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# 6165

# Punch Industry

Company Name

Punch Industry Co., Ltd.

Head Office

6-22-7 Minami-oi Shinagawa-ku, Tokyo 140-0013

Listed On

Tokyo Stock Exchange, Standard Market

Fiscal Year-End

Mar

Established

1975-03-29

Exchange Listing

2012-12-20

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# Executive summary

## Business overview

Punch Industry Co., Ltd. (TSE Standard: 6165) is a manufacturer of ejector pins, punches, and dies used in plastic molds and press dies (it does not manufacture molds or dies itself). The company's technicians, who have acquired manufacturing skills over many years in areas such as heat treatment, surface treatment, and grinding, process steel and cemented carbide materials to make both standard and special-order products. The company focuses on making products to order based on customer specifications (accounting for roughly 60% of revenue from mold and die components) using its cutting, grinding, and other precision processing technology. Customers are companies in the automotive, electronic devices and semiconductors, and other manufacturing sectors. Punch Industry operates globally, generating about three-quarters of revenue overseas, with China alone accounting for roughly 60% of revenue. In October 2024, Punch Industry and MISUMI Group Inc. (TSE Prime: 9962), the planned allottee, entered into a capital and business alliance agreement. The two companies are collaborating on initiatives such as logistics integration and mutual product supply.

Most mass-produced metal and plastic products are made using molds and dies. They are used to make a wide range of products, including components and products for automobiles, electrical appliances (household and industrial appliances), toys, daily necessities, and miscellaneous goods. Customers use the company's mold and die components in various applications, such as ejector pins that push products out of molds and punches and dies used in material processing (punches apply pressure and dies receive pressure).

Founded in 1975 by Yuji Morikubo, the company in 1982 was first in the world to succeed in mass-producing high-speed steel ejector pins for plastic molds (its heat treatment technology ensured their hardness and toughness). Subsequently, Punch Industry grew its market share by achieving higher accuracy and durability than conventional products. In 1989, it moved into the production of press die components. In 1990, the company was one of the first Japanese manufacturers to make inroads into the Chinese market, in pursuit of lower labor costs. The ensuing collapse of Japan's bubble economy and the 2008 global financial crisis pushed down the production value of molds and dies in Japan, but the company continued to grow by expanding its manufacturing and sales operations in China and elsewhere in Asia, Europe, and the US.

Revenue for FY03/26 was JPY42.1bn and operating profit was JPY2.0bn. By industry, the automotive sector accounted for 42.2% of revenue, electronic devices and semiconductors accounted for 17.1%, consumer electronics and precision equipment accounted for 9.3%, and other industries (e.g., industrial machinery, telecommunications, healthcare, food, trading companies) accounted for 31.4%. Products break down into standard products (roughly 40% of revenue) and special-order products (roughly 60%). The company has an abundant lineup of highly versatile standard products needed for various molds and dies, mainly plastic molds and metal press dies, which it sells through catalogs.

The company focuses in particular on special-order products. Since molds and dies are made for different end products, they all have unique shapes and sizes. Many are unable to be completed using standard products alone (in many cases their shapes, size, dimensions, materials, and other specifications are unsuited to standard products). If a customer wants to customize a standard product but the required processing is technically out of reach or manufacturing costs cut into its profitability, it will special-order the product from the company. In manufacturing special-order products according to customer design drawings, the company's skilled technicians have to perform minute processing in increments of 0.01mm or 0.001mm using machinery and equipment.

In the company's manufacturing, technicians with years of technical expertise carry out production in-house. The company also outsources production through a network of about 300 partner plants that it has built up. About 70% of employees work in the manufacturing division. Under the production framework the company has put in place, they draw on more than 2,000 machine tools and measuring and inspection equipment to carry out all stages of production, from pre- to post-process. Technicians are divided according to process. Because technicians are in charge of processing using specific machinery and equipment over a long period of time, each acquires highly specialized processing skills, such as manual polishing and circular processing.

In terms of sales, the company receives just over 70% of orders for standard products online (the rest are via in-person sales calls, email, fax, etc.). For special-order products, sales staff personally visit customers to take orders. They listen carefully to customers' technical issues and formulate proposals to meet their needs, including the most appropriate product, customization (i.e., hardness, materials used, processing method, surface treatment, etc.), total cost, and delivery

timeframe. For this reason, sales staff also receive training to learn about actual processing and to gain knowledge about industries and technologies. Technicians also go along on sales calls. This sales approach builds trust with customers and leads to further orders for special-order products. In Japan, the company does business with about 6,000 companies through a network of 10 sales offices nationwide. It was also one of the first Japanese companies in its field to expand abroad, establishing a manufacturing subsidiary in China in 1990, and now does business with about 8,000 customers there.

Shipment volume is linked to how many molds and dies are used by customers across a wide range of manufacturing sectors, including automobiles, electrical appliances (household and industrial appliances), toys, daily necessities, and miscellaneous goods. Revenue is shipment volume multiplied by product unit price. Unit prices of standard products range from JPY100 to several JPY'000, and range from JPY1,000 to JPY0'000 for special-order products. Order quantities can range from a single item to several hundred items or more. Customers renew orders when a component wears out. The company derives about a third of its revenue from plastic mold components, slightly over half from press die components, and the remainder from factory automation products. Cost of revenue consists of the cost of materials used in manufacturing (around 10%), personnel costs (around 30%), and the cost of procuring external products (around 40%). On the profit front, special-order products carry a relatively high gross profit margin, while margins for standard products are low. However, since the company receives most standard product orders online and operating expenses are low, the difference in operating margins between standard and special-order products turns out to be minimal.

Company data estimates that Punch Industry has about a 6% share of the global mold and die components market, ranking second. The same data also estimates the company has the second-largest market share in Japan, at about 18%, and the top market share in China, at about 10%. Misumi Group (TSE Prime: 9962) holds the top global market share for mold and die components, but essentially only sells standard products. Punch Industry says it has the top market share for special-order products in both Japan and China, and that there are no other large-scale players in this area. (In some cases, mold and die manufacturers and users of their products make products by customizing existing standard products. Since there are no aggregate statistics for special-order products alone, it is impossible to accurately estimate market share.) In October 2024, the company entered into a capital and business alliance with Misumi Group. The two companies are in discussions aimed at swiftly realizing synergies through collaboration in mutual product supply and other areas.

The company estimates the global market for mold and die components at around JPY600.0bn. Production value of press dies in Japan declined from JPY576.2bn in 2004 to JPY436.7bn in 2022 (CAGR of -1.5%). Production value of plastic molds also decreased over the same period, from JPY619.3bn to JPY403.2bn in 2022 (-2.4%). The downtrend in domestic production value reflects factors such as shift offshore of manufacturing bases by manufacturers, the growing trend toward eliminating of plastics, economic deterioration, and a drop-off in production due to the pandemic. Meanwhile, global mold and die production value rose from USD91.6bn in 2008 to JPY14.7tn in 2025. Growth was most marked in China and other Asian countries, to which companies transferred production in pursuit of cheaper labor. The company has mitigated the impact of the shrinking mold and die components market in Japan by expanding revenues abroad, mainly in China.

## Earnings trends

In FY03/26, the company reported revenue of JPY42.1bn (+3.1% YoY), operating profit of JPY2.0bn (+20.5% YoY), recurring profit of JPY2.2bn (+36.5% YoY), and net income attributable to owners of the parent of JPY851mn (-2.0% YoY). In Japan, the company underperformed YoY, reflecting the ongoing rebuilding of its sales organization following a corporate restructuring initiative in October 2023 and stagnant personal consumption caused by inflation. Meanwhile, in China, orders remained strong, particularly in the automotive industry. In Southeast Asia, Europe, the US, and other regions, revenue rose YoY, driven by active participation in trade shows and stronger relationships with sales distributors. The annual dividend per share was JPY19.56 (payout ratio of 63.2%), the same as in FY03/25.

In August 2026, Punch Industry announced revisions to its FY03/27 forecast. The revised forecast calls for revenue of JPY45.5bn (+8.1% YoY), operating profit of JPY2.4bn (+18.2% YoY), recurring profit of JPY2.4bn (+9.0% YoY), and net income attributable to owners of the parent of JPY1.2bn (+41.0% YoY). The company expects an annual dividend of JPY20.10 per share (payout ratio: 46.1%), up JPY0.54 YoY. It raised its revenue and profit forecasts to reflect the 1H revision, but factored in a degree of downside risk to demand in 2H, as uncertainty over the outlook has continued to mount amid rising geopolitical risks in the Middle East, concerns that developments in Iran could weigh on the global economy and capital investment demand, and a moderate slowdown in the Chinese economy. The company has therefore adopted conservative assumptions for the 2H earnings outlook.

In May 2026, Punch Industry formulated its new medium-term management plan, Value Creation 28, covering the three-year period from FY03/27–FY03/29. For FY03/29, the company aims for revenue of JPY50.0bn, operating profit of JPY3.4bn, an OPM of 6.8%, ROE of 8.0% or higher, and ROIC of 10.0% or higher. Basic policies include strengthening stable cash-generation capabilities in the existing mold and die components business by focusing on special-order products and improving productivity, as well as establishing a second earnings pillar by developing and expanding the factory automation business amid demand for automation and labor-saving.

## Strengths and weaknesses

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Shared Research believes the company has the following three strengths.

- ▶ The company has established the top spot in the global special-order product market through its precision processing technology and production framework, supported by a corps of highly skilled technicians operating a large pool of machinery and equipment, and a network of sales offices from which staff personally visit customers.
- ▶ Through a training framework that includes the in-house training facility Punch Academy, the company can pass on skills to younger technicians, give hands-on training to sales staff on customer molds and dies and its own mold and die components, and provide ongoing education to other employees.
- ▶ Having been first off the mark to enter the Chinese market and having subsequently expanded its manufacturing and sales network there, the company now boasts the number one share of the growing Chinese market, serving 8,000 customers.

Shared Research believes the company has the following three weaknesses.

- ▶ Training up skilled technicians takes a significant amount of time, and the company's tardiness in rolling out state-of-the-art machine tools, robotics, and automated machinery has slowed the growth of the business.
- ▶ The company was slow to expand into online sales of standard products, thus ceding market share to early-bird competitors.
- ▶ The company lags behind competitors in the factory automation business, which it has positioned as a growth area.

# Key financial data

| Income statement                       | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27               |
|----------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------------|
| (JPYmn)                                | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Consolidated forecast |
| Revenue                                | 36,649  | 41,025  | 40,936  | 35,349  | 32,462  | 39,359  | 42,800  | 38,344  | 40,822  | 42,100  | 45,500                |
| YoY                                    | -0.3%   | 11.9%   | -0.2%   | -13.6%  | -8.2%   | 21.2%   | 8.7%    | -10.4%  | 6.5%    | 3.1%    | 8.1%                  |
| Gross profit                           | 10,192  | 11,658  | 11,472  | 9,187   | 9,087   | 11,445  | 11,631  | 10,082  | 10,810  | 11,315  |                       |
| YoY                                    | 0.1%    | 14.4%   | -1.6%   | -19.9%  | -1.1%   | 26.0%   | 1.6%    | -13.3%  | 7.2%    | 4.7%    |                       |
| Gross profit margin                    | 27.8%   | 28.4%   | 28.0%   | 26.0%   | 28.0%   | 29.1%   | 27.2%   | 26.3%   | 26.5%   | 26.9%   |                       |
| Operating profit                       | 1,991   | 2,844   | 2,579   | 836     | 1,613   | 3,042   | 2,437   | 1,240   | 1,685   | 2,031   | 2,400                 |
| YoY                                    | 0.2%    | 42.8%   | -9.3%   | -67.6%  | 93.0%   | 88.5%   | -19.9%  | -49.1%  | 35.9%   | 20.5%   | 18.2%                 |
| Operating profit margin                | 5.4%    | 6.9%    | 6.3%    | 2.4%    | 5.0%    | 7.7%    | 5.7%    | 3.2%    | 4.1%    | 4.8%    | 5.3%                  |
| Recurring profit                       | 1,874   | 2,732   | 2,547   | 713     | 1,677   | 3,008   | 2,394   | 1,421   | 1,613   | 2,201   | 2,400                 |
| YoY                                    | 12.5%   | 45.7%   | -6.8%   | -72.0%  | 135.1%  | 79.4%   | -20.4%  | -40.6%  | 13.5%   | 36.5%   | 9.0%                  |
| Recurring profit margin                | 5.1%    | 6.7%    | 6.2%    | 2.0%    | 5.2%    | 7.6%    | 5.6%    | 3.7%    | 4.0%    | 5.2%    | 5.3%                  |
| Net income                             | 1,376   | 1,789   | 960     | -3,486  | 478     | 2,041   | 1,390   | -577    | 868     | 851     | 1,200                 |
| YoY                                    | 10.1%   | 30.0%   | -46.3%  | -       | -       | 327.2%  | -31.9%  | -       | -       | -2.0%   | 41.0%                 |
| Net margin                             | 3.8%    | 4.4%    | 2.3%    | -       | 1.5%    | 5.2%    | 3.2%    | -       | 2.1%    | 2.0%    | 2.6%                  |
| <b>Per-share data</b>                  |         |         |         |         |         |         |         |         |         |         |                       |
| Shares issued at year-end (000 shares) | 22,122  | 22,122  | 22,122  | 22,122  | 22,122  | 22,332  | 24,622  | 24,622  | 27,622  | 27,622  |                       |
| Treasury shares ('000)                 | 100     | 200     | 380     | 313     | 303     | 276     | 191     | 157     | 110     | 86      |                       |
| EPS (JPY)                              | 62.5    | 81.6    | 43.9    | -160.0  | 21.9    | 93.4    | 60.6    | -23.6   | 33.7    | 30.9    | 43.6                  |
| EPS (fully diluted; JPY)               | 62.4    | 81.4    | 43.7    | -       | 21.8    | 84.4    | 60.2    | -       | 33.6    | 30.9    |                       |
| Dividend per share (JPY)               | 13.0    | 16.8    | 16.8    | 2.0     | 2.0     | 13.0    | 19.5    | 19.4    | 19.6    | 19.6    | 20.1                  |
| Book value per share (JPY)             | 646     | 737     | 721     | 537     | 568     | 737     | 778     | 765     | 800     | 838     |                       |
| <b>Balance sheet (JPYmn)</b>           |         |         |         |         |         |         |         |         |         |         |                       |
| Cash and cash equivalents              | 3,280   | 3,771   | 3,580   | 3,390   | 4,092   | 4,816   | 5,213   | 6,031   | 6,495   | 6,641   |                       |
| Total current assets                   | 19,150  | 20,842  | 19,559  | 17,792  | 18,061  | 21,280  | 22,078  | 21,903  | 23,518  | 24,745  |                       |
| Property, plant and equipment          | 8,669   | 9,939   | 9,972   | 7,135   | 6,195   | 7,013   | 7,315   | 6,848   | 7,259   | 7,610   |                       |
| Intangible assets                      | 1,243   | 1,158   | 1,002   | 345     | 175     | 178     | 695     | 618     | 612     | 296     |                       |
| Investments and other assets           | 390     | 621     | 622     | 305     | 272     | 304     | 368     | 278     | 1,579   | 1,647   |                       |
| Total non-current assets               | 10,302  | 11,718  | 11,596  | 7,784   | 6,642   | 7,494   | 8,378   | 7,745   | 9,451   | 9,554   |                       |
| Total assets                           | 29,452  | 32,561  | 31,155  | 25,577  | 24,703  | 28,774  | 30,456  | 29,649  | 32,970  | 34,300  |                       |
| Short-term debt                        | 4,346   | 3,730   | 4,326   | 3,149   | 3,325   | 2,486   | 2,039   | 1,351   | 1,823   | 2,651   |                       |
| Total current liabilities              | 11,725  | 12,650  | 11,531  | 9,280   | 9,455   | 10,001  | 9,181   | 7,605   | 8,668   | 9,533   |                       |
| Long-term debt                         | 2,461   | 2,152   | 2,342   | 2,927   | 1,252   | 908     | 676     | 2,202   | 1,278   | 432     |                       |
| Total non-current liabilities          | 3,551   | 3,736   | 3,890   | 4,549   | 2,811   | 2,466   | 2,223   | 3,293   | 2,262   | 1,686   |                       |
| Total liabilities                      | 15,276  | 16,386  | 15,421  | 13,829  | 12,266  | 12,467  | 11,403  | 10,899  | 10,931  | 11,220  |                       |
| Shareholders' equity                   | 14,167  | 16,149  | 15,687  | 11,704  | 12,399  | 16,265  | 19,008  | 18,712  | 22,006  | 23,074  |                       |
| Total net assets                       | 14,176  | 16,175  | 15,734  | 11,747  | 12,436  | 16,307  | 19,053  | 18,750  | 22,038  | 23,079  |                       |
| Total interest-bearing debt            | 6,807   | 5,882   | 6,668   | 6,076   | 4,576   | 3,394   | 2,715   | 3,553   | 3,101   | 3,083   |                       |
| <b>Cash flow statement (JPYmn)</b>     |         |         |         |         |         |         |         |         |         |         |                       |
| Cash flows from operating activities   | 1,785   | 3,394   | 3,185   | 2,490   | 2,943   | 2,941   | 2,560   | 1,276   | 2,271   | 1,865   |                       |
| Cash flows from investing activities   | -2,770  | -2,336  | -3,253  | -1,789  | -670    | -1,100  | -1,547  | -680    | -2,415  | -1,276  |                       |
| Cash flows from financing activities   | 1,200   | -739    | 74      | -772    | -1,685  | -1,601  | -756    | -2      | 181     | -696    |                       |
| <b>Financial ratios</b>                |         |         |         |         |         |         |         |         |         |         |                       |
| ROE                                    | 9.8%    | 11.8%   | 6.0%    | -25.5%  | 4.0%    | 14.2%   | 7.9%    | -3.1%   | 4.3%    | 3.8%    |                       |
| Net margin                             | 3.8%    | 4.4%    | 2.3%    | -       | 1.5%    | 5.2%    | 3.2%    | -       | 2.1%    | 2.0%    |                       |
| Financial leverage (equity multiplier) | 2.0     | 2.0     | 2.0     | 2.1     | 2.1     | 1.9     | 1.7     | 1.6     | 1.5     | 1.5     |                       |
| Total asset turnover                   | 1.3     | 1.3     | 1.3     | 1.2     | 1.3     | 1.5     | 1.4     | 1.3     | 1.3     | 1.3     |                       |

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Net income is net income attributable to owners of the parent.

