	-
Gross Profit	11,658	11,472	9,187	9,086	11,444	-	-
SG&A Expenses	8,814	8,893	8,351	7,473	8,403	-	-
Operating Profit	2,843	2,578	835	1,613	3,041	2,350	(691)
Non Operating Balance	(111)	(31)	(122)	63	(33)	(50)	(16)
Recurring Profit	2,731	2,547	712	1,676	3,007	2,300	(707)
Extraordinary Balance	(215)	(897)	(3,332)	(662)	(159)	-	-
Profit before Income Taxes	2,516	1,650	(2,619)	1,014	2,847	-	-
Total Income Taxes	725	686	866	535	802	-	-
Profit Attributable to Non-Controlling Interests	1	3	0	1	4	-	-
Profit Attributable to Owners of Parent	1,788	960	(3,485)	477	2,040	1,130	(910)
Sales YoY	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+9.5%	-
Operating Profit YoY	+42.8%	(9.3%)	(67.6%)	+93.0%	+88.5%	(22.7%)	-
Recurring Profit YoY	+45.7%	(6.8%)	(72.0%)	+135.1%	+79.4%	(23.5%)	-
Profit Attributable to Owners of Parent YoY	+30.0%	(46.3%)	-	-	+327.2%	(44.6%)	-
Gross Profit Margin	28.4%	28.0%	26.0%	28.0%	29.1%	-	-
SG&A Ratio	21.5%	21.7%	23.6%	23.0%	21.4%	-	-
Operating Profit Margin	6.9%	6.3%	2.4%	5.0%	7.7%	5.5%	(2.3%)
Recurring Profit Margin	6.7%	6.2%	2.0%	5.2%	7.6%	5.3%	(2.3%)
Profit Attributable to Owners of Parent Margin	4.4%	2.3%	(9.9%)	1.5%	5.2%	2.6%	(2.6%)
Total Income Taxes / Profit before Income Taxes	28.8%	41.6%	-	52.8%	28.2%	-	-