## Results by segment

| By region<br>(JPYmn)                          | FY03/17<br>Cons. | FY03/18<br>Cons. | FY03/19<br>Cons. | FY03/20<br>Cons. | FY03/21<br>Cons. | FY03/22<br>Cons. | FY03/23<br>Cons. | FY03/24<br>Cons. | FY03/25<br>Cons. | FY03/26<br>Cons. |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue                                       | 36,649           | 41,025           | 40,936           | 35,349           | 32,462           | 39,359           | 42,800           | 38,344           | 40,822           | 42,100           |
| YoY                                           | -0.3%            | 11.9%            | -0.2%            | -13.6%           | -8.2%            | 21.2%            | 8.7%             | -10.4%           | 6.5%             | 3.1%             |
| Japan                                         | 15,904           | 17,154           | 16,777           | 14,566           | 12,338           | 14,020           | 14,104           | 12,438           | 11,613           | 11,016           |
| YoY                                           | 1.7%             | 7.9%             | -2.2%            | -13.2%           | -15.3%           | 13.6%            | 0.6%             | -11.8%           | -6.6%            | -5.1%            |
| % of revenue                                  | 43.4%            | 41.8%            | 41.0%            | 41.2%            | 38.0%            | 35.6%            | 33.0%            | 32.4%            | 28.4%            | 26.2%            |
| China                                         | 17,428           | 20,103           | 19,899           | 16,837           | 16,889           | 20,956           | 23,451           | 20,443           | 23,383           | 24,903           |
| YoY                                           | -2.1%            | 15.3%            | -1.0%            | -15.4%           | 0.3%             | 24.1%            | 11.9%            | -12.8%           | 14.4%            | 6.5%             |
| % of revenue                                  | 47.6%            | 49.0%            | 48.6%            | 47.6%            | 52.0%            | 53.2%            | 54.8%            | 53.3%            | 57.3%            | 59.2%            |
| Other                                         | 3,317            | 3,769            | 4,259            | 3,946            | 3,235            | 4,382            | 5,244            | 5,462            | 5,824            | 6,180            |
| YoY                                           | 0.2%             | 13.6%            | 13.0%            | -7.3%            | -18.0%           | 35.5%            | 19.7%            | 4.2%             | 6.6%             | 6.1%             |
| % of revenue                                  | 9.1%             | 9.2%             | 10.4%            | 11.2%            | 10.0%            | 11.1%            | 12.3%            | 14.2%            | 14.3%            | 14.7%            |
| Southeast Asia                                |                  |                  |                  | 1,535            | 1,376            | 1,740            | 1,966            | 1,901            | 1,951            | 2,041            |
| YoY                                           |                  |                  |                  | -                | -10.4%           | 26.5%            | 13.0%            | -3.3%            | 2.6%             | 4.6%             |
| % of revenue                                  |                  |                  |                  | 4.3%             | 4.2%             | 4.4%             | 4.6%             | 5.0%             | 4.8%             | 4.8%             |
| Europe, the US, and<br>other regions          |                  |                  |                  | 2,410            | 1,858            | 2,641            | 3,277            | 3,561            | 3,873            | 4,139            |
| YoY                                           |                  |                  |                  | -                | -22.9%           | 42.1%            | 24.1%            | 8.7%             | 8.8%             | 6.9%             |
| % of revenue                                  |                  |                  |                  | 6.8%             | 5.7%             | 6.7%             | 7.7%             | 9.3%             | 9.5%             | 9.8%             |
| By industry<br>(JPYmn)                        | FY03/17<br>Cons. | FY03/18<br>Cons. | FY03/19<br>Cons. | FY03/20<br>Cons. | FY03/21<br>Cons. | FY03/22<br>Cons. | FY03/23<br>Cons. | FY03/24<br>Cons. | FY03/25<br>Cons. | FY03/26<br>Cons. |
| Revenue                                       | 36,649           | 41,025           | 40,936           | 35,349           | 32,462           | 39,359           | 42,800           | 38,344           | 40,822           | 42,100           |
| YoY                                           | -0.3%            | 11.9%            | -0.2%            | -13.6%           | -8.2%            | 21.2%            | 8.7%             | -10.4%           | 6.5%             | 3.1%             |
| Automotive                                    | 16,780           | 18,370           | 17,877           | 15,370           | 13,682           | 16,442           | 18,082           | 16,537           | 17,194           | 17,784           |
| YoY                                           | -1.6%            | 9.5%             | -2.7%            | -14.0%           | -11.0%           | 20.2%            | 10.0%            | -8.5%            | 4.0%             | 3.4%             |
| % of revenue                                  | 45.8%            | 44.8%            | 43.7%            | 43.5%            | 42.1%            | 41.8%            | 42.2%            | 43.1%            | 42.1%            | 42.2%            |
| Electronic devices &<br>semiconductors        | 7,000            | 7,880            | 7,558            | 6,113            | 6,315            | 8,043            | 7,866            | 6,930            | 6,990            | 7,199            |
| YoY                                           | 6.9%             | 12.6%            | -4.1%            | -19.1%           | 3.3%             | 27.4%            | -2.2%            | -11.9%           | 0.9%             | 3.0%             |
| % of revenue                                  | 19.1%            | 19.2%            | 18.5%            | 17.3%            | 19.5%            | 20.4%            | 18.4%            | 18.1%            | 17.1%            | 17.1%            |
| Consumer electronics<br>& precision equipment | 4,480            | 4,780            | 4,837            | 4,298            | 3,888            | 4,192            | 4,312            | 3,647            | 3,836            | 3,897            |
| YoY                                           | -6.7%            | 6.7%             | 1.2%             | -11.1%           | -9.5%            | 7.8%             | 2.9%             | -15.4%           | 5.2%             | 1.6%             |
| % of revenue                                  | 12.2%            | 11.7%            | 11.8%            | 12.2%            | 12.0%            | 10.7%            | 10.1%            | 9.5%             | 9.4%             | 9.3%             |
| Other                                         | 8,400            | 9,940            | 10,662           | 9,566            | 8,574            | 10,679           | 12,538           | 11,229           | 12,800           | 13,218           |
| YoY                                           | 1.2%             | 18.3%            | 7.3%             | -10.3%           | -10.4%           | 24.6%            | 17.4%            | -10.4%           | 14.0%            | 3.3%             |
| % of revenue                                  | 22.9%            | 24.2%            | 26.0%            | 27.1%            | 26.4%            | 27.1%            | 29.3%            | 29.3%            | 31.4%            | 31.4%            |
| (FA revenue)                                  |                  |                  |                  |                  |                  | 2,741            | 2,483            | 2,647            | 3,058            | 3,084            |
| YoY                                           |                  |                  |                  |                  |                  | -                | -9.4%            | 6.6%             | 15.5%            | 0.9%             |
| % of revenue                                  |                  |                  |                  |                  |                  | 7.0%             | 5.8%             | 6.9%             | 7.5%             | 7.3%             |

Source: Shared Research based on company data



# Recent updates

## Punch Industry announces revisions to its earnings and dividend forecasts

2026-08-07

Punch Industry Co., Ltd. announced revisions to its earnings and dividend forecasts for 1H and full-year FY03/27.

### Revised 1H FY03/27 earnings forecast

- Revenue: JPY23.0bn (previous forecast: JPY22.1bn)
- Operating profit: JPY1.3bn (JPY1.1bn)
- Recurring profit: JPY1.2bn (JPY1.0bn)
- Net income attributable to owners of the parent: JPY600mn (JPY340mn)

### Revised full-year FY03/27 earnings forecast

- Revenue: JPY45.5bn (previous forecast: JPY45.0bn)
- Operating profit: JPY2.4bn (JPY2.3bn)
- Recurring profit: JPY2.4bn (JPY2.3bn)
- Net income attributable to owners of the parent: JPY1.2bn (JPY1.1bn)

### Reasons for the revisions to the earnings forecasts

In Q1, revenue and profit outpaced the initial forecast, due in part to a lower cost ratio as orders in the Japan business continued to recover beyond expectations since Q4 FY03/26, as well as continued resilient demand in overseas operations, including in China and Southeast Asia.

For 1H, the company raised its revenue and profit forecasts, reflecting the order recovery in the Japan business.

For the full year, the company raised its revenue and profit forecasts to reflect the 1H revision, but factored in a degree of downside risk to demand in 2H, as uncertainty over the outlook has continued to mount amid rising geopolitical risks in the Middle East, concerns that developments in Iran could weigh on the global economy and capital investment demand, and a moderate slowdown in the Chinese economy. The company has therefore adopted conservative assumptions for the 2H earnings outlook.

### Revision to dividend forecast

- Annual per-share dividend forecast: JPY20.10 (previous forecast: JPY20.00)

Reflecting the revisions to the earnings forecasts as mentioned above, the company revised the interim and year-end dividend forecasts per share to JPY10.05 each, from JPY10.00, bringing the annual dividend forecast per share to JPY20.10 (+JPY0.54 YoY). The revision follows its dividend policy of a consolidated payout ratio of 30% or above and a dividend on equity (DOE) ratio of 3% or above.

## Punch Industry announces formulation of medium-term management plan Value Creation 28

2026-05-13

Punch Industry Co., Ltd. announced that it has formulated its new medium-term management plan, Value Creation 28 (hereinafter, VC28), covering the three-year period from FY03/27 to FY03/29.

### Rationale behind VC28

The business environment surrounding the company is in a state of significant flux. Factors include rising global geopolitical risks, climbing raw material prices, rising labor costs, and exchange rate fluctuations. Furthermore, Japan's declining birthrate and aging population have led to labor shortages and accelerating demand for automation and labor-saving. The company has expanded globally with its mold and die components business at the core and built a stable business foundation. Meanwhile, acknowledging room for improvement in capital efficiency and profitability, it strongly recognizes the need to evolve its business and profit structures to achieve a sustainable increase in corporate value.

## VC28's role in long-term vision Vision60

The company has formulated its new long-term vision, Vision60, outlining the company's desired future state for FY03/35, its 60th anniversary. Under the key theme of reducing reliance on mold and die components, the company clarified its policy of expanding its business domains and enhancing its profit structure. VC28 is the first medium-term management plan toward achieving Vision60, and is positioned as a phase for focusing on improving profitability and building a foundation for future growth.

### Basic policy

Under VC28, the company will manage its operations based on the following basic policies:

1. Strengthen stable cash-generation capabilities in the existing mold and die components business by focusing on special-order products and improving productivity
2. Establish a second earnings pillar by developing and expanding the factory automation business amid demand for automation and labor-saving
3. Create medium- to long-term growth opportunities through R&D and new business initiatives
4. Improve operational efficiency and reform the fixed-cost structure by promoting digital transformation
5. Thoroughly implement management prioritizing capital efficiency, with ROIC as the core metric

Through these initiatives, the company aims to balance improvements in profitability and capital efficiency with sustainable growth investment to enhance corporate value, with a view toward achieving a P/B ratio of over 1.0.

### Main management targets

The company has set the following main (consolidated) management targets for FY03/29, the final year of VC28:

- Revenue: JPY50.0bn
- Operating profit: JPY3.4bn
- OPM: 6.8%
- ROE: 8.0% or higher
- ROIC: 10.0% or higher

## Punch Industry revises full-year FY03/26 forecast and dividend forecast

2026-05-11

Punch Industry Co., Ltd. announced revisions to its full-year FY03/26 forecast and dividend forecast.

### Revisions to full-year forecast and dividend forecast

- Revenue: JPY42.1bn (previous forecast: JPY41.9bn)
- Operating profit: JPY2.0bn (JPY1.7bn)
- Recurring profit: JPY2.2bn (JPY1.9bn)
- Net income attributable to owners of the parent: JPY851mn (JPY570mn)
- Year-end dividend per share: JPY10.43 (previous forecast: JPY9.41)

In Q4, a recovery in orders for the Japan business exceeding previous expectations led to a lower cost ratio. Coupled with continued steady performance in overseas operations, earnings are now expected to surpass the previous forecast. Meanwhile, the company required additional time to finalize and announce these figures due to the need for a careful review of the impact on inventory and profit/loss resulting from significant changes in commercial flows as logistics integration with Misumi Group progressed under the capital and business alliance. According to the company, these factors did not directly contribute to the current earnings upside, but are important initiatives aimed at improving future operational efficiency and profitability.

In line with its dividend policy of a consolidated payout ratio of at least 30% and a dividend on equity (DOE) ratio of at least 3%, the company revised its year-end dividend forecast to JPY10.43 per share. It plans to keep its annual dividend at JPY19.56, matching the FY03/25 payout.

# Trends and outlook

## Quarterly trends and results

| Earnings (cumulative)   |  | FY03/26 |        |        |        | FY03/27 |       |       |       | FY03/27       |             |
|-------------------------|--|---------|--------|--------|--------|---------|-------|-------|-------|---------------|-------------|
| (JPYmn)                 |  | Q1      | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 | % of forecast | FY forecast |
| Revenue                 |  | 10,171  | 20,564 | 31,460 | 42,100 | 10,852  |       |       |       | 23.9%         | 45,500      |
| YoY                     |  | 5.3%    | 2.9%   | 3.9%   | 3.1%   | 6.7%    |       |       |       |               | 8.1%        |
| Gross profit            |  | 2,648   | 5,495  | 8,480  | 11,315 | 3,000   |       |       |       |               |             |
| YoY                     |  | 4.6%    | 4.3%   | 6.1%   | 4.7%   | 13.3%   |       |       |       |               |             |
| Gross profit margin     |  | 26.0%   | 26.7%  | 27.0%  | 26.9%  | 27.6%   |       |       |       |               |             |
| SG&A expenses           |  | 2,263   | 4,506  | 6,860  | 9,283  | 2,433   |       |       |       |               |             |
| YoY                     |  | 1.6%    | -1.5%  | 0.6%   | 1.7%   | 7.5%    |       |       |       |               |             |
| SG&A ratio              |  | 22.2%   | 21.9%  | 21.8%  | 22.0%  | 22.4%   |       |       |       |               |             |
| Operating profit        |  | 384     | 989    | 1,619  | 2,031  | 566     |       |       |       | 23.6%         | 2,400       |
| YoY                     |  | 26.7%   | 42.9%  | 38.1%  | 20.5%  | 47.4%   |       |       |       |               | 18.2%       |
| Operating profit margin |  | 3.8%    | 4.8%   | 5.1%   | 4.8%   | 5.2%    |       |       |       |               | 5.3%        |
| Recurring profit        |  | 338     | 1,035  | 1,790  | 2,201  | 572     |       |       |       | 23.8%         | 2,400       |
| YoY                     |  | -5.6%   | 70.8%  | 49.9%  | 36.5%  | 69.2%   |       |       |       |               | 9.0%        |
| Recurring profit margin |  | 3.3%    | 5.0%   | 5.7%   | 5.2%   | 5.3%    |       |       |       |               | 5.3%        |
| Net income              |  | 145     | 559    | 635    | 851    | 375     |       |       |       | 31.3%         | 1,200       |
| YoY                     |  | 1.4%    | 163.7% | 1.8%   | -2.0%  | 158.6%  |       |       |       |               | 41.0%       |
| Net margin              |  | 1.4%    | 2.7%   | 2.0%   | 2.0%   | 3.5%    |       |       |       |               | 2.6%        |
| Earnings (quarterly)    |  | FY03/26 |        |        |        | FY03/27 |       |       |       |               |             |
| (JPYmn)                 |  | Q1      | Q2     | Q3     | Q4     | Q1      | Q2    | Q3    | Q4    |               |             |
| Revenue                 |  | 10,171  | 10,393 | 10,896 | 10,640 | 10,852  |       |       |       |               |             |
| YoY                     |  | 5.3%    | 0.6%   | 5.9%   | 0.9%   | 6.7%    |       |       |       |               |             |
| Gross profit            |  | 2,648   | 2,847  | 2,985  | 2,835  | 3,000   |       |       |       |               |             |
| YoY                     |  | 4.6%    | 4.0%   | 9.5%   | 0.7%   | 13.3%   |       |       |       |               |             |
| Gross profit margin     |  | 26.0%   | 27.4%  | 27.4%  | 26.6%  | 27.6%   |       |       |       |               |             |
| SG&A expenses           |  | 2,263   | 2,243  | 2,354  | 2,423  | 2,433   |       |       |       |               |             |
| YoY                     |  | 1.6%    | -4.5%  | 4.8%   | 5.3%   | 7.5%    |       |       |       |               |             |
| SG&A ratio              |  | 22.2%   | 21.6%  | 21.6%  | 22.8%  | 22.4%   |       |       |       |               |             |
| Operating profit        |  | 384     | 605    | 630    | 412    | 566     |       |       |       |               |             |
| YoY                     |  | 26.7%   | 55.5%  | 31.3%  | -19.7% | 47.4%   |       |       |       |               |             |
| Operating profit margin |  | 3.8%    | 5.8%   | 5.8%   | 3.9%   | 5.2%    |       |       |       |               |             |
| Recurring profit        |  | 338     | 697    | 755    | 411    | 572     |       |       |       |               |             |
| YoY                     |  | -5.6%   | 181.0% | 28.4%  | -1.9%  | 69.2%   |       |       |       |               |             |
| Recurring profit margin |  | 3.3%    | 6.7%   | 6.9%   | 3.9%   | 5.3%    |       |       |       |               |             |
| Net income              |  | 145     | 414    | 76     | 216    | 375     |       |       |       |               |             |
| YoY                     |  | 1.4%    | 500.0% | -81.6% | -11.5% | 158.6%  |       |       |       |               |             |
| Net margin              |  | 1.4%    | 4.0%   | 0.7%   | 2.0%   | 3.5%    |       |       |       |               |             |

Source: Shared Research based on company data

## Revenue by industry/region

| Quarterly revenue by industry/region (cumulative) |                                            | FY03/26 |        |        |        | FY03/27 |       |       |       |
|---------------------------------------------------|--------------------------------------------|---------|--------|--------|--------|---------|-------|-------|-------|
| (JPYmn)                                           |                                            | Q1      | Q1-Q2  | Q1-Q3  | Q1-Q4  | Q1      | Q1-Q2 | Q1-Q3 | Q1-Q4 |
| Revenue                                           |                                            | 10,171  | 20,564 | 31,460 | 42,100 | 10,852  |       |       |       |
| YoY                                               |                                            | 5.3%    | 2.9%   | 3.9%   | 3.1%   | 6.7%    |       |       |       |
| By industry                                       | Automotive                                 | 4,517   | 8,929  | 13,359 | 17,784 | 4,333   |       |       |       |
|                                                   | YoY                                        | 7.3%    | 5.0%   | 5.1%   | 3.4%   | -4.1%   |       |       |       |
|                                                   | Electronic devices & semiconductors        | 1,714   | 3,547  | 5,400  | 7,199  | 1,958   |       |       |       |
|                                                   | YoY                                        | 9.2%    | 4.0%   | 3.2%   | 3.0%   | 14.2%   |       |       |       |
|                                                   | Consumer electronics & precision equipment | 905     | 1,902  | 2,880  | 3,897  | 1,144   |       |       |       |
|                                                   | YoY                                        | -0.7%   | -2.7%  | -0.8%  | 1.6%   | 26.4%   |       |       |       |
| By region                                         | Other                                      | 3,034   | 6,185  | 9,820  | 13,218 | 3,415   |       |       |       |
|                                                   | YoY                                        | 2.3%    | 1.1%   | 4.1%   | 3.3%   | 12.6%   |       |       |       |
|                                                   | Japan                                      | 2,656   | 5,332  | 8,213  | 11,016 | 3,004   |       |       |       |
|                                                   | YoY                                        | -8.9%   | -7.2%  | -4.9%  | -5.1%  | 13.1%   |       |       |       |
|                                                   | China                                      | 6,054   | 12,236 | 18,626 | 24,903 | 6,177   |       |       |       |
|                                                   | YoY                                        | 11.9%   | 7.6%   | 7.9%   | 6.5%   | 2.0%    |       |       |       |
| By region                                         | Southeast Asia                             | 489     | 1,010  | 1,568  | 2,041  | 630     |       |       |       |
|                                                   | YoY                                        | 9.9%    | 6.3%   | 9.7%   | 4.6%   | 28.8%   |       |       |       |
|                                                   | Europe, the US, and other regions          | 970     | 1,985  | 3,051  | 4,139  | 1,038   |       |       |       |
|                                                   | YoY                                        | 9.0%    | 3.2%   | 3.4%   | 6.9%   | 7.0%    |       |       |       |
| Quarterly revenue by industry/region (quarterly)  |                                            | FY03/26 |        |        |        | FY03/27 |       |       |       |
| (JPYmn)                                           |                                            | Q1      | Q2     | Q3     | Q4     | Q1      | Q2    | Q3    | Q4    |
| Revenue                                           |                                            | 10,171  | 10,393 | 10,896 | 10,640 | 10,852  |       |       |       |
| YoY                                               |                                            | 5.3%    | 0.6%   | 5.9%   | 0.9%   | 6.7%    |       |       |       |
| By industry                                       | Automotive                                 | 4,517   | 4,412  | 4,430  | 4,425  | 4,333   |       |       |       |
|                                                   | YoY                                        | 7.3%    | 2.8%   | 5.2%   | -1.2%  | -4.1%   |       |       |       |
|                                                   | Electronic devices & semiconductors        | 1,714   | 1,833  | 1,853  | 1,799  | 1,958   |       |       |       |
|                                                   | YoY                                        | 9.2%    | -0.4%  | 1.8%   | 2.3%   | 14.2%   |       |       |       |
|                                                   | Consumer electronics & precision equipment | 905     | 997    | 978    | 1,017  | 1,144   |       |       |       |
|                                                   | YoY                                        | -0.7%   | -4.5%  | 3.3%   | 8.9%   | 26.4%   |       |       |       |
| By region                                         | Other                                      | 3,034   | 3,151  | 3,635  | 3,398  | 3,415   |       |       |       |
|                                                   | YoY                                        | 2.3%    | 0.0%   | 9.8%   | 0.8%   | 12.6%   |       |       |       |
|                                                   | Japan                                      | 2,656   | 2,676  | 2,881  | 2,803  | 3,004   |       |       |       |
|                                                   | YoY                                        | -8.9%   | -5.4%  | -0.4%  | -5.8%  | 13.1%   |       |       |       |
|                                                   | China                                      | 6,054   | 6,182  | 6,390  | 6,277  | 6,177   |       |       |       |
|                                                   | YoY                                        | 11.9%   | 3.7%   | 8.4%   | 2.6%   | 2.0%    |       |       |       |
| By region                                         | Southeast Asia                             | 489     | 521    | 558    | 473    | 630     |       |       |       |
|                                                   | YoY                                        | 9.9%    | 3.2%   | 16.3%  | -9.2%  | 28.8%   |       |       |       |
|                                                   | Europe, the US, and other regions          | 970     | 1,015  | 1,066  | 1,088  | 1,038   |       |       |       |
|                                                   | YoY                                        | 9.0%    | -1.7%  | 3.8%   | 17.9%  | 7.0%    |       |       |       |

Source: Shared Research based on company data

## Q1 FY03/27 results

### Summary

- Revenue: JPY10.9bn (+6.7% YoY)  
Operating profit: JPY566mn (+47.4% YoY)  
Recurring profit: JPY572mn (+69.2% YoY)  
Net income attributable to owners of the parent: JPY375mn (+158.6% YoY)

- Revenue totaled JPY10.9bn (+6.7% YoY). In Japan, revenue had been sluggish following a corporate restructuring initiative in October 2023, reflecting the rebuilding of the sales organization and stagnant personal consumption caused by inflation, but rose YoY as an economic recovery revitalized market conditions and sales activities began to bear fruit. Meanwhile, in China, revenue from the automotive industry declined amid intensifying price competition and a sluggish economy, but the company offset the decline with higher revenue driven by robust demand for smartphone applications and expanded sales of focus products. In Southeast Asia, Europe, the US, and other regions, revenue was steady, driven by contributions from Punch Industry Sales Malaysia Sdn. Bhd., which became a group company in December 2025, as well as active participation in trade shows and stronger relationships with sales distributors.
- Gross profit rose 13.3% YoY to JPY3.0bn, with GPM up 1.6pp YoY to 27.6%.

- SG&A expenses totaled JPY2.4bn (+7.5% YoY), with the SG&A ratio at 22.4%, up 0.2pp YoY. As a result, OPM rose 1.4pp YoY to 5.2%. Although the company continued to face rising procurement costs from partner plants and higher sales activity expenses owing to strengthened field sales activities, an improved cost ratio driven by revenue growth in Japan helped offset the cost increases.

## Progress versus full-year company forecast

In Q1FY03/27, the progress rates against the full-year company forecast (revised in August 2026) were 23.9% for revenue, 23.6% for operating profit, 23.8% for recurring profit, and 31.3% for net income attributable to owners of the parent.

## Business environment

The global economy remained resilient overall, supported by a recovery in personal consumption and capital investment, although concerns over a slowdown intensified at times amid rising geopolitical risks and growing uncertainty over US trade policy. However, the outlook remained uncertain due to factors such as persistently high raw material and energy costs stemming from naphtha supply concerns and China's rare earth restrictions, stagnant personal consumption caused by inflation, and a slowdown in the Chinese economy.

Amid this environment, the company formulated its new long-term vision, Vision60, in May 2025, setting out its desired future state for FY03/35, its 60th anniversary. Under the key theme of reducing reliance on mold and die components, the company worked to achieve sustainable growth in its mold and die components business while expanding its factory automation (FA) business, which it positions as a growth driver. Furthermore, to realize synergies from the capital and business alliance agreement signed with Misumi Group Inc. in October 2024, the company moved to strengthen cooperation in mutual product supply and logistics, while also working to increase added value, primarily in the special-order product business.

## Revenue by region and industry"

Revenue was JPY3.0bn in Japan (+13.1% YoY), JPY6.2bn in China (+2.0% YoY), JPY630mn in Southeast Asia (+28.8% YoY), and JPY1.0bn in Europe, the US, and other regions (+7.0% YoY).

By industry, revenue totaled JPY4.3bn (-4.1% YoY) in the automotive sector, JPY2.0bn (+14.2% YoY) in electronic devices and semiconductors, JPY1.1bn (+26.4% YoY) in consumer electronics and precision equipment, and JPY3.4bn (+12.6% YoY) in other sectors.

## Others

Details will be added after interviews and the earnings presentation.

# Full-year company forecast

|                         | FY03/25       |               |               | FY03/26       |               |               | FY03/27       |               |               |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (JPYmn)                 | 1H results    | 2H results    | FY results    | 1H results    | 2H results    | FY results    | 1H forecast   | 2H forecast   | FY forecast   |
| <b>Revenue</b>          | <b>19,989</b> | <b>20,833</b> | <b>40,822</b> | <b>20,564</b> | <b>21,536</b> | <b>42,100</b> | <b>23,000</b> | <b>22,500</b> | <b>45,500</b> |
| YoY                     | 4.5%          | 8.4%          | 6.5%          | 2.9%          | 3.4%          | 3.1%          | 11.8%         | 4.5%          | 8.1%          |
| Cost of revenue         | 14,719        | 15,292        | 30,011        | 15,069        | 15,716        | 30,785        | -             | -             | -             |
| YoY                     | 4.5%          | 7.9%          | 6.2%          | 2.4%          | 2.8%          | 2.6%          | -             | -             | -             |
| <b>Gross profit</b>     | <b>5,269</b>  | <b>5,541</b>  | <b>10,810</b> | <b>5,495</b>  | <b>5,820</b>  | <b>11,315</b> | -             | -             | -             |
| YoY                     | 4.6%          | 9.8%          | 7.2%          | 4.3%          | 5.0%          | 4.7%          | -             | -             | -             |
| Gross profit margin     | 26.4%         | 26.6%         | 26.5%         | 26.7%         | 27.0%         | 26.9%         | -             | -             | -             |
| SG&A expenses           | 4,576         | 4,548         | 9,124         | 4,506         | 4,777         | 9,283         | -             | -             | -             |
| YoY                     | 1.4%          | 5.1%          | 3.2%          | -1.5%         | 5.0%          | 1.7%          | -             | -             | -             |
| SG&A ratio              | 22.9%         | 21.8%         | 22.4%         | 21.9%         | 22.2%         | 22.0%         | -             | -             | -             |
| <b>Operating profit</b> | <b>692</b>    | <b>993</b>    | <b>1,685</b>  | <b>989</b>    | <b>1,042</b>  | <b>2,031</b>  | <b>1,260</b>  | <b>1,140</b>  | <b>2,400</b>  |
| YoY                     | 32.8%         | 38.1%         | 35.9%         | 42.9%         | 4.9%          | 20.5%         | 27.4%         | 9.4%          | 18.2%         |
| Operating profit margin | 3.5%          | 4.8%          | 4.1%          | 4.8%          | 4.8%          | 4.8%          | 5.5%          | 5.1%          | 5.3%          |
| <b>Recurring profit</b> | <b>606</b>    | <b>1,007</b>  | <b>1,613</b>  | <b>1,035</b>  | <b>1,166</b>  | <b>2,201</b>  | <b>1,230</b>  | <b>1,170</b>  | <b>2,400</b>  |
| YoY                     | -25.0%        | 64.3%         | 13.5%         | 70.8%         | 15.8%         | 36.5%         | 18.8%         | 0.3%          | 9.0%          |
| Recurring profit margin | 3.0%          | 4.8%          | 4.0%          | 5.0%          | 5.4%          | 5.2%          | 5.3%          | 5.2%          | 5.3%          |
| <b>Net income</b>       | <b>212</b>    | <b>656</b>    | <b>868</b>    | <b>559</b>    | <b>292</b>    | <b>851</b>    | <b>600</b>    | <b>600</b>    | <b>1,200</b>  |
| YoY                     | -             | 75.9%         | -             | 163.7%        | -55.5%        | -2.0%         | 7.3%          | 105.5%        | 41.0%         |
| Net margin              | 1.1%          | 3.1%          | 2.1%          | 2.7%          | 1.4%          | 2.0%          | 2.6%          | 2.7%          | 2.6%          |

Source: Shared Research based on company data

# Revisions to 1H and full-year earnings and dividend forecasts (out August 7, 2026)

Alongside its Q1 results, the company announced revisions to its earnings and dividend forecasts for 1H and full-year FY03/27.

## Revised 1H FY03/27 earnings forecast

- Revenue: JPY23.0bn (previous forecast: JPY22.1bn)
- Operating profit: JPY1.3bn (JPY1.1bn)
- Recurring profit: JPY1.2bn (JPY1.0bn)
- Net income attributable to owners of the parent: JPY600mn (JPY340mn)

## Revised full-year FY03/27 earnings forecast

- Revenue: JPY45.5bn (previous forecast: JPY45.0bn)
- Operating profit: JPY2.4bn (JPY2.3bn)
- Recurring profit: JPY2.4bn (JPY2.3bn)
- Net income attributable to owners of the parent: JPY1.2bn (JPY1.1bn)

## Reasons for the revisions to the earnings forecasts

In Q1, revenue and profit outpaced the initial forecast, due in part to a lower cost ratio as orders in the Japan business continued to recover beyond expectations since Q4 FY03/26, as well as continued resilient demand in overseas operations, including in China and Southeast Asia.

For 1H, the company raised its revenue and profit forecasts, reflecting the order recovery in the Japan business.

For the full year, the company raised its revenue and profit forecasts to reflect the 1H revision, but factored in a degree of downside risk to demand in 2H, as uncertainty over the outlook has continued to mount amid rising geopolitical risks in the Middle East, concerns that developments in Iran could weigh on the global economy and capital investment demand, and a moderate slowdown in the Chinese economy. The company has therefore adopted conservative assumptions for the 2H earnings outlook.

## Revision to dividend forecast

- Annual per-share dividend forecast: JPY20.10 (previous forecast: JPY20.00)

Reflecting the revisions to the earnings forecasts as mentioned above, the company revised the interim and year-end dividend forecasts per share to JPY10.05 each, from JPY10.00, bringing the annual dividend forecast per share to JPY20.10 (+JPY0.54 YoY). The revision follows its dividend policy of a consolidated payout ratio of 30% or above and a dividend on equity (DOE) ratio of 3% or above.

## Initial full-year forecast (out May 13, 2026)

For FY03/27, the company forecasts revenue of JPY45.0bn (+6.9% YoY), operating profit of JPY2.3bn (+13.2% YoY), recurring profit of JPY2.3bn (+2.2% YoY), and net income attributable to owners of the parent of JPY1.1bn (+29.3% YoY). It plans to pay an annual dividend of JPY20.0 per share, up JPY0.44 YoY, with a payout ratio of 50.1%. The company also projects ROE of 6.2% (+1.2pp YoY) and ROIC of 7.7% (+0.6pp YoY).

The company assumes an exchange rate of JPY22.0/CNY and JPY152.0/USD. It forecasts capex of JPY1.6bn (JPY1.2bn in FY03/26) and depreciation expenses of JPY1.2bn (JPY1.2bn in FY03/26).

The company reported that higher revenue boosted operating profit by JPY779mn and cost improvements (driven by higher utilization rates) lifted it by JPY448mn. Meanwhile, an increase in variable costs reduced operating profit by JPY19mn and higher fixed costs reduced it by JPY939mn.

- ▶ In terms of recurring profit, the company does not expect a recurrence of the foreign exchange gain recorded in FY03/26. As for net income attributable to owners of the parent, the impact of the goodwill impairment loss recorded



in FY03/26 is expected to fall away. The company also noted that these figures do not incorporate the impact of factors such as Middle East tensions, and that it will review and announce revised figures once the impact becomes clearer.

- ▶ As for the dividend forecast, the company noted that it calculated the dividend using a dividend on equity (DOE) ratio of 3% as the base, with a slight upward adjustment from that level to enhance shareholder returns.

## Revenue by region, industry

The company projects revenue of JPY11.3bn in Japan (+2.6% YoY), JPY26.6bn in China (+6.8% YoY), JPY2.7bn in Southeast Asia (+32.3% YoY), and JPY4.4bn in Europe, the US, and other regions (+6.3% YoY).

By industry, the company expects revenue of JPY18.6bn (+4.6% YoY) in the automotive sector, JPY7.5bn (+4.2% YoY) in electronic devices and semiconductors, JPY4.0bn (+2.6% YoY) in consumer electronics and precision equipment, and JPY14.9bn (+12.7% YoY) in other sectors. In the factory automation business, it forecasts revenue of JPY3.4bn (+10.2% YoY).

## Operating profit outlook

Punch Industry forecasts that higher revenue will boost operating profit by JPY779mn (positive factor: higher orders in overseas operations, chiefly in China; negative factor: temporary customer attrition due to price revisions in response to rising raw material costs). It expects an improved cost ratio to lift operating profit by JPY448mn (positive factor: improved cost ratio owing to higher utilization in China; negative factor: rising raw material costs, including tungsten). It also expects higher variable costs to reduce operating profit by JPY19mn and higher fixed costs to reduce it by JPY939mn (positive factor: restrained indirect expenses in Japan and China; negative factors: higher headcount and upfront costs to strengthen the sales organization in Japan).

- ▶ The company noted that while profits are recovering, rebuilding the Japan business is an urgent priority, and it aims to accelerate efforts to strengthen various initiatives and reforms. In the Japan business, costs are expected to run ahead of revenue as the company continues to work on strengthening its sales organization by increasing sales headcount.

# Medium-term outlook

## Punch Group long-term vision Vision60

In May 2025, Punch Industry announced that it has formulated Vision60, a long-term vision for the Punch Group looking ahead to the next ten years, to mark its 50th anniversary.

### Purpose

In anticipation of its 50th anniversary in March 2025, the company formulated a new corporate purpose in August 2024 to reaffirm and share the company's reason for being with all employees: "Shaping a prosperous future for the next generation as a manufacturer through trust, diligent technological advancements, and unrestrained creativity."

The long-term vision Vision60 outlines the Punch Group's envisioned self ten years from now in pursuit of realizing this corporate purpose, and to achieve that vision, sets forth strategies for three medium-term management plans using a backcasting approach.

### Overview

Based on its corporate purpose and outlook for the surrounding environment, the company has set reducing reliance on mold and die components as its goal for the next ten years. It aims to become a corporate group that meets the diverse needs of an ever-changing society by expanding its business domains.

Specifically, in addition to pursuing sustainable growth in its mold and die components business, the company will work to further expand its factory automation business—positioned as a growth driver—and promote the development of a third pillar through the cultivation of new businesses. By increasing the revenue contribution of the factory automation and new businesses, the company is targeting consolidated revenue of JPY80.0bn in FY03/35. To drive the achievement of Vision60, the company also intends to further refine the "Punch Spirit"—its corporate identity grounded in openness to challenge, ingenuity, and open-mindedness.

## The company's outlook on the future business environment

As a 10-year outlook, the company envisions the following future operating environment.

### Operating environment

|                                                                                     |                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rapid technological innovation                                                      | <ul style="list-style-type: none"> <li>• Digitalization and advances in AI are transforming society and manufacturing</li> <li>• Space-related businesses are gaining further momentum</li> <li>• Technologies such as megacasting, 3D printing, and digital twins are becoming mainstream</li> </ul> |
| Declining labor force and aging society<br>Slowing growth in the domestic market    | <ul style="list-style-type: none"> <li>• Declining labor force is accelerating the shift toward automation</li> <li>• Major changes in hiring, wages, and working environments</li> <li>• More seniors are remaining in the workforce due to extended retirement age and other factors</li> </ul>     |
| Major changes in the international affairs<br>Rising global environmental awareness | <ul style="list-style-type: none"> <li>• BRICS and the Global South are gaining greater prominence</li> <li>• Global shift in production countries and regions</li> <li>• Consumption is shifting from mass consumption to circular economies</li> </ul>                                              |

Source: Shared Research based on company data

## The company's vision for the next 10 years

|                                                                                                                                                                                |                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Punch Group's purpose: "Shaping a prosperous future for the next generation as a manufacturer through trust, diligent technological advancements, and unrestrained creativity" | Responding to technological innovation <ul style="list-style-type: none"> <li>• Rapid technological innovation</li> <li>• Growing complexity and transformation in manufacturing</li> </ul>    | Factory automation business and new businesses (outside mold and die components)<br>Challenge: Execute M&A deals involving mid-sized companies<br>Ingenuity: Conduct R&D unconstrained by existing businesses<br>Open-mindedness: Share successful initiatives across the group |
|                                                                                                                                                                                | Responding to aging society and market stagnation <ul style="list-style-type: none"> <li>• Declining labor force and aging society</li> <li>• Slowing growth in the domestic market</li> </ul> |                                                                                                                                                                                                                                                                                 |
|                                                                                                                                                                                | Responding to social change <ul style="list-style-type: none"> <li>• Major changes in international affairs</li> <li>• Rising global environmental awareness</li> </ul>                        | Mold and die components business<br>Challenge: Maximize benefits of capital and business alliance<br>Ingenuity: Tap into new industries and regions<br>Open-mindedness: Strengthen collaboration between sales and manufacturing divisions                                      |

Source: Shared Research based on company data

## Target business scale under Vision60

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Creating value through R&D (responding to technological innovation)                                             | <ul style="list-style-type: none"> <li>• Aim to increase customers adopting P-Bas metal bonding technology</li> <li>• Enhance technological capabilities by strengthening efforts in the aerospace sector</li> <li>• Generate order opportunities through M&amp;A and partnerships with startups</li> </ul>                        |
| Growth through expansion of the factory automation business (responding to aging society and market stagnation) | <ul style="list-style-type: none"> <li>• Leverage M&amp;A and group companies to broaden business domains</li> <li>• Bring equipment manufacturing in-house</li> <li>• Improve productivity at in-house plants</li> </ul>                                                                                                          |
| Sustained growth of existing businesses (responding to social change)                                           | <ul style="list-style-type: none"> <li>• Improve profitability by focusing on special-order products through capital and business alliances</li> <li>• Restructure organization to optimize the sales and manufacturing frameworks</li> <li>• Enhance technology to tap into new industries and expand into new regions</li> </ul> |

Source: Shared Research based on company data

The company envisions the following roadmap.

- FY03/26: A period for establishing the scope of collaboration under the capital and business alliance
- VC28 (FY03/27–FY03/29): A phase for improving profitability



- VC31 (FY03/30–FY03/32): A phase for nurturing the factory automation business, new businesses, and new regions
- VC34 (FY03/33–FY03/35): A phase for growing the factory automation business, new businesses, and new regions

## Numerical targets

For FY03/35, the company targets revenue of JPY80.0bn (vs. JPY40.8bn in FY03/25), operating profit of JPY8.0bn (vs. JPY1.7bn), and an OPM of 10% (vs. 4.1%). To achieve these targets, it is focusing on three key initiatives: (1) sustained growth of existing businesses, (2) growth through expansion of the factory automation business, and (3) creation of new pillar businesses through R&D.