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 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Japan	17,153	16,776	14,565	12,338	14,020	14,000	(20)
China	20,100	19,898	16,836	16,888	20,956	23,800	+2,844
Southeast Asia	1,652	1,669	1,535	1,376	1,740	2,100	+360
Europe, Americas, etc.	2,112	2,588	2,410	1,858	2,641	3,200	+559
Sales	41,025	40,935	35,348	32,462	39,358	43,100	+3,741
Japan	+7.9%	(2.2%)	(13.2%)	(15.3%)	+13.6%	(0.1%)	-
China	+15.3%	(1.0%)	(15.4%)	+0.3%	+24.1%	+13.6%	-
Southeast Asia	-	+1.0%	(8.1%)	(10.3%)	+26.4%	+20.7%	-
Europe, Americas, etc.	-	+22.5%	(6.9%)	(22.9%)	+42.2%	+21.2%	-
Sales (YoY)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+9.5%	-
Japan	41.8%	41.0%	41.2%	38.0%	35.6%	32.5%	-
China	49.0%	48.6%	47.6%	52.0%	53.2%	55.2%	-
Southeast Asia	4.0%	4.1%	4.3%	4.2%	4.4%	4.9%	-
Europe, Americas, etc.	5.1%	6.3%	6.8%	5.7%	6.7%	7.4%	-
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	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Automobiles	18,390	17,877	15,370	13,682	16,442	17,800	+1,358
Electronic Components & Semiconductors	7,890	7,558	6,113	6,315	8,043	8,200	+157
Consumer Electronics & Precision Equipment	4,790	4,837	4,298	3,888	4,192	4,400	+208
Other	9,946	10,662	9,566	8,574	10,679	12,700	+2,021
Sales	41,025	40,935	35,348	32,462	39,358	43,100	+3,741
Automobiles	+9.7%	(2.8%)	(14.0%)	(11.0%)	+20.2%	+8.3%	-
Electronic Components & Semiconductors	+13.0%	(4.3%)	(19.1%)	+3.3%	+27.4%	+2.0%	-
Consumer Electronics & Precision Equipment	+7.1%	+1.0%	(11.1%)	(9.5%)	+7.8%	+5.0%	-
Other	+18.4%	+7.2%	(10.3%)	(10.4%)	+24.5%	+18.9%	-
Sales (YoY)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+9.5%	-
Automobiles	44.9%	43.7%	43.5%	42.1%	41.8%	41.3%	-
Electronic Components & Semiconductors	19.3%	18.5%	17.3%	19.5%	20.4%	19.0%	-
Consumer Electronics & Precision Equipment	11.7%	11.8%	12.2%	12.0%	10.7%	10.2%	-
Other	24.2%	26.0%	27.1%	26.4%	27.1%	29.5%	-
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	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
No. of Shares FY End (thousand shares)	22,122	22,122	22,122	22,122	22,332	-	-
Net Profit / EPS (thousand shares)	21,921	21,864	21,786	21,813	21,859	-	-
Treasury Shares FY End (thousand shares)	200	380	313	303	276	-	-
Earnings Per Share	81.61	43.92	(160.01)	21.90	93.36	48.66	-
Earnings Per Share (Fully Diluted)	81.35	43.74	-	21.78	84.36	-	-
Book Value Per Share	736.64	721.49	536.64	568.26	737.40	-	-
Dividend Per Share	16.75	16.75	2.00	2.00	13.00	19.50	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	81.61	43.92	(160.01)	21.90	93.36	48.66	-
Book Value Per Share	736.64	721.49	536.64	568.26	737.40	-	-
Dividend Per Share	16.75	16.75	2.00	2.00	13.00	19.50	-
Payout Ratio	20.5%	38.1%	(1.2%)	9.1%	13.9%	40.1%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Cash and Deposit	3,770	3,579	3,389	4,092	4,816	-	-
Accounts Receivables	12,095	10,988	9,942	9,629	11,235	-	-
Inventory	4,425	4,663	4,229	3,965	4,791	-	-
Other	549	327	230	373	437	-	-
Current Assets	20,842	19,559	17,792	18,060	21,279	-	-
Tangible Assets	9,939	9,972	7,134	6,194	7,012	-	-
Intangible Assets	1,157	1,001	344	175	177	-	-
Investments and Other Assets	621	621	304	272	303	-	-
Fixed Assets	11,718	11,595	7,784	6,641	7,494	-	-
Total Assets	32,560	31,155	25,576	24,702	28,774	-	-
Accounts Payables, etc.	4,597	4,148	3,660	3,297	3,816	-	-
Short Term Debt	3,730	4,326	3,148	3,324	2,485	-	-
Other	4,322	3,056	2,471	2,832	3,698	-	-
Current Liabilities	12,649	11,531	9,280	9,454	10,001	-	-
Long Term Debt	2,151	2,341	2,927	1,251	907	-	-
Other	1,584	1,547	1,621	1,559	1,557	-	-
Fixed Liabilities	3,736	3,889	4,548	2,811	2,465	-	-
Total Liabilities	16,385	15,420	13,829	12,266	12,466	-	-
Shareholders' Equity	15,096	15,500	11,913	12,355	14,378	-	-
Other	1,077	234	(166)	80	1,928	-	-
Net Assets	16,174	15,734	11,747	12,436	16,307	-	-
Total Liabilities and Net Assets	32,560	31,155	25,576	24,702	28,774	-	-
Equity Capital	16,148	15,686	11,703	12,398	16,264	-	-
Interest Bearing Debt	5,882	6,668	6,075	4,576	3,393	-	-
Net Debt	2,111	3,088	2,686	484	(1,422)	-	-
Equity Ratio	49.6%	50.4%	45.8%	50.2%	56.5%	-	-
Net Debt Equity Ratio	13.1%	19.7%	23.0%	3.9%	(8.7%)	-	-
ROE (12 months)	11.8%	6.0%	(25.5%)	4.0%	14.2%	6.7%	-
ROA (12 months)	8.8%	8.0%	2.5%	6.7%	11.2%	-	-
Days for Inventory Turnover	55	58	59	62	63	-	-
Quick Ratio	125%	126%	144%	145%	160%	-	-
Current Ratio	165%	170%	192%	191%	213%	-	-

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 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Operating Cash Flow	3,393	3,185	2,490	2,942	2,941	-	-
Investing Cash Flow	(2,335)	(3,253)	(1,788)	(670)	(1,099)	-	-
Operating Cash Flow and Investing Cash Flow	1,058	(68)	701	2,272	1,841	-	-
Financing Cash Flow	(738)	74	(772)	(1,684)	(1,600)	-	-

Source: Company Data, WRJ Calculation

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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