For FY03/32, the company targets revenue of JPY65.0bn, operating profit of JPY5.2bn, and an OPM of 8.0%. It positions the period from FY03/30 to FY03/32 as a phase for nurturing the factory automation business, new businesses, and new regions.

## Portfolio by business

For FY03/35, the company envisions a business portfolio totaling JPY80.0bn in revenue, comprising JPY55.0bn from the mold and die components business (vs. approx. JPY37.8bn in FY03/25), JPY20.0bn from the factory automation business (vs. approx. JPY3.0bn), and JPY5.0bn from new businesses (vs. a small amount).

Growth drivers for the mold and die components business are: (1) maximization of benefits of the capital and business alliance; (2) continued sales efforts; (3) market growth, particularly overseas; and (4) a decline in the number of competitors entering the mold and die components field. Growth drivers for the factory automation business include: (1) sales expansion through proactive M&A; (2) expansion of target sectors beyond factories; (3) continued sales efforts; and (4) market growth driven by demand for automation and labor-saving solutions. Tailwinds for new businesses include: (1) acceleration of ongoing R&D projects; (2) incorporation of businesses through proactive M&A; (3) entry into new fields via partnerships with startups and other entities; and (4) strengthening of development initiatives through the introduction of an in-house venture program.

## Portfolio by region

For FY03/35, the company envisions a regional portfolio totaling JPY80.0bn in revenue, comprising JPY27.0bn from Japan (vs. approx. JPY11.6bn in FY03/25), JPY35.0bn from China (vs. approx. JPY23.4bn), JPY5.3bn from Southeast Asia (vs. approx. JPY1.9bn), and JPY12.8bn from Europe, the US, and other regions (vs. approx. JPY3.9bn).

Japan and China, the company's core markets, are both expected to grow, while the company also aims to expand beyond these regions by reviewing its sales structure and strengthening partnerships with distributors.

## Portfolio by industry

For FY03/35, the company envisions an industry portfolio totaling JPY80.0bn in revenue, comprising JPY30.0bn from the automotive sector (vs. approx. JPY17.2bn in FY03/25), JPY12.0bn from electronic devices and semiconductors (vs. approx. JPY7.0bn), JPY7.0bn from consumer electronics and precision equipment (vs. approx. JPY3.8bn), and JPY31.0bn from other industries (vs. approx. JPY12.8bn).

While existing businesses in all industries are expected to grow, the company anticipates that expansion into new business domains will help drive growth in untapped areas through increased transactions.

## Capital and business alliance with Misumi Group

In October 2024, Punch Industry Co., Ltd. resolved to enter into a capital and business alliance agreement with Misumi Group Inc. (TSE Prime: 9962, planned allottee), and to issue new shares through a third-party allotment to the planned allottee. The company then concluded the alliance agreement.

## Alliance purposes and reasons

Misumi Group seeks to create value by saving time for customers in the industrial automation industry. It does so by reducing delivery times and reducing work hours through automation. In its manufacturing business, the company develops, manufactures, and sells automation equipment, automation equipment components, mold and die

components, and automation-related indirect materials. In its distribution business, Misumi Group offers a wide range of products from automation-related indirect materials to consumables, including those from other companies. The company is accelerating business expansion and global growth by leveraging a unique business model that combines these businesses, along with its advanced digital technology and various channels, including online catalogs, an e-commerce website, and online component procurement service called meviy.

Since May 2023, Punch Industry and Misumi Group had exchanged information through their directors, mutually recognizing the need for an alliance. The companies had thoroughly examined alliance possibilities, risks, and strategies to maximize its effectiveness through more than a dozen meetings between their directors, including top-level ones, as well as dozens of working-level discussions.

The two groups entered into this alliance agreement as equal partners to achieve mutual and sustainable prosperity, contribute to the overall growth of the industrial sector, and ultimately benefit society. Under the alliance agreement, they will maximize their respective strengths: Punch Industry's advanced precision machining technology and meticulous responsiveness to customer needs, and Misumi Group's cutting-edge digital technology and global supply capabilities with short delivery times. Both groups will grow and develop together by complementing and enhancing each other through mutual supply of their core products and effective utilization of their logistics infrastructure. These joint efforts will cover a wide range of metalworking fields, including automation equipment and peripheral components, mold and die components, and other standard and special-order products.

### Details of capital alliance

Through this third-party allotment, Punch Industry will issue 3,000,000 shares of its common stock to the planned allottee (10.9% of voting rights after allotment). Misumi Group intends to retain its shares in Punch Industry. The company determined that the number of shares issued, the extent of resulting dilution, and the impact on the market were reasonable for achieving the planned objectives. In accordance with the alliance agreement, it will issue the new shares to Misumi Group and plans to purchase an equivalent amount of Misumi Group shares on the Tokyo Stock Exchange Prime Market between October 24, 2024, and December 27, 2024.

### Details of business alliance

Through the alliance agreement, the two groups will work together to generate synergies and drive performance growth for both. Initially, they aim to realize synergies quickly in Japan by collaborating in mutual product supply and other areas. They also plan to explore new business opportunities by leveraging their networks and jointly expanding into overseas markets with high growth potential.

The funds raised will primarily be allocated to capital investments to improve the production processes for special-order products (planned from April 2025 to March 2028).

- ▶ The company stated that this capital and business alliance agreement aims to ensure mutual and sustainable prosperity between the company group and Misumi Group as equal partners, with the goal of contributing to the overall growth of the industrial sector.

### Aiming to achieve synergies by leveraging both companies' value offerings

According to the company, its value offering includes the ability to supply special-order products by leveraging its precision processing technology and a customer-centric proposal capability provided by its sales representatives. Meanwhile, the value offered by Misumi Group includes short delivery times and cost competitiveness for standard products and maximization of customer time value through its e-commerce platform.

- ▶ The aim is to fully leverage the strengths of both companies to sustainably deliver value and drive the development of the mold and die industry. The goal is to achieve global business growth through collaboration on "standard products" and "special-order products." Specifically, areas under consideration include consolidating and streamlining the procurement of inventory items from partner factories, establishing a cooperative framework for the stable supply of standard products, and collaborating in overseas expansion and logistics.

### Relocation of logistics base for Japan business (logistics integration with Misumi Group)

In May 2025, the company announced the relocation of its logistics base for the Japan business (logistics integration with Misumi Group Inc.).

- Logistics base to be relocated: Tokyo Logistics Center (3F North, SG Realty Yokohama, 3-11 Moriyamachi, Kanagawa-ku, Yokohama, Kanagawa Prefecture)
- New logistics base (relocation scheduled for mid-October 2025): Tokyo Logistics Center (inside Misumi East Japan Distribution Center, 7-1 Higashi-Ogishima, Kawasaki-ku, Kawasaki, Kanagawa Prefecture)

In October 2025, the company began outsourcing logistics operations to Misumi Group's East Japan Distribution Center (Kawasaki, Kanagawa Prefecture) as part of collaboration under the capital and business alliance agreement concluded with Misumi Group in October 2024. This logistics collaboration was also selected by the Ministry of Economy, Trade and Industry under its Demonstration Project for Logistics Efficiency to Support Sustainable Logistics (1) Collaborative Demonstration Projects Contributing to Logistics Efficiency, as part of the Manufacturing B2B Business Joint Inventory Management / Transportation and Delivery Project promoted jointly by the two companies and SBS Sokuhai Support Co., Ltd. The demonstration project was completed at end-January 2026 and the logistics collaboration improved operational efficiency through the promotion of automation in warehouse operations.

As a result of the logistics collaboration, integration of operational processes reduced truck waiting and loading/unloading time by 110 hours per month and reduced the number of truck arrivals at the logistics warehouse by the equivalent of 216 ten-ton trucks per month. In addition, the company promoted the use of automated equipment within the warehouse, including shelf transport robots and auto-counting picking carts. Through these initiatives, the company said it improved logistics efficiency and reduced costs.

### Medium-term management plan, Value Creation 28 (FY03/27–FY03/29)

Punch Industry has formulated its new medium-term management plan, Value Creation 28 (hereinafter, VC28), covering the three-year period from FY03/27 to FY03/29.

#### Rationale behind VC28

The business environment surrounding the company is in a state of significant flux. Factors include rising global geopolitical risks, climbing raw material prices, rising labor costs, and exchange rate fluctuations. Furthermore, Japan's declining birthrate and aging population have led to labor shortages and accelerating demand for automation and labor-saving. The company has expanded globally with its mold and die components business at the core and built a stable business foundation. Meanwhile, acknowledging room for improvement in capital efficiency and profitability, it strongly recognizes the need to evolve its business and profit structures to achieve a sustainable increase in corporate value.

#### Review of the previous medium-term management plan

Punch Industry noted that although it recorded a net loss in FY03/24 due to a corporate rationalization initiative, both revenue and operating profit subsequently turned around, and profitability indicators improved. By region, sales in China (particularly the automotive sector) were strong, while sales in Japan were stagnant.

Reviewing progress on key initiatives, those that advanced on track were: (1) P-Bas (new processing method)—revenue grew and the budget target was met; (2) renewed focus on the Indian market and utilization of the Vietnam plant—stabilized through the establishment of a new facility and production transfers; and (3) new customer acquisition—progressed steadily. Those that fell short were: (1) expansion of special-order product sales in the factory automation business—grew but stalled in Japan; (2) establishment of a customer center—abandoned in pursuit of greater efficiency; and (3) consolidation of group production bases—rationalized but fell short of generating the expected impact.

#### VC28's role in long-term vision Vision60

The company has formulated its new long-term vision, Vision60, outlining the company's desired future state for FY03/35, its 60th anniversary. Under the key theme of reducing reliance on mold and die components, the company clarified its policy of expanding its business domains and enhancing its profit structure. VC28 is the first medium-term

management plan toward achieving Vision60, and is positioned as a phase for focusing on improving profitability and building a foundation for future growth.

## External environment, internal environment, and market outlook

### External environment

The company identifies the business opportunities and risks below.

Political factors:

- Ongoing US-China friction: Supply chain restructuring (including reduced dependence on China)
- Tightening environmental regulations across countries: Growing demand for energy-efficient and long-life components
- Labor safety and working conditions regulations: Automation and robotics adoption is essential

Economic factors:

- Economic conditions: Changing market conditions in demand industries such as automobiles, consumer electronics, and semiconductors
- Exchange rate fluctuations: Impact on import/export costs and profitability
- Raw material prices and labor costs: Steel price volatility and rising costs due to skilled worker shortages

Social factors:

- Declining birthrate, aging population, and shortage of skilled workers: Growing value placed on standardization and ease of maintenance
- Sustainability orientation: Growing demand for recycled material compatibility and wear-resistant components
- Sluggish consumption: Greater emphasis on maximizing utilization rates and short delivery times

Technological factors:

- Accelerating automation, AI, and digital transformation: Demand for smart components (sensors, traceability)
- Expanding semiconductor market: Growing need for ultra-precision and low thermal expansion components
- New materials and hard-to-cut materials: Strengthening surface treatment and high-hardness material technologies

### Internal environment

In response to the above environment, the company identifies its strengths as: (1) a global sales network and brand recognition in Japan and China; (2) advanced precision processing technology and well-equipped processing facilities; and (3) broad capability to handle both standard and special-order products.

Opportunities include: (1) growing demand driven by technology trends such as EV adoption and IoT; (2) expanding demand for high-precision products in response to more sophisticated market needs; and (3) government support for the manufacturing sector and growing automation demand driven by Japan's declining birthrate and aging population.

Weaknesses include: (1) declining sales capabilities due to staffing shortages and reduced cost competitiveness in manufacturing; (2) weaknesses in product development capabilities, skills transfer for high-difficulty processing, and human resource securing; and (3) lagging utilization of digital tools and information.

Threats include: (1) the offshore shift of manufacturing and improving quality of overseas products; (2) rising costs from sustainability-related requirements and labor shortages due to the declining birthrate; and (3) geopolitical and exchange rate risks, and the rise of technology-focused startups.

### Mold and die market outlook

The global mold and die market is expected to continue growing through 2028, with total shipment value across major regions forecast to reach JPY16.2tn (CAGR of 3.3% from 2025).

Market trends the company anticipates include: (1) steady demand for electrical component molds driven by EV adoption; (2) continuously rising demand for higher precision; (3) expanding efficiency needs amid labor shortages; and (4) continued intra-regional procurement needs, particularly in Asia. As for the characteristics of market expansion, the

company expects: (1) stable growth in the overall market despite maturing; (2) an increase in the share of high-value-added and high-difficulty molds and dies; (3) growing importance of high-mix low-volume and short-cycle production capabilities; and (4) total solutions encompassing mold and die peripherals becoming a key competitive differentiator.

The company identifies the following strategic directions: (1) expand sales of special-order products capable of meeting high-precision requirements; (2) secure orders for precision micro-machined products; (3) focus sales efforts by region and industry; and (4) ensure stable earnings through global supply capabilities.

### Factory automation market outlook

The robot market for the manufacturing sector across major regions is expected to continue growing through 2028, with total market size forecast to reach JPY1.7tn (CAGR of 6.7% from 2025).

Market trends the company anticipates include: (1) expanding automation needs driven by labor shortages and rising labor costs; (2) demand for assembly and transport robots centered on the automotive and semiconductor sectors; (3) growing demand for small robots (SCARA and small articulated robots) in China; and (4) rising competitiveness and presence of Chinese robot manufacturers. As for the characteristics of market expansion, the company expects: (1) robots capable of detecting contact with people and collaborating safely; (2) fence-free, space-saving, and flexible automation; (3) broader adoption across diverse sectors including automotive, semiconductors, food, and logistics; and (4) increasing demand for replacement of existing industrial robots.

The company identifies the following strategic directions: (1) strengthen robot-related products for growth sectors; (2) develop technologies compatible with collaborative robots; and (3) expand revenue and profit through competitively differentiated proposals.

### Basic policy

Under VC28, the company will manage its operations based on the following basic policies:

1. Strengthen stable cash-generation capabilities in the existing mold and die components business by focusing on special-order products and improving productivity
2. Establish a second earnings pillar by developing and expanding the factory automation business amid demand for automation and labor-saving
3. Create medium- to long-term growth opportunities through R&D and new business initiatives
4. Improve operational efficiency and reform the fixed-cost structure by promoting digital transformation
5. Thoroughly implement management prioritizing capital efficiency, with ROIC as the core metric

Through these initiatives, the company aims to balance improvements in profitability and capital efficiency with sustainable growth investment to enhance corporate value, with a view toward achieving a P/B ratio of over 1.0.

For the final year of VC28, the company aims to (1) ensure ROIC stably exceeds WACC throughout the plan period, with a target ROE of 8.0% in the final year; (2) achieve both stable cash generation and disciplined growth investment; and (3) sustain a P/B ratio of over 1.0 through a sustained increase in corporate value.

### Main management targets

The company has set the following main (consolidated) management targets for FY03/29, the final year of VC28:

- Revenue: JPY50.0bn
- Operating profit: JPY3.4bn
- Net income attributable to owners of the parent: JPY1.5bn
- OPM: 6.8%
- ROE: 8.0% or higher
- ROIC: 10.0% or higher

For FY03/28, the company forecasts revenue of JPY47.0bn, operating profit of JPY2.6bn, and net income attributable to owners of the parent of JPY1.3bn, expecting revenue and profit to grow in a stepwise fashion.

The company forecasts that, from FY03/26 to FY03/29, revenue growth initiatives (market growth, expansion of special-order product sales, higher factory automation revenue, and other factors) will add JPY6.1bn, favorable exchange rates will add JPY1.6bn, and other factors will add JPY1.4bn, while it expects market conditions (customer attrition due to market



conditions and price revisions) will reduce revenue by JPY1.2bn. For operating profit, it expects revenue growth to add JPY1.9bn, cost improvements to add JPY700mn, favorable exchange rates to add JPY100mn, while it projects higher variable costs to reduce operating profit by JPY200mn and higher fixed costs to reduce it by JPY1.1bn.

## Business portfolio strategy

For FY03/29, the company targets revenue of JPY45.1bn in the mold and die components business (vs. approx. JPY39.0bn in FY03/26), JPY4.5bn in the factory automation business (vs. approx. JPY3.1bn), and JPY400mn in new businesses (vs. JPY0mn).

The mold and die components business, its core business, serves as a profit base generating stable earnings globally. The company strategy for the business comprises: (1) focusing on special-order products; (2) securing orders for precision micro-machined products; and (3) improving production efficiency through digital transformation.

The company plans to prioritize the factory automation business, a growth area, in allocating resources, including for M&A, with automation and labor-saving as the central focus. Its business strategy is to deepen cross-selling with existing businesses and acquire technologies through M&A to secure growth.

The company expects new businesses and R&D, future growth drivers, to become a third earnings pillar over the medium to long term. Its business strategy includes: (1) optimizing the use of production resources; (2) applying and advancing technologies and expanding across the customer base; and (3) promoting development while managing investment scale.

By region, the company targets FY03/29 revenue of JPY12.8bn in Japan (approx. JPY11.0bn in FY03/26), JPY29.1bn in China (approx. JPY24.9bn), JPY3.2bn in Southeast Asia (approx. JPY2.0bn), and JPY4.9bn in Europe, the US, and other regions (approx. JPY4.1bn).

By industry, it targets FY03/29 revenue of JPY20.7bn in automotive (approx. JPY17.8bn in FY03/26), JPY8.4bn in electronic devices and semiconductors (approx. JPY7.2bn), JPY4.6bn in consumer electronics and precision equipment (approx. JPY3.9bn), and JPY16.3bn in others (approx. JPY13.2bn).

- The company expects to capitalize on opportunities arising from growth in the automotive industry and an improvement in business sentiment by strengthening its domestic sales organization, aiming to drive significant growth in the mold and die components business. By region, the company expects revenue growth to be particularly strong in China. By industry, it anticipates a recovery in the automotive sector, as well as growth across other sectors.

## Key initiatives under VC28

Under VC28, a phase for improving profitability to generate funds for growth investment, Punch Industry will implement the following initiatives.

### Key initiatives

|                                                                    |                                            |                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sustainable growth in existing business</b>                     | Improve profitability                      | Expand revenue: Expand special-order product sales. Secure orders for precision micro-machined products. Focus sales efforts by region and industry.<br>Improve earnings: Concentrate on special-order manufacturing. Strengthen overseas procurement. Apply digital transformation to indirect operations. Optimize production and logistics in collaboration with Misumi Group. |
| <b>Growth through expansion of the factory automation business</b> | Reduce reliance on mold and die components | M&A: Total investment of JPY3.0bn envisaged. Funding to be sourced first from free cash flow, then borrowings. Strengthen management of synergy creation.<br>Business expansion: Strengthen sales of factory automation equipment. Broaden geographic sales coverage. Expand outsourcing partners. Leverage the web.                                                              |
| <b>Value creation through R&amp;D</b>                              | Contribute to diverse needs                | P-Bas, aerospace: Collaborate with JAXA on aerospace-related initiatives. Explore M&A opportunities. Innovate hard and brittle material and non-metal processing technology.<br>New businesses: Verify the business viability of mold-derived businesses. Consider introducing an in-house venture program.                                                                       |

Source: Shared Research based on company materials

By executing these key initiatives, the company aims to promote ROIC-based management, establish investment decision-making criteria, and strengthen human capital management, while maintaining an optimal capital structure and financial soundness.

### **Mold and die components business strategy**

Punch Industry positions the mold and die components business as a globally stable cash-generating business, placing emphasis on improving profitability under VC28.

Key initiatives include: (1) improving GPM by focusing on special-order products; (2) securing orders for precision micro-machined products; (3) focusing domestic plants on special-order manufacturing and improving productivity; (4) reducing costs through overseas procurement and collaboration with Misumi Group; and (5) applying digital transformation to indirect operations.

Under VC28, targets for the business include: (1) redistributing stable profits and cash to the factory automation and new businesses; and (2) serving as the foundation for improving ROIC.

### **Monetization roadmap for the capital and business alliance with Misumi Group**

Punch Industry envisages the following steps to strengthen competitiveness through the capital and business alliance.

- Phase 1 (consolidation of logistics functions): Optimize operating costs by consolidating overlapping operational functions
- Phase 2 (mutual utilization of production and procurement functions): Reduce costs by leveraging both companies' global resources
- Phase 3 (expanded investment in growth areas): Build a foundation for business development and expansion in growth sectors and regions

Through the above, the company aims to build a business structure that strengthens its earnings profile and achieves sustainable future growth through the capital and business alliance, with the goal of generating cumulative profit of JPY600–800mn by FY03/29 (on a standalone basis).

### **Factory automation business strategy**

As automation demand expands with market growth, Punch Industry will leverage its strengths in technology, customer base, and factory automation track record to grow the factory automation business through equipment sales and solution offerings.

Key initiatives include: (1) entry into the laboratory automation (LA) field; (2) deeper market penetration and expanded sales of original products (needle-free injectors and dispensing equipment); (3) expansion of the factory automation business by leveraging the customer base built through the mold and die components business; (4) combined proposals of equipment sales and process improvement solutions; (5) M&A with a total investment of JPY3.0bn; and (6) tighter management of synergy creation.

Under VC28, the company aims to transition the factory automation business from a nurturing phase to full-fledged growth and establish the business as an earnings pillar for the next medium-term management plan.

### **New business strategy**

Punch Industry identifies B2C and metal processing-based manufacturing as its new business domains. These are positioned as: (1) areas that promote business creation by tapping into existing technologies, equipment, and customer base; (2) serving as a candidate for a third earnings pillar, following mold and die components and factory automation; and (3) prioritizing selection and verification over expansion under VC28.

Key themes include: (1) extensions of existing technologies, including P-Bas and aerospace-related initiatives; (2) development with external partnerships and M&A in view; (3) innovation in hard and brittle material and non-metal processing technologies; and (4) exploration of an in-house venture program. The company plans to expand investment in a phased manner while managing its scale and risk, with the goal of creating growth drivers from the next medium-term management plan onward.



## M&A strategy

Punch Industry aims to maximize return on investment and enhance corporate value through the following clearly defined M&A strategy.

- Purpose of M&A: Establish the factory automation business as a second earnings pillar. Strengthen the business foundation through expansion of technologies, sales channels, and other areas in the aerospace domain. Accelerate the creation of new businesses to serve as a third earnings pillar.
- Target domains: Factory automation business-related. Technologies and customer base that enhance competitiveness in the aerospace domain. Advanced manufacturing technologies.
- Target regions and scale: Japan and China. Revenue scale of approximately JPY5.0bn.
- Investment discipline: Thorough adherence to a disciplined pricing process based on rigorous corporate valuation using EV/EBITDA multiples and other metrics. Quantitative assessment of achievable synergies exceeding standalone value.
- Investment scale and funding: Total investment of JPY3.0bn envisaged. Bank borrowings planned.

Punch Industry's M&A strategy focuses on the following areas.

- Proactive strategy: Strengthen orders for special-order products across diverse industries and product types. Fully leverage the Japan-China brand and global sales network. Strengthen global procurement capabilities.
- Differentiation strategy: Specialize in the combined domain of skills, equipment, and expertise. Reinforce sales of high-value-added products.
- Addressing weaknesses: Apply IoT and data utilization demand internally. Enhance contribution to manufacturing sites through factory automation. Pursue in-house factory automation and M&A in the aerospace domain. Intensify new business creation activities.
- Defense and exit: Lead the industry as the global market leader in special-order mold and die components. Expand procurement regions as a countermeasure against geopolitical risks. Strengthen cross-divisional collaboration.

## Promoting digital transformation

By FY03/29, Punch Industry aims to resolve challenges associated with labor shortages and outdated operational controls, and to fundamentally reform working practices, through digitally driven operational transformation. As a result, the company targets a 20% reduction in time spent on indirect operations. Under the roadmap, it positions FY03/27 as a phase for building the foundation, FY03/28 as a phase for automating and advancing operations, and FY03/29 as a phase for maximizing IT and AI utilization.

### Digital transformation promotion initiatives

|                                    | Current                                        | FY03/27                                                             | FY03/28                                      | FY03/29                                              |
|------------------------------------|------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|
| Governance/policy framework        | Utilize RPA; hold information-sharing meetings | Reorganize ICT committee                                            | Prepare IT controls                          | Reform business processes to maximize IT utilization |
| Digital human resource development | Implement IT literacy training                 | Create time and drive reform through low-code/no-code tools and RPA | Design operations to maximize IT utilization |                                                      |
| AI utilization                     | Introduce AI drawing search software           | Maximize use of AI drawing search software                          | Introduce latest technologies                | Overhaul core systems, including AI utilization      |
| System development                 | Identify and utilize external vendors          | Secure internal and external resources; design core systems         | Develop core systems                         |                                                      |
| Low-code/no-code utilization       | Utilize low-code/no-code tools                 | Realize early benefits from external development                    | Autonomous operation by user departments     |                                                      |
| RPA utilization                    | Develop led by user departments                |                                                                     |                                              |                                                      |

Source: Shared Research based on company materials

## Capital allocation

The company's capital allocation policy is to ensure a sound financial foundation while prioritizing growth investment and focusing on shareholder returns.

- Cash inflows: Operating cash flow of approximately JPY7.2bn; interest-bearing debt (primarily bank borrowings) of approximately JPY3.0bn.
- Cash outflows: Capex of approximately JPY4.5bn (cumulative depreciation under VC28 of approximately JPY3.5bn); M&A investment of approximately JPY3.0bn (centered on addressing weaknesses); shareholder returns of approximately JPY1.7bn; BCP investment of approximately JPY1.0bn.

For capex, the company will invest in digital transformation, automation, and labor-saving solutions to improve profitability, as well as in the shift toward special-order products. For R&D investment, it will step up initiatives in its metal integration technology P-Bas and the aerospace domain. Its shareholder returns policy comprises a payout ratio of 30% or higher, a DOE of 3% or higher, and flexible share buybacks.

# Business

## Business description

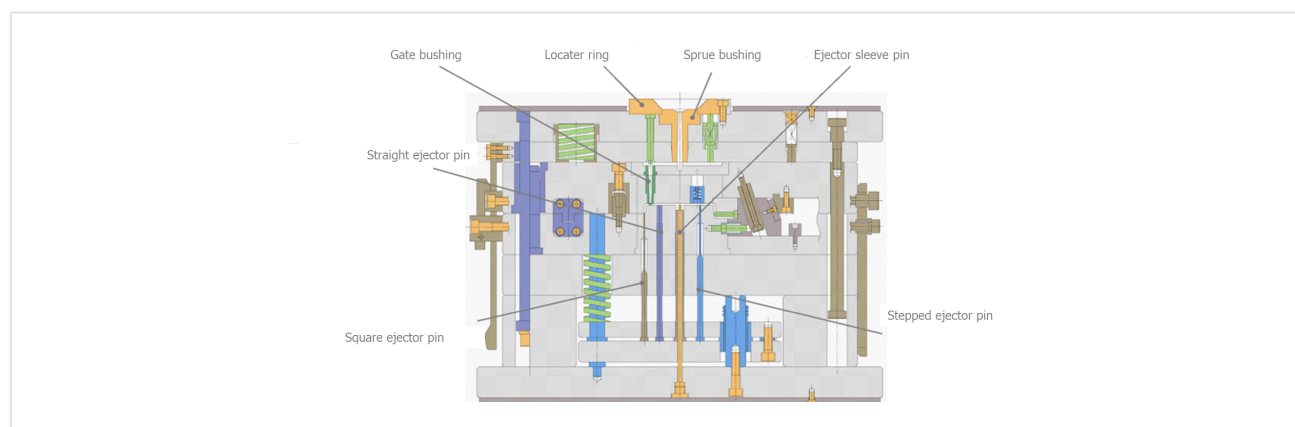
The company mainly engages in the manufacture and sale of plastic mold and press die components.

Molds and dies are used to mass-produce metal or plastic industrial products of the same shape by means of, for example, press forming and other deformation processing or injection molding, in which materials are melted and formed in a mold.

The company derives about a third of its revenue from plastic mold components, slightly over half from press die components, and the remainder from factory automation products. It manufactures both standard and special-order products, with the latter accounting for about 60% of total revenue. The company has a rich lineup of standard products offering the high versatility and quality required for various molds, mainly plastic molds and metal press dies, which it sells via catalog. Standard product orders are made mostly through catalogs and websites. Special-order products target customers needing products with shapes and sizes that deviate from the catalog specifications. Sales staff personally visit customers to take orders, allowing the company to carefully tailor special-order products to customer demands.

### Plastic mold components

Plastic molds are used to make numerous plastic products, such as mobile phone and digital camera casings. Molten plastic resin is injected into a mold mounted in an injection molding machine and then allowed to cool and harden. The company's product lineup includes the mold attachment components below.



Source: Company data

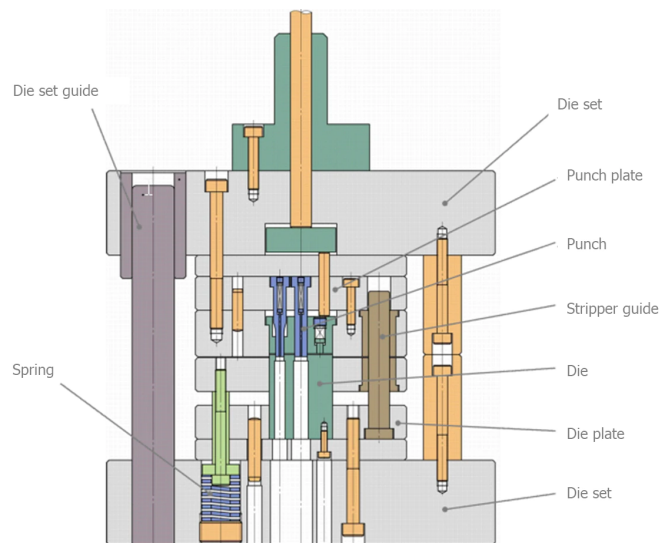
Mainstay standard plastic mold component products are as follows.

|                |                                                                                                                                                                                             |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sprue bushings | Components for pouring molten plastic from the injection nozzle of an injection molding machine into the mold                                                                               |
| Gate bushings  | Components through which plastic flows from the sprue bushing into the product part of the mold. After molding, when the mold is opened, the product part is separated from this component. |
| Ejector pins   | Components that separate and eject molded products from the mold                                                                                                                            |

There are straight, stepped, and square ejector pins. Other components include ejector sleeves, center pins, straight and stepped core pins, ejector pins and core pins for die casting molds, components related to date stamps and stoppers for cavity inserts, angular pins and locking blocks, slide cores and guard rails, runner and gate components, die opening controllers, cooling and heating items, coil springs, and screws and other hardware.

## Press die components

With a press die, materials (steel plates) are placed between upper and lower dies attached to a press machine, and the press machine applies pressure to them. The company's press die components attach to such dies.



Source: Company data

Mainstay standard press die component products are as follows.

|                 |                                                                                             |
|-----------------|---------------------------------------------------------------------------------------------|
| Die set guides  | Components used to maintain proper alignment between upper and lower dies                   |
| Punches         | Tools pressed against a material, usually paired with a die, to impress a shape             |
| Stripper guides | Components used to align the punch-die with the die set guide and maintain proper clearance |

Punches include simple punches, jector punches, small diameter punches, two-step punches, thick plate punches, dowel hole punches, tapped punches, punches with key grooves, flange stoppers, shank cuts, straight punches, mini punches, and punch blanks. Other components include block and pilot punches, button and block dies, punch guide bushings, punches and dies for molding processing, irregularly shaped punches and dies, retainers, precision and carbide punches, screws and other hardware, guide lifter components, misfeed sensor components, coil springs, guide post components, hook components for die storage, components for automotive dies, and transfer die components.

### Special-order products

Unlike standard products, special-order products are made to customer requirements. The company is focusing on this product group, which accounts for about 60% of revenue from mold and die components. It makes special-order products to customer specifications drawing on its cutting, grinding, and other precision processing technology. The company can customize any of its wide range of standard products, but the bulk of orders are for ejector pins and core pins in terms of plastic mold components, and punches and dies in terms of press die components.

Since molds and dies are made for different end products, they all have unique shapes and sizes. Many are unable to be completed using standard products alone (in many cases their shapes, size, dimensions, materials, and other specifications are unsuited to standard products). If a customer wants to customize a standard product but the required processing is technically out of reach or manufacturing costs cut into its profitability, it will special-order the product from the company. The company has built a comprehensive service framework spanning material procurement, heat treatment, processing, surface treatment, inspection, and measurement.

The company handles a wide range of materials, including plastic mold steel, cold and hot mold steel, carbon steel, alloy or carbon tool steel, stainless steel, cemented carbide, chromium molybdenum steel, copper alloy, spring steel, high carbon chromium bearing steel, high-density polymer alloy, and aluminum alloy. It can also offer various secondary processing such as surface treatment and heat treatment to meet functional needs like high strength, wear resistance, and sliding performance. The company also accepts computer-aided design (CAD) data-based orders. Average lead

times for manufacturing are 8–10 days. Each month, the company carries over a certain amount of order backlog into the following month but says the gap between monthly orders and revenue is small.

- ▶ Unlike products mass-produced on a line, special-order products require technicians to perform minute processing in increments of 0.01mm or 0.001mm according to design drawings obtained from customers. As a result, filling orders from a large number of customers requires a large corps of technicians operating a large pool of machine tools and measuring and inspection equipment.

Customers submit a design drawing along with their order, based on which the company generates a spot quote, informing the customer about delivery date and price. Order quantity can be as small as a single unit. Typical special-order items are as follows.

### Range of special-order product customization (plastic mold ejector pin)

|                   |                                                                                                                                                                                                                                                                                                   |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hardness          | 59–61 Rockwell hardness                                                                                                                                                                                                                                                                           |
| Diameter          | 0.2mm–12mm. Tolerance: 0.002mm                                                                                                                                                                                                                                                                    |
| Length            | Maximum: 350mm. Tolerance: 0.005mm                                                                                                                                                                                                                                                                |
| Roundness         | 0.0015mm                                                                                                                                                                                                                                                                                          |
| Surface treatment | Hard chrome plating, titanium nitride, titanium carbon nitride                                                                                                                                                                                                                                    |
| Materials         | Molybdenum high-speed tool steel, martensitic stainless steel, die steel, die steel + nitridization                                                                                                                                                                                               |
| Processing        | Tip boss processing, tip shape processing, large outer radius processing, outer and inner radius processing, double slope processing, undercut processing, double taper processing, diameter cut processing, rib processing, gas venting + concave engraving, slope processing + convex engraving |

Source: Shared Research based on product catalog on company website.

- ▶ The company's policy is not to expand the lineup of standard products but rather to extend the range of processing, enhance quality, and boost competitiveness in terms of prices and delivery times for its special-order products. The company also says that an upcoming upgrade to its online site will enable online orders for special-order products.
- ▶ The company carefully tailors special-order products to customer demands. Sales staff personally visit customers to take orders. Meeting special-order requests fosters trust, which often feeds into orders for standard products as well. Conversely, the company is attuned to the needs of customers who have started using its standard products for different sizes and surface treatments, which sometimes generates orders for special-order products.

## Sales and manufacturing

The company pursues a business approach that integrates its manufacturing division, backed by fully equipped production capabilities, with its customer-centric sales division, enabling it to handle a wide range of products, from standard products to products tailored to customer specifications.

### Sales

The company has 10 sales offices in Japan and 40 offices overseas, from which its own sales staff personally visit customers to take orders. In Japan, the company has branches in Miyagi, Iwate, Tochigi, Saitama, Kanagawa, Nagano, Aichi, Osaka, Hiroshima, and Fukuoka prefectures. Overseas, its Chinese subsidiary Punch Industry (Dalian) operates 34 sales offices in Shanghai, Beijing, and Guangzhou. In Southeast Asia, the company conducts sales through local subsidiaries in India, Malaysia, Singapore, and Vietnam, through joint ventures in Indonesia, and through distributors in Thailand, South Korea, Taiwan, Australia, Turkey, and the Philippines. Elsewhere, sales are the purview of a sales subsidiary in the US and distributors in Germany.

For special-order products, sales staff personally visit customers to take orders. They listen carefully to customers' technical issues and formulate proposals to meet their needs. Because they have to formulate such proposals, which include the most appropriate product, customization (i.e., size, length, hardness, surface treatment, materials used, processing method), and total cost, the company's sales staff also receive hands-on training at the plant before taking on their sales assignment. Training makes use of the Punch Academy in-house training facility (see below). In many cases, after the company delivers a product to a customer, it makes repeated follow-up visits to deliver supplies.

- ▶ If a problem occurs, the company works with the customer to identify a solution, determining whether the problem is with the product or the customer's processing, or whether the product needs to be customized. In recent years, the

company has expanded opportunities for its manufacturing technicians to accompany sales staff on calls to explore customer needs more deeply. This hands-on sales approach helps earn customer trust, which feeds into new orders for special-order products when customers approach the company with new product needs or want to improve the functionality of existing products.

### Online sales

The company operated an online sales site, called Punch-Net, which allowed users to browse products in a web catalog, get estimates, and order products. In January 2023, the company relaunched the site as PunchCoco, with expanded functionality. The new site gives users access to convenient functions such as product search and shopping cart functions, personalized menus, and chatbot support. Just over 70% of standard product sales come in through the site.

- ▶ As the company's lineup includes a large number of products and variations, the number of catalogs and page count per catalog has kept growing, often making the search for new products time-consuming for customers. Also, the former online site lacked sufficient search functionality. The relaunch in 2023 vastly improved customer convenience, allowing customers to easily search for and compare products. The company says it expects higher traffic from new customers who would previously have dropped out at the search stage due to a lack of product knowledge. Future upgrades to the online site will include inventory and special-order functions, as well as Chinese language support.
- ▶ In April 2024, the company expanded the features of PunchCoCo, allowing users to search for about 28,000 items of press die components. With the existing 3,500 items of plastic mold components, users can now browse roughly 31,000 catalog items on PunchCoco, making the website more convenient.

### Manufacturing

The company has built a production framework that integrates all processes by making full use of the precision processing technical expertise it has cultivated since its founding as well as its 2,000 machine tools and nearly 1,000 pieces of measuring and inspection equipment. The company is marked by having a large corps of technicians with years of technical expertise in areas such as heat treatment, surface treatment, and grinding for steel and cemented carbide materials.

In manufacturing special-order products according to customer design drawings—a strategic focus for the company—technicians have to perform minute processing in increments of 0.01mm or 0.001mm. This requires a large corps of technicians operating a large pool of machine tools and measuring and inspection equipment. Technicians are divided according to process. Often more than 10 people will be involved in a single product. Because they are in charge of processing using specific machinery and equipment over a long period of time, each technician acquires highly specialized processing skills. This specialization is the backbone of the company's precision manufacturing (the flip side is that it takes time to train up technicians).

Approximately 70% of the company's workforce (about 2,800 people) belongs to the manufacturing division. The volume of products manufactured per person per day can be in the thousands range for mass-produced standard products, but varies for special-order products depending on the product. Because the company inspects products in-house for manufacturing defects, it says its rate of failures resulting in complaints is less than 1%.

- ▶ The most difficult aspect of manufacturing is determining which process will create the special-order product that best meets the customer's request based on the design drawing received. However, the company says other companies cannot emulate the expertise it has built up in this area.

As of end-March 2024, the company's pool of machinery and equipment included 640 cutting machines, 1,100 grinding machines, 200 electric discharge machines, 80 pieces of heat treatment equipment, 10 pieces of surface treatment equipment, and 910 inspection and measuring devices.

The company manufactures globally through a network of three bases in Japan and eight overseas. Plants in Japan are the Kitakami plant in Iwate Prefecture, the Miyako plant in Iwate Prefecture, and the Hyogo plant in Hyogo Prefecture. Overseas, the company has manufacturing plants in six locations in China (including Dalian, Wafangdian, Wuxi, and Dongguan) and also in Malaysia and Vietnam.

The company has built a manufacturing framework that encompasses roughly 300 partner plants (outsourced products generate about half of total revenue). To sell a product as its own requires the company to identify partner plants that can guarantee certain level of quality. Cultivating a new partner plant takes time, and the company says it can only bring a few companies on board each year.



**HR development:** The company established Punch Academy in April 2017 on the grounds of the Kitakami plant. The staff training facility is equipped with facilities for the hands-on training of new hires, ongoing training based on job position, training to instill new skills, and staff development and technical training for sales representatives. The company brings in as lecturers veteran technicians who are at the age of stepping back from the front lines. As instructors, these veterans develop the younger generation of workers, passing on the manufacturing skills cultivated over many years that are the company's chief strength.

**Working style reforms:** The company's medium-term business plan calls for the empowerment of women, a better work-life balance, and the development of global talent. Specific measures include diversity training; new and stronger support measures to balance work with childcare and long-term care; Punch Family Salon, an online gathering for both male and female employees who are on maternity or childcare leave; and encouraging male employees to take childcare leave. The company has also launched a personal job planning system. As part of giving back to the community and developing personnel who will take responsibility for the future of the regions in which it operates, the company also gives guidance for certification programs at local high schools.

## Revenue by customer, industry, and region

The company serves customers across a broad range of industries, including the automotive and home appliance sectors. The customer base includes 15,000 companies (6,000 in Japan, 8,000 in China, and 1,000 elsewhere). The company estimates that about 12,000 of these are makers of products other than molds and dies—in other words, mold and die users—with the other 3,000 specializing in mold and die manufacturing. Even the top revenue-generating customers account for only 1%–2% of total revenue at most. The company says it has no large customers of note.

### Revenue by industry

| By industry<br>(JPYmn)                     | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|--------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue                                    | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   |
| Revenue                                    | 36,649  | 41,025  | 40,936  | 35,349  | 32,462  | 39,359  | 42,800  | 38,344  | 40,822  | 42,100  |
| YoY                                        | -0.3%   | 11.9%   | -0.2%   | -13.6%  | -8.2%   | 21.2%   | 8.7%    | -10.4%  | 6.5%    | 3.1%    |
| Automotive                                 | 16,780  | 18,370  | 17,877  | 15,370  | 13,682  | 16,442  | 18,082  | 16,537  | 17,194  | 17,784  |
| YoY                                        | -1.6%   | 9.5%    | -2.7%   | -14.0%  | -11.0%  | 20.2%   | 10.0%   | -8.5%   | 4.0%    | 3.4%    |
| % of revenue                               | 45.8%   | 44.8%   | 43.7%   | 43.5%   | 42.1%   | 41.8%   | 42.2%   | 43.1%   | 42.1%   | 42.2%   |
| Electronic devices & semiconductors        | 7,000   | 7,880   | 7,558   | 6,113   | 6,315   | 8,043   | 7,866   | 6,930   | 6,990   | 7,199   |
| YoY                                        | 6.9%    | 12.6%   | -4.1%   | -19.1%  | 3.3%    | 27.4%   | -2.2%   | -11.9%  | 0.9%    | 3.0%    |
| % of revenue                               | 19.1%   | 19.2%   | 18.5%   | 17.3%   | 19.5%   | 20.4%   | 18.4%   | 18.1%   | 17.1%   | 17.1%   |
| Consumer electronics & precision equipment | 4,480   | 4,780   | 4,837   | 4,298   | 3,888   | 4,192   | 4,312   | 3,647   | 3,836   | 3,897   |
| YoY                                        | -6.7%   | 6.7%    | 1.2%    | -11.1%  | -9.5%   | 7.8%    | 2.9%    | -15.4%  | 5.2%    | 1.6%    |
| % of revenue                               | 12.2%   | 11.7%   | 11.8%   | 12.2%   | 12.0%   | 10.7%   | 10.1%   | 9.5%    | 9.4%    | 9.3%    |
| Other                                      | 8,400   | 9,940   | 10,662  | 9,566   | 8,574   | 10,679  | 12,538  | 11,229  | 12,800  | 13,218  |
| YoY                                        | 1.2%    | 18.3%   | 7.3%    | -10.3%  | -10.4%  | 24.6%   | 17.4%   | -10.4%  | 14.0%   | 3.3%    |
| % of revenue                               | 22.9%   | 24.2%   | 26.0%   | 27.1%   | 26.4%   | 27.1%   | 29.3%   | 29.3%   | 31.4%   | 31.4%   |
| (FA revenue)                               |         |         |         |         |         | 2,741   | 2,483   | 2,647   | 3,058   | 3,084   |
| YoY                                        |         |         |         |         |         | -       | -9.4%   | 6.6%    | 15.5%   | 0.9%    |
| % of revenue                               |         |         |         |         |         | 7.0%    | 5.8%    | 6.9%    | 7.5%    | 7.3%    |

Source: Shared Research based on company data

Note: End user basis.

Revenue generated by the automotive sector, which accounts for the largest percentage of total revenue, climbed from JPY9.2bn in FY03/12 to JPY18.4bn in FY03/18, but has since fluctuated. Revenue from the electronic devices and semiconductors sector has been JPY6.0–8.0bn. Revenue from the consumer electronics and precision equipment sector increased from JPY3.5bn in FY03/12 to JPY4.8bn in FY03/19, but has since trended down. Revenue from other sectors (including industrial machinery, telecommunications, healthcare, food, and trading companies) has been on a long-term uptrend since FY03/12, when it stood at JPY5.6bn.

- The company reports that profit margins by customer industry are somewhat low for the automotive sector, slightly higher for electronic devices and semiconductors, and remain stable at a certain level for consumer electronics and precision equipment and other sectors. The tendency toward lower margins in the automotive sector reflects the common practice among automakers to pressure suppliers to keep costs down. However, the company says the selling prices for its automotive products are already relatively low, so it is not under as much pressure to cut prices as the manufacturers of the molds and dies themselves, and that its margins tend to stay relatively flat. With regard to

automobile electrification, the company notes that demand is waning for engine products, which are mostly forged parts, but since its lineup includes few products for forged parts, it foresees no major impact from this.

- Many consumer electronics and precision equipment products require strict precision. This is an area where the company can leverage its strengths in high-precision components and enjoy relatively high margins. In the semiconductor area, the company mostly supplies stamped ejector pins to makers of post-process bonding equipment and has a virtual monopoly in this market. As with consumer electronics and precision equipment, customers make numerous demands, and the different specifications required by each customer means more special-order products. Special-order volume is thus growing along with expansion in the market.
- The company noted that sales in other sectors are primarily made through trading companies, complicating identification of end users.

## Revenue by region

| By region<br>(JPYmn)              | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   |
| Revenue                           | 36,649  | 41,025  | 40,936  | 35,349  | 32,462  | 39,359  | 42,800  | 38,344  | 40,822  | 42,100  |
| YoY                               | -0.3%   | 11.9%   | -0.2%   | -13.6%  | -8.2%   | 21.2%   | 8.7%    | -10.4%  | 6.5%    | 3.1%    |
| Japan                             | 15,904  | 17,154  | 16,777  | 14,566  | 12,338  | 14,020  | 14,104  | 12,438  | 11,613  | 11,016  |
| YoY                               | 1.7%    | 7.9%    | -2.2%   | -13.2%  | -15.3%  | 13.6%   | 0.6%    | -11.8%  | -6.6%   | -5.1%   |
| % of revenue                      | 43.4%   | 41.8%   | 41.0%   | 41.2%   | 38.0%   | 35.6%   | 33.0%   | 32.4%   | 28.4%   | 26.2%   |
| China                             | 17,428  | 20,103  | 19,899  | 16,837  | 16,889  | 20,956  | 23,451  | 20,443  | 23,383  | 24,903  |
| YoY                               | -2.1%   | 15.3%   | -1.0%   | -15.4%  | 0.3%    | 24.1%   | 11.9%   | -12.8%  | 14.4%   | 6.5%    |
| % of revenue                      | 47.6%   | 49.0%   | 48.6%   | 47.6%   | 52.0%   | 53.2%   | 54.8%   | 53.3%   | 57.3%   | 59.2%   |
| Other                             | 3,317   | 3,769   | 4,259   | 3,946   | 3,235   | 4,382   | 5,244   | 5,462   | 5,824   | 6,180   |
| YoY                               | 0.2%    | 13.6%   | 13.0%   | -7.3%   | -18.0%  | 35.5%   | 19.7%   | 4.2%    | 6.6%    | 6.1%    |
| % of revenue                      | 9.1%    | 9.2%    | 10.4%   | 11.2%   | 10.0%   | 11.1%   | 12.3%   | 14.2%   | 14.3%   | 14.7%   |
| Southeast Asia                    |         |         |         | 1,535   | 1,376   | 1,740   | 1,966   | 1,901   | 1,951   | 2,041   |
| YoY                               |         |         |         | -       | -10.4%  | 26.5%   | 13.0%   | -3.3%   | 2.6%    | 4.6%    |
| % of revenue                      |         |         |         | 4.3%    | 4.2%    | 4.4%    | 4.6%    | 5.0%    | 4.8%    | 4.8%    |
| Europe, the US, and other regions |         |         |         | 2,410   | 1,858   | 2,641   | 3,277   | 3,561   | 3,873   | 4,139   |
| YoY                               |         |         |         | -       | -22.9%  | 42.1%   | 24.1%   | 8.7%    | 8.8%    | 6.9%    |
| % of revenue                      |         |         |         | 6.8%    | 5.7%    | 6.7%    | 7.7%    | 9.3%    | 9.5%    | 9.8%    |

Source: Shared Research based on company data

By region, revenue from China has been on a long-term up trend since FY03/12, when it stood at JPY9.2bn, due in large part to the high growth rate of the Chinese mold and die market and expansion of the company's manufacturing and sales network there. Revenue from Japan increased from JPY13.4bn in FY03/12 to JPY17.2bn in FY03/18, but has since trended down. This reflects factors such as the offshore shift of manufacturing bases and contraction in the number of mold and die manufacturers in Japan. Revenue from Southeast Asia is on the increase. In order of scale, the company generates the largest share of its revenue in Vietnam, followed by Singapore, Thailand, Indonesia, Malaysia, India, and the Philippines. In Europe, the US, and other regions, Europe accounts for about two-thirds of revenue with the remainder coming from the US and other regions.

- In China, which generates more than half of total revenue, sales activities were liberalized around 2000 in line with rapid growth of the economy and China's accession to the WTO. Since then, the company has increased its sales and manufacturing network in that country and, as in Japan, has adopted an integrated production and sales approach and established a framework to sell directly to manufacturers. This positioned the company to expand revenue in line with China's economic growth.
- The company says there is room for improvement in the frequency of its contact with customers, citing the lack of manpower at its sales offices, and says there are many potential customers in each region that it has yet not been able to reach.

## Bright Machine Tools Sdn. Bhd.

In December 2025, the company acquired all shares in Bright Machine Tools Sdn. Bhd. (BMT), a sales distributor in Malaysia, as part of its sales expansion strategy in the Southeast Asian market.

Since beginning to handle the group's products in 1998 and concluding a sales agency agreement in Malaysia in 2012, BMT has built up expertise in selling precision mold and die components—one of the group's strengths—and has established a broad customer base and strong procurement capabilities. By acquiring all shares of BMT, the company

expects to generate synergies in the Malaysian market, where demand for precision mold and die components is high and steady growth is anticipated. The acquisition will enable the company to strengthen its market presence by deploying additional in-house resources and expand its customer base and revenue through new sales channels, the company stated.

## Suppliers

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Steel and cemented carbide are the chief raw materials for the company, which it mostly procures from specific specialized trading companies, steel manufacturers, and steel companies. The company uses a network of about 300 partner plants in Japan for its manufacturing.

## New business areas and services

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### Factory automation business

The special-order factory automation components the company currently sells include jig bushings, shafts and shaft holders, locator devices, guide and spring-related components, screws, nut-related components, and other special-order components for various equipment.

The company entered the factory automation component business after building its Chiba plant in 1996. It later withdrew from the standard product aspect of this business in Japan in 2011 after struggling with fierce price competition. Since then, the company has sold special-order precision components and precision jigs and tools, and assembled precision components for factory automation equipment. Revenue from the factory automation business was JPY3.1bn in FY03/26, mainly from ASCe and precision components and precision jigs and tools. The company has expanded its sales channels by making sales proposals for precision parts for factory automation equipment and precision jigs and tools to customers in its main businesses.

In October 2022, Punch Industry acquired a 100% stake in manufacturer ASCe, which has strengths in the in-house development of factory automation equipment for sectors including food processing, automotive components, electronic devices, and healthcare, and made the company a subsidiary. The cost of the acquisition was JPY550mn, and the deal generated goodwill of JPY491mn (in February 2026, Punch Industry recognized an impairment loss on goodwill as performance had fallen short of the initial business plan). ASCe's revenue is still only in the several hundred million JPY range. ASCe designs and manufactures factory automation equipment, production equipment, and various jigs that realize labor saving and automation. To meet demand from a broad range of customers in the above-mentioned industries, the company only carries out special-order design, assembly, adjustment, and software debugging in-house. This means the benefit of shorter delivery times for customers.

ASCe's production track record includes needle-less liquid seasoning injectors, inspection devices, press-fitting machines, leak testers, laser markers, robot handling devices, stamp inspection machines, washing conveyor belts, product sorting conveyor belts, and sponge slicers. ASCe's (patented) needle-less seasoning injector is a device like a squirt gun that sprays and injects seasoning liquid at high pressure into foods such as meat and fish, reducing the time it takes to marinate. Also, since there are no needles to pierce the food, there is no risk of contamination, and it takes less time to clean the equipment.

Armed with the capability to develop and manufacture factory automation-related equipment stemming from the consolidation of ASCe, Punch Industry has launched a project to promote this business and is working to plan and implement sales strategies and upgrade and cultivate new factory automation partner plants. The Punch group will leverage ASCe's advanced design and technical capabilities for factory automation equipment. ASCe will benefit from access to the company's sales network serving 15,000 companies worldwide and its network of partner plants and other procurement resources. Both the company and ASCe will benefit from technology exchanges. The company also says it will pursue automation and labor-saving initiatives in its own plants.

Under its long-term vision Vision60, Punch Group aims to further expand its factory automation business, a growth area. Growth drivers for the factory automation business include: (1) sales expansion through proactive M&A; (2) expansion of target sectors beyond factories; (3) continued sales efforts; and (4) market growth driven by demand for automation and labor-saving solutions.

## Laboratory automation (LA) business

In December 2025, Punch Industry announced its full-scale entry into laboratory automation to promote automation at research and analysis sites facing labor shortages.

Laboratory automation: Refers to the automation of laboratory tasks conventionally performed manually, such as dispensing reagents, culturing cells, and collecting data. These tasks conducted prior to actual research and analysis are called pre-processing, which is said to account for around 60% of actual working time. By promoting the industrialization of research and analysis sites, the technology enables researchers to focus on more advanced analysis and thinking.

While laboratory automation (LA) has been increasingly adopted at research and analysis sites in Europe and the US, adoption in Japan remains limited. Reasons cited include the limited knowledge of automation equipment among laboratory researchers, the fact that many manufacturers mainly sell off-the-shelf products and few can provide consultation from the conceptual stage, and the limited customization available to accommodate site-specific equipment and experimental equipment. The Punch Industry group can leverage its expertise in equipment conceptual design and specification development cultivated in the factory automation field to propose automation systems aligned with on-site needs from the early consultation stage, even before specifications have been finalized.

The Punch Industry group has worked closely with researchers and analytical technicians from the concept stage of equipment development and proposed optimal automation systems. Drawing on the equipment manufacturing expertise gained in the factory automation domain and the advanced metal processing capabilities built over 50 years in its mold and die components business, the company aims to help improve operational efficiency and quality at research and analysis sites.

### P-Bas bonding technology

The company announced in November 2022 that it had trademarked P-Bas, a metal uniting technology. Short for “Punch bonding and sintering,” P-Bas involves both bonding and sintering technologies for uniting objects by using special equipment to press and heat multiple components and materials that have been processed separately. The company is currently using its bonding technology to manufacture mold components and using its sintering technology in new material development.

The bonding technology makes possible the manufacture of components that are difficult to machine—such as components made using metal 3D printers that contain complex-shaped cooling circuits—by manufacturing and machining the components separately before joining them. P-Bas offers several advantages over metal 3D printer manufacturing, such as fewer manufacturing man-hours, lower materials costs, more choices of materials, and higher product strength. The company is aiming to steal a share of the market for components currently made with metal 3D printers, stressing its ability to boost productivity and reduce costs for customers.

- ▶ Example: Create ideal cooling circuits by joining multiple, separately processed components

The company's sintering technology is a bonding process to sinter materials and make them denser using mechanical pressure and heating. The material used in this process is key. Specialty steel manufacturers mainly produce the materials frequently used in mold and die components. Because these manufacturers mass-produce material in large furnaces and design alloys with mass production in mind, they may not necessarily be capable of offering the optimal material for customer applications. In particular, compared to press dies, the combination of characteristics of the materials used in plastic molds varies widely depending on the product being molded, such as in terms of wear resistance, high thermal conductivity, polishing and non-magnetic properties, rust resistance, and amenability to surface treatment. To develop new materials that can meet these challenges, the company entered into a joint research agreement with the Hakodate Regional Industrial Promotion Foundation, which manages the Hokkaido Industrial Technology Center, to explore the development of high-performance powder alloys for plastic molds.

- ▶ Example: Produce alloys that encompass properties not covered by existing materials, including wear resistance, high thermal conductivity, non-magnetic property, corrosion resistance, and amenability to surface treatment. (The sintering technology can also be applied to aerospace-related fields.)

## Participation in lunar exploration program, Project YAOKI

In May 2023, Punch Industry signed a technology partnership agreement with Dymon Co., Ltd., a robot and space technology development startup, and decided to participate in Dymon's lunar exploration program, Project YAOKI. The company will provide its 3D scanner measurement service to Dymon's lunar rover, and utilize its technological prowess accumulated through manufacturing mold and die components and factory automation components/equipment. It will leverage its mold and die component processing and P-Bas metal uniting technologies to develop new materials. In doing so, together with Dymon, the company will contribute to leading Project YAOKI to success, and to the aerospace industry as a whole. Through the partnership, the company intends to further enhance customer service in the ordering process, promote P-Bas as part of its initiative to strengthen R&D, and bolster business in the aerospace sector.

Project YAOKI is a project for exploring the moon, to secure resources and establish a human activity base, such as building human habitats, by sending the lunar rover YAOKI developed by Dymon to the moon, where it will drive on the moon surface to acquire close-up images of the lunar surface.

In April 2024, the company announced the success of Project YAOKI 1 (PY-1), a lunar exploration program, in integrating Intuitive Machines' Nova-C lunar lander with YAOKI lunar rover on a trial basis. In February 2025, the YAOKI lunar rover was loaded onto the lunar lander and the first launch was successfully completed. In March 2025, YAOKI reached the lunar surface and successfully captured images. YAOKI became the first lunar rover developed by a Japanese private company to reach and operate on the Moon.

A second launch of an upgraded YAOKI and a subsequent lunar exploration mission are scheduled for the second half of FY2027. The plan calls for transporting two YAOKI rovers to the lunar surface in pursuit of discovering lunar resources.

## Joint research agreement with JAXA

In August 2023, the company announced that it had entered into a joint research agreement with the Japan Aerospace Exploration Agency (JAXA). Under the agreement, the two parties will investigate the manufacturing technology that uses the company's proprietary bonding technology, P-Bas®, for applications in a part of rocket engines and assess its feasibility.

The company proposed to JAXA the use of its proprietary bonding technology, P-Bas, for processing rocket engine parts with complex shapes that cannot be machined (cut) using conventional methods from technical and cost perspectives. In the joint research, the two parties will work to learn bonding conditions for heat-resistant alloys and explore ways to minimize distortion during the bonding process.

- ▶ The company does not expect these initiatives to contribute to revenue and profit in the short term. However, it believes that working on aerospace-related projects (which require ultra-fine processing and precision measurement) will help improve its technological capabilities.

## 3D Measurement Partners

The company started full-fledged operation of a new service in January 2022, 3D Measurement Partners, which uses 3D scanner-based measurement technology to measure shapes that defy accurate measurement with conventional techniques or that take a long time to measure. The company analyzes and processes the 3D scan data created in the measuring process, packages it with technology and certain conditions, and proposes a solution to customer issues. Customers benefit from shorter development lead times and more robust quality. Since 2016, the company had been engaging in a reverse engineering business that replicates components by converting actual objects into 3D data without design drawings. The background to the new service was the customers' need to verify quality.

Customers can use the service in the development and design stages to clarify shape changes, allowing them to verify their development strategy and put the proper technology in place, which means higher design quality and shorter development times. In the pre-production stage as well, 3D scan data analysis and processing is useful in improving and streamlining the manufacturing process and production specifications, ensuring product perfection, and raising the quality level. At the mass production stage, if there is a product defect, the service makes it possible to locate the problem and identify its cause and formulate concrete response measures.

## Distribution business

In November 2022, the company entered into a distribution agreement with Trusco Nakayama (TSE Prime: 9830). As the first stage in the business on the Japan side, the company began taking online orders for 11 items in seven product



categories, including Trusco Nakayama parts and brake cleaners and nitrile gloves. Down the road, on the China side, the company plans to launch sales of all Trusco Nakayama maintenance, repair, and operation products, and increase the lineup of products handled in Japan as well. The company says it plans to expand its distribution business to sell products other than mold and die components to more than 10,000 customers in Japan and China.

In February 2024, the company began taking orders for 10,790 items in 2,320 categories of Trusco Nakayama's maintenance, repair, and operations (MRO) products on its e-commerce site, PunchCoco. The newly added products are commonly used in plant processing.

- Newly added items: Tools (drilling, threading, chamfering), lathes and jigs, measuring equipment, chemical products, work gloves, work boots, safety glasses and flame-resistant face masks, masks and earplugs, helmets, tape products, tool carts, factory storage facilities, containers and pallets, transport carts, lifting equipment, pallet jacks, and others

Going forward, the company will consider adding more items to improve customer experience.

## Earnings structure

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### Revenue

- ▶ Shipment volume is linked to how many molds and dies are used by customers across a wide range of manufacturing sectors. By industry, the automotive, electronic devices and semiconductors, and consumer electronics and precision equipment sectors together account for about 70% of revenue, which closely tracks production volume in these industries as a whole. Revenue is shipment volume multiplied by product unit price. Although unit prices vary greatly depending on the product, standard products generally range from JPY100 to several JPY'000 and special-order products range from JPY1,000 to JPY0'000. Order quantities can range from a single item to several hundred items or more. Customers renew orders when a component wears out. (The product life of a typical punch is about 300,000 shots.) The company began raising unit prices on some standard products in October 2022 (by 10%–20%) in response to climbing raw materials prices and other changes in the environment. This was the company's first price hike in a long time, but competitors tended to follow suit. In April 2025, the company again raised prices on standard products (by around 10–20%) to reflect rising costs for raw materials and labor. As in 2022, competitors tended to follow suit.
- ▶ The company says the proportion of standard to special-order products is about 40:60 in terms of revenue. It generates about 60% of revenue on products made in-house and the other 40% or so on products outsourced to partner plants.
- ▶ Among its three product groups—plastic mold components, press die components, and factory automation products—press die components account for the largest slice of revenue, albeit just slightly more than plastic mold components. The proportion of revenue from factory automation products is still in the single digits.

### Cost of revenue

- ▶ In FY03/25, of the JPY8.9bn in cost of revenue on the parent income statement, product manufacturing costs were JPY4.2bn. This further breaks down into labor costs of JPY2.6bn, other expenses of JPY1.1bn, and cost of materials of JPY617mn. The company does not disclose details on its consolidated cost of revenue, but reports that about 10% is cost of materials, about 30% is personnel costs, and about 40% is costs incurred to purchase outsourced products from partner plants. The cost of materials accounts for a relatively small portion of cost of revenue; the bulk is personnel costs and product purchases from group companies and partner plants. The largest cost of materials is iron (supplied by specialist trading companies), which the company uses in its in-house production and which is linked to iron scrap prices. However, most of the company's products are small and do not use a large volume of iron. Other expenses consist of tool replacements, utilities, and depreciation.
- ▶ In terms of procurement within the group, the company's procurement department in Japan buys around JPY2.0bn of goods from overseas subsidiaries, or around 40% of total procurement. The company is increasing purchases from overseas subsidiaries of its procurement department in Japan to improve cost of revenue.
- ▶ On the profit front, the gross profit margin is slightly higher for special-order products and slightly lower for standard products. However, the company says that, since it receives most orders for standard products online and operating expenses are low, the difference in operating margins between standard and special-order products is minimal. (The company sees its lineup of standard products to be necessary in building up the customer base.)



## SG&A expenses

| SG&A expenses (JPYmn)            | FY03/16 | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                  | Parent  | Parent  | Parent  | Parent  | Parent  | Parent  | Parent  | Parent  | Parent  | Parent  |
| SG&A expenses                    | 8,191   | 8,201   | 8,815   | 8,893   | 8,352   | 7,474   | 8,403   | 9,194   | 8,842   | 9,124   |
| Salaries and allowances          | 2,277   | 2,286   | 2,515   | 2,518   | 2,540   | 2,491   | 2,710   | 2,958   | 2,884   | 2,939   |
| Provision for bonuses            | 162     | 178     | 181     | 171     | 101     | 100     | 156     | 141     | 131     | 136     |
| Provision for directors' bonuses | -       | -       | 15      | 2       | -       | -       | 17      | -       | -       | 5       |
| Retirement benefit expenses      | 86      | 131     | 141     | 127     | 83      | 87      | 84      | 80      | 76      | 69      |
| Packing and transportation costs | 1,087   | 1,061   | 1,123   | 1,066   | 975     | 903     | 1,099   | 1,105   | 955     | 984     |
| Provision for doubtful accounts  | 56      | 51      | -86     | 44      | 3       | -11     | -5      | 29      | 1       | 22      |

Source: Shared Research based on company data

Major components of SG&A expenses are personnel costs and product packing, transportation, and other logistics costs.

- The company puts the ratio of variable costs at around 30% for in-house products and around 70% for outsourced products. Given the ratio of in-house to outsourced products at 45%–55%, this puts the marginal profit ratio at around 50%.

## Profitability and financial indicators

| Profit margins                  | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Gross profit margin             | 27.8%   | 28.4%   | 28.0%   | 26.0%   | 28.0%   | 29.1%   | 27.2%   | 26.3%   | 26.5%   | 26.9%   |
| Operating profit margin         | 5.4%    | 6.9%    | 6.3%    | 2.4%    | 5.0%    | 7.7%    | 5.7%    | 3.2%    | 4.1%    | 4.8%    |
| EBITDA margin                   | 9.5%    | 11.0%   | 10.7%   | 7.3%    | 8.0%    | 10.2%   | 8.4%    | 6.4%    | 7.1%    | 7.7%    |
| Financial ratios                | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
| ROA (based on recurring profit) | 6.6%    | 8.8%    | 8.0%    | 2.5%    | 6.7%    | 11.2%   | 8.1%    | 4.7%    | 5.2%    | 6.5%    |
| ROA (based on net income)       | 4.8%    | 5.8%    | 3.0%    | -12.3%  | 1.9%    | 7.6%    | 4.7%    | -1.9%   | 2.8%    | 2.5%    |
| ROE                             | 9.8%    | 11.8%   | 6.0%    | -25.5%  | 4.0%    | 14.2%   | 7.9%    | -3.1%   | 0.0%    | 0.0%    |
| Free cash flow yield            | -3.26%  | -4.91%  | -2.28%  | -17.34% | 9.45%   | -0.66%  | 4.49%   | 4.32%   | -0.17%  | 1.10%   |
| Total asset turnover            | 129.1%  | 132.3%  | 128.5%  | 124.6%  | 129.1%  | 147.2%  | 144.5%  | 127.6%  | 130.4%  | 125.2%  |
| Current ratio                   | 1.25    | 1.27    | 1.27    | 1.29    | 1.47    | 1.71    | 1.94    | 2.01    | 2.15    | 2.21    |
| Quick ratio                     | 1.26    | 1.25    | 1.26    | 1.44    | 1.45    | 1.60    | 1.81    | 2.24    | 2.12    | 2.04    |
| Equity ratio                    | 48.1%   | 49.7%   | 50.5%   | 45.9%   | 50.3%   | 56.7%   | 62.6%   | 63.2%   | 66.8%   | 67.3%   |

Source: Shared Research based on company data

# Market and value chain

## Mold and die market overview

### Production value by demand sector

| (%)           | Automotive | Motorcycles | Electronic devices (appliances) | Precision instruments | Industrial machinery | Office equipment | Telecommunications devices | Toys, daily necessities, miscellaneous goods | Healthcare | Other |
|---------------|------------|-------------|---------------------------------|-----------------------|----------------------|------------------|----------------------------|----------------------------------------------|------------|-------|
| Demand sector | 63.0       | 1.8         | 4.4                             | 6.2                   | 3.6                  | 1.6              | 2.9                        | 4.9                                          | 3.8        | 7.8   |

Source: Shared Research based on Japan Die & Mold Industry Association's "Japanese Mold and Die Industry at a Glance (2025)."

The automotive sector (including motorcycles) is the largest mold and die demand sector in Japan, accounting for just over 60% of production value. Other sectors include electrical appliances (household and industrial appliances), toys, daily necessities, miscellaneous goods, industrial machinery, precision equipment, and telecommunications, office, and healthcare equipment.

## Mold and die market size

### Mold and die production value in Japan

| (JPYmn)                       | 1982      | 1983      | 1984      | 1985      | 1986      | 1987      | 1988      | 1989      | 1990      | 1991        | 1992      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|
| Mold and die production value | 865,121   | 1,012,718 | 1,121,367 | 1,361,310 | 1,304,201 | 1,241,744 | 1,376,448 | 1,531,580 | 1,798,507 | 1,957,542   | 1,729,943 |
| (JPYmn)                       | 1993      | 1994      | 1995      | 1996      | 1997      | 1998      | 1999      | 2000      | 2001      | 2002        | 2003      |
| Mold and die production value | 1,542,599 | 1,387,429 | 1,517,884 | 1,682,028 | 1,828,817 | 1,895,446 | 1,637,307 | 1,686,419 | 1,570,572 | 1,463,165   | 1,557,705 |
| (JPYmn)                       | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013        | 2014      |
| Mold and die production value | 1,624,023 | 1,712,650 | 1,787,459 | 1,701,469 | 1,697,984 | 1,159,035 | 1,087,388 | 1,162,867 | 1,250,599 | 1,257,499   | 1,342,439 |
| (JPYmn)                       | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024 (est.) |           |
| Mold and die production value | 1,376,759 | 1,440,944 | 1,525,782 | 1,475,268 | 1,360,230 | 1,543,858 | 1,400,481 | 1,468,405 | 1,433,278 | 1,413,476   |           |

Source: Shared Research based on the Survey of Manufacturing Establishments and economic census data from the Ministry of Economy, Trade and Industry (METI)

Mold and die production value peaked at JPY2.0tn in 1991, fluctuating in line with the economy during subsequent recessions, including the bursting of the bubble economy around 1992, the recession that began around 1999, and the global financial crisis around 2008. In 2010, after this last crisis, production value had fallen to JPY1.1tn, but has since been on a recovery trend, recently fluctuating between approximately JPY1.3tn and JPY1.5tn.

### Number of mold and die manufacturers

| (JPYmn)                    | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Mold and die manufacturers | 12,200 | 11,656 | 12,885 | 12,148 | 13,115 | 12,815 | 12,254 | 12,912 | 12,227 | 12,455 | 12,038 |
| (JPYmn)                    | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   |
| Mold and die manufacturers | 11,965 | 12,953 | 11,994 | 12,125 | 11,330 | 11,352 | 10,686 | 10,483 | 9,984  | 10,360 | 10,234 |
| (JPYmn)                    | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   |
| Mold and die manufacturers | 9,741  | 9,680  | 9,221  | 7,588  | 8,344  | 8,048  | 7,820  | 6,535  | 7,292  | 7,074  | 6,883  |
| (JPYmn)                    | 2019   | 2020   | 2021   | 2022   | 2023   |        |        |        |        |        |        |
| Mold and die manufacturers | 6,696  | 4,327  | 4,357  | 4,357  | 4,321  |        |        |        |        |        |        |

Source: Shared Research based on industrial statistics and economic census data from the Ministry of Economy, Trade and Industry

The number of mold and die manufacturers peaked at 13,115 in 1990, subsequently following a long-term downtrend, falling to 6,696 in 2019 and further to 4,321 in 2023. In particular, the number of small and medium-sized businesses is shrinking. The Survey of Manufacturing Establishments and economic census data from the Ministry of Economy, Trade and Industry (METI) showed that manufacturers with 10 or fewer employees accounted for 79.1% of the total in 1986, but this had shrunk to 61.1% in 2023. The background to this contraction is as follows.

- Many small and medium-sized mold and die manufacturers operate out of tiny factories based in towns, and are vulnerable to the impact of an aging population, labor shortages, the lack of successors, and economic deterioration.
- Because there were many mold and die manufacturers, competing on the basis of price against the estimates of several other companies became the norm, rendering many transactions unprofitable. This put smaller manufacturers less able to compete on prices at a relative disadvantage.
- Japanese manufacturing customers for molds and dies have also shifted production offshore in pursuit of cheaper labor, particularly to China and elsewhere in Asia. Smaller manufacturers lagged behind in their overseas expansion.

The production value of large companies has not seen a similar decrease—according to the above METI data, the production value of manufacturers with 100 or more employees stood at JPY325.6bn in 2002, rising to JPY599.7bn in 2023.

- ▶ Small and medium-sized mold and die manufacturers tend to special-order products they are unable to make in-house, while larger manufacturers are more willing to attempt to make products in-house when the market shrinks, by leveraging spare manpower. While Punch Industry has many customers among the larger manufacturers, the shrinking

pool of smaller manufacturers could mean fewer special-order customers for the company. Still, overall production volume for molds and dies are projected to increase globally (especially in China), while fewer smaller customers in Japan implies higher operating efficiency, which could have a positive impact on earnings. As a result, the company says it can continue to grow.

## Mold and die production value by product type

| (JPYmn)                            | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Press dies                         | 576,174   | 588,447   | 619,299   | 588,478   | 579,971   | 416,934   | 357,865   | 358,677   | 418,756   | 473,316   |
| Plastic molds                      | 619,313   | 642,056   | 653,393   | 618,234   | 589,661   | 420,827   | 371,680   | 375,053   | 374,748   | 374,211   |
| Forged dies                        | 53,738    | 55,609    | 53,719    | 57,290    | 63,150    | 38,134    | 42,907    | 46,245    | 50,174    | 47,212    |
| Die casting molds                  | 107,483   | 121,271   | 128,588   | 117,965   | 114,527   | 71,960    | 70,962    | 80,947    | 95,078    | 97,872    |
| Rubber, glass molds                | 49,565    | 51,387    | 52,165    | 48,456    | 48,556    | 38,287    | 34,435    | 40,196    | 41,510    | 38,745    |
| Other mold components, accessories | 241,738   | 238,399   | 254,173   | 259,353   | 253,893   | 179,825   | 184,881   | 207,565   | 206,879   | 197,127   |
| Total                              | 1,648,011 | 1,697,169 | 1,761,337 | 1,689,776 | 1,649,758 | 1,165,967 | 1,062,730 | 1,108,683 | 1,187,145 | 1,228,483 |
| (%)                                | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      |
| Press dies                         | 35.0%     | 34.7%     | 35.2%     | 34.8%     | 35.2%     | 35.8%     | 33.7%     | 32.4%     | 35.3%     | 38.5%     |
| Plastic molds                      | 37.6%     | 37.8%     | 37.1%     | 36.6%     | 35.7%     | 36.1%     | 35.0%     | 33.8%     | 31.6%     | 30.5%     |
| Forged dies                        | 3.3%      | 3.3%      | 3.0%      | 3.4%      | 3.8%      | 3.3%      | 4.0%      | 4.2%      | 4.2%      | 3.8%      |
| Die casting molds                  | 6.5%      | 7.1%      | 7.3%      | 7.0%      | 6.9%      | 6.2%      | 6.7%      | 7.3%      | 8.0%      | 8.0%      |
| Rubber, glass molds                | 3.0%      | 3.0%      | 3.0%      | 2.9%      | 2.9%      | 3.3%      | 3.2%      | 3.6%      | 3.5%      | 3.2%      |
| Other mold components, accessories | 14.7%     | 14.0%     | 14.4%     | 15.3%     | 15.4%     | 15.4%     | 17.4%     | 18.7%     | 17.4%     | 16.0%     |

| (JPYmn)                            | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Press dies                         | 474,327   | 509,354   | 498,979   | 510,997   | 513,059   | 510,924   | 463,990   | 425,409   | 436,749   | 405,720   |
| Plastic molds                      | 401,828   | 442,340   | 463,865   | 460,638   | 432,699   | 410,829   | 382,899   | 377,629   | 403,150   | 403,032   |
| Forged dies                        | 48,765    | 50,748    | 48,009    | 47,179    | 51,012    | 49,266    | 53,955    | 56,489    | 55,952    | 55,898    |
| Die casting molds                  | 101,268   | 120,809   | 118,793   | 117,401   | 123,174   | 111,907   | 95,195    | 102,978   | 104,472   | 107,073   |
| Rubber, glass molds                | 42,942    | 41,510    | 43,315    | 45,396    | 44,242    | 44,103    | 36,998    | 40,308    | 38,847    | 38,238    |
| Other mold components, accessories | 208,377   | 232,954   | 241,110   | 275,292   | 277,164   | 255,457   | 200,483   | 228,390   | 238,288   | 234,763   |
| Total                              | 1,277,507 | 1,397,715 | 1,414,071 | 1,456,903 | 1,441,350 | 1,382,486 | 1,233,520 | 1,231,203 | 1,277,458 | 1,244,724 |
| (%)                                | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      |
| Press dies                         | 37.1%     | 36.4%     | 35.3%     | 35.1%     | 35.6%     | 37.0%     | 37.6%     | 34.6%     | 34.2%     | 32.6%     |
| Plastic molds                      | 31.5%     | 31.6%     | 32.8%     | 31.6%     | 30.0%     | 29.7%     | 31.0%     | 30.7%     | 31.6%     | 32.4%     |
| Forged dies                        | 3.8%      | 3.6%      | 3.4%      | 3.2%      | 3.5%      | 3.6%      | 4.4%      | 4.6%      | 4.4%      | 4.5%      |
| Die casting molds                  | 7.9%      | 8.6%      | 8.4%      | 8.1%      | 8.5%      | 8.1%      | 7.7%      | 8.4%      | 8.2%      | 8.6%      |
| Rubber, glass molds                | 3.4%      | 3.0%      | 3.1%      | 3.1%      | 3.1%      | 3.2%      | 3.0%      | 3.3%      | 3.0%      | 3.1%      |
| Other mold components, accessories | 16.3%     | 16.7%     | 17.1%     | 18.9%     | 19.2%     | 18.5%     | 16.3%     | 18.6%     | 18.7%     | 18.9%     |

Source: Shared Research based on industrial statistics and economic census data from the Ministry of Economy, Trade and Industry.

In Japan, the production value of press dies, a mainstay product for the company, fell from JPY576.2bn in 2004 (35.0% of total production value) to JPY405.7bn in 2023 (32.6%). The production value of plastic molds, another mainstay product for Punch Industry, decreased from JPY619.3bn (37.6%) in 2004 to JPY403.0bn (32.4%) in 2023. At least three factors are likely behind the decrease in mold and die production value: (1) the offshore transfer of manufacturing bases; (2) the global trend toward environmental protection, spurring the elimination of plastics in various products; and (3) the massive impact of economic downturns on small and medium-sized businesses.

## Global mold and die market

### Global mold and die output

| (JPYbn)                    | China   | US      | Japan   | South Korea | Germany | Other   | Total    |
|----------------------------|---------|---------|---------|-------------|---------|---------|----------|
| Global mold and die output | 7,550.0 | 2,302.8 | 1,416.7 | 949.6       | 635.8   | 1,183.0 | 14,037.9 |

Source: Shared Research based on Japan Die & Mold Industry Association's "Japanese Mold and Die Industry at a Glance (2025)."

Note: Figures are for 2023.

According to the Japan Die & Mold Industry Association's 2025 report and ISTMA Statistical Book 2023, global mold and die production was estimated at roughly JPY14tn. China was the largest producer, representing roughly JPY7.6tn, followed by the US at roughly JPY2.3tn and Japan at roughly JPY1.4tn.

## Scale of global mold and die market

| (JPYtn)                      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 (est.) | 2027 (est.) | 2028 (est.) |
|------------------------------|------|------|------|------|------|------|------|------|------|-------------|-------------|-------------|
| Scale of mold and die market | 11.9 | 12.7 | 12.9 | 12.5 | 13.5 | 14.0 | 14.6 | 15.1 | 14.7 | 15.2        | 15.7        | 16.2        |

Source: Shared Research based on company data

Note: Company estimates from 2024 onward.

The company expects the global mold and die market, which was valued at JPY11.9tn in 2017, to grow steadily and expand to JPY16.2tn by 2028 (at a CAGR of 3.3%). In recent years, China and Southeast Asia have seen high growth rates, whereas growth in Japan has been flat and production value in the US and Europe moved into contraction in 2020 due to the pandemic, with recovery tending to be lackluster.

## Global market share

Company data suggests that Punch Industry holds the second largest share of the global mold and die components market (valued at roughly JPY600.0bn), at around 6%. The same data shows that its market share is about 18% in Japan, ranking the company second, and about 10% in China, ranking the company first there. The company reports its share of the global market has been flat at around 6% for the past decade. The picture is different for special-order mold and die components, a strategic focus for the company. Misumi Group (TSE Prime: 9962) holds the top global market share for mold and die components, but essentially only sells standard products. Punch Industry claims top market share for special-order products in Japan and China, its chief business regions, given that no other competitors have expanded their special-order business on a similar scale. (Since there are no aggregate statistics for special-order products alone, it is impossible to accurately estimate market share.)

## Industrial robotics market size in Japan (factory automation)

### Industrial robotics market size in Japan

| (JPYtn)                             | 2015 | 2020 | 2025 | 2035 | CAGR |
|-------------------------------------|------|------|------|------|------|
| Industrial robotics market in Japan | 1.60 | 2.85 | 5.26 | 9.71 | 8.5% |
| Of which, manufacturing             | 1.00 | 1.26 | 1.58 | 2.73 | 5.3% |

Source: New Energy and Industrial Technology Development Organization (NEDO)

Note: CAGR for the 15-year period from 2020 to 2035

The New Energy and Industrial Technology Development Organization (NEDO) expects the domestic industrial robotics market to grow from approximately JPY2.9tn in 2020 to JPY9.7tn by 2035. The organization projects that the manufacturing domain of the market, where the company's special-order factory automation products, its focus, are used, will be valued at about JPY2.7tn in 2035, up from JPY1.3tn in 2020.

## Competitors

### Main global competitor: Misumi Group (TSE Prime: 9962)

Misumi Group has three business segments: the die components business, which manufactures the same press die and plastic mold components as Punch Industry does (20.0% of revenue in FY03/26); the factory automation business, which sells components and equipment (36.4%); and the distribution (VONA) business, which sells third-party manufactured components, tools, and supplies (43.6%). It posted revenue of JPY441.4bn and operating profit of JPY47.6bn in FY03/26. Misumi Group got its start in the die components business, later expanding into the factory automation and distribution businesses. Like Punch Industry, Misumi Group is globally active, having made inroads into countries worldwide, mainly in Asia, the US, and Europe, based on a three-pronged structure of sales offices, distribution centers, and production sites. Its network includes 22 overseas manufacturing bases, 65 sales offices, and 20 distribution hubs. Misumi Group operates under a model that stresses quality, low cost, and short delivery times (QCT) and targets a standard domestic delivery time of two days or less, with an on-time delivery rate of 99% or higher.

- Revenue from Misumi Group's die components business was JPY88.4bn in FY03/26. It boasts the top market share among global mold and die component manufacturers (at just over 10%; company estimates). Because it essentially only sells standard die components, Misumi Group competes with Punch Industry in the area of standard products but not special-order products. Misumi Group's plastic mold component lineup includes ejector pins, sprue bushings, parting lock sets, and taper pins. Its press die component lineup includes punches, button dies, guide pins, and gas springs. It lists its standardized components in catalogs, from which customers can place orders simply by selecting dimensions and specifications of components. In 2012, Misumi Group acquired US-based mold and die components manufacturers (Dayton Progress and Anchor Lamina America, the components business arm of Anchor Danly).
- Misumi Group's factory automation business generated revenue of JPY160.5bn in FY03/26. Here, it manufactures standardized components for automation machinery used in factory automation and other production systems. Its factory automation standardized mechanical components include shafts, timing pulleys, linear bushings, and flat belt conveyors. Other products in the segment include automatic stage units, actuators, optical measurement devices, and optical waveguide alignment devices.
- Revenue from the VONA (third-party product distribution) business was JPY192.5bn in FY03/26. The product offerings in this business include sensors and switches, couplings, screws, bolts, nuts, castors, connectors, cables, transformers, end mills, wrenches, milling chips, calipers, carts, work gloves, and parts cleaners. It sells a wide range of its own and third-party products related to plants and manufacturing. According to company data, Misumi Group sells the products of over 3,000 manufacturers in Japan, making it the largest domestic player. It has built online platforms rooted in each region worldwide, with sites in 12 languages serving 16 countries.
- Misumi Group generated 68.6% of revenue overseas in FY03/26. By setting up local subsidiaries, the company entered the Taiwan market in 1987, followed by the US in 1988, Singapore in 1994, Hong Kong in 1995, Thailand in 1997, South Korea in 1999, Germany in 2003, China in 2003, Malaysia in 2006, Vietnam in 2006 (through a sales office), India in 2009, and Italy in 2010.
- Misumi Group is aggressively investing in growth and actively promoting a shift to digitalization (making IT-related outlays of JPY10.1bn in FY03/24). One of the strengths of the company's online sites is the ability to search 80 sextillion (80bn x 1tn) product variations via its online catalogs. Its website notes that Misumi Group receives more than 90% of orders online. It launched a service in 2016, called meviy, that offers immediate quotations and as fast as one-day shipment by simply uploading product design data (3D-CAD data). Company data reports that the meviy platform had 190,000 cumulative users in March 2025. Misumi Group also offers RAPiD Design, a 3D-CAD data library software package for components used in production and automation facilities and equipment, as well as MiSUMi FRAMES, a software platform that allows users to intuitively design and order aluminum casings with simple mouse operations.

### Comparison of Punch Industry and Misumi Group's die components business

|                                        |                         | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 | CAGR/Average |
|----------------------------------------|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|
| Punch Industry                         | Revenue                 | 36,649  | 41,025  | 40,936  | 35,349  | 32,462  | 39,359  | 42,800  | 38,344  | 40,822  | 42,100  | 1.4%         |
|                                        | Operating profit        | 1,991   | 2,844   | 2,579   | 836     | 1,613   | 3,042   | 2,437   | 1,240   | 1,685   | 2,031   | 0.2%         |
|                                        | Operating profit margin | 5.4%    | 6.9%    | 6.3%    | 2.4%    | 5.0%    | 7.7%    | 5.7%    | 3.2%    | 4.1%    | 4.8%    | 5.2%         |
| Misumi Group's die components business | Revenue                 | 69,797  | 76,523  | 76,443  | 72,413  | 66,871  | 75,108  | 79,125  | 79,932  | 86,451  | 88,368  | 2.4%         |
|                                        | Operating profit        | 3,097   | 5,869   | 6,109   | 5,009   | 4,930   | 9,542   | 8,723   | 9,139   | 9,504   | 8,694   | 9.6%         |
|                                        | Operating profit margin | 4.4%    | 7.7%    | 8.0%    | 6.9%    | 7.4%    | 12.7%   | 11.0%   | 11.4%   | 11.0%   | 9.8%    | 9.0%         |

Source: Shared Research based on company data

- The CAGR for revenue during FY03/16–FY03/26 is 1.4% for Punch Industry and 2.4% for Misumi Group, with Misumi Group showing a slightly higher growth rate than Punch Industry. Over the same period, the CAGR for operating profit was 0.2% for Punch Industry and 9.6% for Misumi Group, while average OPM was 5.2% for Punch Industry and 9.0% for Misumi Group. Since it specializes in standard products and online sales, Shared Research thinks Misumi Group's higher OPM reflects lower manufacturing and sales costs.
- Comparing the mold and die business, prices of Punch Industry's standard products are on a par with or slightly lower than that of Misumi Group, while there is no difference in terms of quality or delivery times. Misumi Group also handles

about 90% of the lineup of standard products that Punch Industry handles. The companies used to compete on prices, but neither is currently engaged in fierce price competition. In terms of sales, Misumi Group specializes in standard products and in-person visits to customers are rare. Punch Industry is distinct in that its sales staff personally visit customers to take orders. There is no competition between the companies in the special-order products business. The company dominates the field here, with its ability to gauge customer needs that standard products cannot meet and offer the original products that customers demand.

- In October 2024, the company group and Misumi Group entered into a capital and business alliance agreement. The alliance aims to achieve business growth by mutually leveraging their respective strengths. Punch Industry has the ability to supply special-order products using its precision processing technology and customer-centric proposal capabilities offered by its sales representatives. Misumi Group's strengths are short delivery times and cost competitiveness for standard products and maximization of customer time value through its e-commerce platform. (See the Medium-term outlook section for details)

Other competitors in Japan include Honeston (unlisted), Takano (unlisted), and Champion Corporation (unlisted). In the area of special-order products, larger mold- and die-related companies and small and medium-sized plants based in regional towns sometimes make the components they need in-house or take small-lot orders from customers, in which case they compete with one another. (In some cases, they produce only a single product, which makes accurate estimates of the degree of competition difficult.)

Competitors in China include Joudier Precision Industry (SZSE: 300549), Beijing Shimao Machinery Electronics & Technology (unlisted), and BYTE CCM (unlisted). The company considers that there are few large-scale competitors. Competitors in other regions include Husky Injection Molding Systems (unlisted) in Canada, Lung Kee Bermuda Holdings (HKEX: 255) in Hong Kong, and HASCO Hasenclever (unlisted) in Germany.

## Results of listed mold- and die-related companies

| Name           | Ticker             | Fiscal year | Revenue<br>(JPYmn) | Operating profit<br>(JPYmn) | Operating profit margin<br>(%) | ROE<br>(%) | Equity ratio<br>(%) | Overview                                                                                                                                                                                                |
|----------------|--------------------|-------------|--------------------|-----------------------------|--------------------------------|------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Misumi Group   | TSE Prime: 9962    | FY03/26     | 441,383            | 47,613                      | 10.8%                          | 11.1%      | 81.7%               | Manufactures factory automation and die components (standard products only); 83.2% distribution of factory automation and die components. Die components generate 83.3% about 20% of total revenue      |
|                |                    | FY03/25     | 401,987            | 46,480                      | 11.6%                          | 10.5%      |                     |                                                                                                                                                                                                         |
|                |                    | FY03/24     | 367,649            | 38,365                      | 10.4%                          | 8.6%       |                     |                                                                                                                                                                                                         |
| Fuji Die       | TSE Prime: 6167    | FY03/26     | 17,446             | 822                         | 4.7%                           | 2.8%       | 79.6%               | Manufactures and sells dies, plugs, tools, and molds using cemented carbide. Mold and die products account for about 25% of revenue                                                                     |
|                |                    | FY03/25     | 16,595             | 488                         | 2.9%                           | 2.1%       | 81.0%               |                                                                                                                                                                                                         |
|                |                    | FY03/24     | 16,678             | 809                         | 4.9%                           | 3.5%       | 79.0%               |                                                                                                                                                                                                         |
| Sanko Gosei    | TSE Prime: 7888    | FY05/25     | 91,101             | 5,656                       | 6.2%                           | 12.4%      | 42.3%               | Manufactures and sells plastic molded products and molds and dies used in 39.9% automobiles, home appliances, telecommunications equipment, etc. Mold and die products account for about 20% of revenue |
|                |                    | FY05/24     | 93,784             | 4,131                       | 4.4%                           | 9.4%       |                     |                                                                                                                                                                                                         |
|                |                    | FY05/23     | 81,113             | 3,484                       | 4.3%                           | 8.7%       | 38.9%               |                                                                                                                                                                                                         |
| TOWA           | TSE Prime: 6315    | FY03/26     | 54,365             | 6,917                       | 12.7%                          | 7.0%       | 66.4%               | Manufactures and sells precision molds for semiconductor manufacturing and molding equipment. Mold products account for about 20% of revenue                                                            |
|                |                    | FY03/25     | 53,479             | 8,880                       | 16.6%                          | 13.6%      | 73.8%               |                                                                                                                                                                                                         |
|                |                    | FY03/24     | 50,471             | 8,661                       | 17.2%                          | 12.2%      | 66.5%               |                                                                                                                                                                                                         |
| Punch Industry | TSE Standard: 6165 | FY03/26     | 42,100             | 2,031                       | 4.8%                           | 3.8%       | 67.3%               |                                                                                                                                                                                                         |
|                |                    | FY03/25     | 40,822             | 1,685                       | 4.1%                           | 4.3%       | 66.7%               |                                                                                                                                                                                                         |
|                |                    | FY03/24     | 38,344             | 1,240                       | 3.2%                           | -3.1%      | 63.1%               |                                                                                                                                                                                                         |

Source: Shared Research based on respective company data and Bloomberg data

Compared to the 8.9% average OPM of the four other mold- and die-related companies over the past three years, Punch Industry's OPM is slightly lower, at 4.1%. ROE for Punch Industry also lags that of competitors, at 1.7% compared with 8.5% for the four other peers. The disparity reflects the management optimization implemented in FY03/24, the higher weight of the other companies in higher-margin business segments outside the mold and die business, such as Misumi Group's factory automation business, and TOWA's semiconductor equipment and fine plastic mold businesses.

Other listed companies in Japan that manufacturer molds and dies and their components but generate less than 20% of total revenue in these areas are as follows.

Mitsui High-tec (TSE Prime: 6966), Press Kogyo (TSE Prime: 7246), Aichi Steel (TSE Prime: 5482), Tazmo (TSE Prime: 6266), Enomoto (TSE Prime: 6928), Nifco (TSE Prime: 7988), J-MAX (TSE Standard: 3422), Pegasus (TSE Prime: 6262), and Rhythm (TSE Prime: 7769).



## Barriers to entry

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Barriers to entry into the mold and die components business include the need for expensive equipment and the need to secure highly skilled processing technicians. This does not apply to small-lot production, however, which can be handled by a smaller group of technicians and less equipment and so does not make entry very difficult (thus the proliferation of small and medium-sized businesses). In this context, Punch Industry is working to enhance customer convenience for its standard products, including by developing new products that meet customer needs, enabling online ordering, and responding flexibly to delivery deadlines. The company is also actively working to pare down manufacturing costs in an effort to heighten its competitiveness. In terms of special-order products, the company's competitive edge lies in its ability to support detailed custom specifications for a large number of items and its mass-production capabilities. The company aims to further set itself apart by strengthening its comprehensive production framework backed by advanced technological capabilities and its hands-on sales approach.

## Alternatives

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In some cases, companies in manufacturing sectors and mold and die manufacturers have shifted to the in-house production of mold and die components. In particular, small and medium-sized mold and die manufacturers in Japan have seen long-term contraction in their work loads, and there was a growing tendency for companies to bring mold and die component production in-house to maintain utilization levels at their facilities. However, the size of molds and dies and the size of their components is fundamentally different, making in-house component production inefficient due to losses at the time of repurposing their facilities. Moreover, even if a company starts making mold and die components in-house, when production volume for its molds and dies resumes, it will often pull out of component manufacturing. Punch Industry says the full-fledged entry of new competitors is thus not expanding. Furthermore, one of the company's strengths is in the processing of round products. Despite requiring a great deal of specialized equipment, round components make up a small proportion of the entire range of mold and die components. This makes the in-house production of round products challenging, and even if other companies seek to do so, they often buy the company's products as blanks. For these reasons, many companies do not attempt to produce components entirely in-house.

# Strengths and weaknesses

## Strengths

**The company has established the top spot in the global special-order product market through its precision processing technology and production framework, supported by a corps of highly skilled technicians operating a large pool of machinery and equipment, and a network of sales offices from which staff personally visit customers.**

Since molds and dies are made for different end products, they all have unique shapes and sizes. Many are unable to be completed using standard products alone (in many cases their shapes, size, dimensions, materials, and other specifications are unsuited to standard products). Thus, even if a customer tries to customize a standard product, if the required processing is technically out of reach or manufacturing costs cut into its profitability, it faces the need to special-order the product.

Unlike products that are mass-produced on a line, manufacturing special-order products according to customer design drawings requires minute processing in increments of 0.01mm or 0.001mm. This requires a large corps of highly skilled technicians operating a large pool of machine tools and measuring and inspection equipment. Shared Research considers Punch Industry to have no competitors of similar size with a comparable corps of technicians (about 2,800) or comparable machinery and equipment (2,000 units). The company also has 10 sales offices in Japan and 40 offices overseas, from which its global sales staff personally visit customers to identify and address their special-order product needs. They listen carefully to customers' technical issues and formulate proposals to meet their needs, including the most appropriate product, customization (i.e., size, length, hardness, surface treatment, materials used, processing method), and total cost. The company's sales staff thus have a high level of technical knowledge about molds and dies.

Furthermore, outside Japan, Punch Industry has capitalized on its group technical capabilities and capital strength as a leading mold and die components manufacturer to provide training for locally hired staff. The technical level of overseas technicians and sales staff is now on a par with personnel in Japan (the level is especially high in China). The company's main competitor, Misumi Group, specializes in the online sales of standard products, and there are no other companies of

comparable scale that make in-person sales calls for special-order products. The trust Punch Industry gains through this hands-on sales approach has the further benefit of feeding into orders for its standard products. The company has established far and away the dominant position in the special-order product market. Shared Research believes this position is underpinned by the company's advanced precision processing technology supported by its large corps of technicians and large pool of machinery and equipment, as well as the global network of sales offices pursuing this hands-on sales outreach.

**Through a training framework that includes the in-house training facility Punch Academy, the company can pass on skills to younger technicians, give hands-on training to sales staff on customer molds and dies and its own mold and die components, and provide ongoing education to other employees.**

The company established Punch Academy as a staff training facility, equipped with facilities for the hands-on training of new hires, ongoing training based on job position, training to instill new skills, and staff development and technical training for sales representatives. Veteran employees who are at the age of stepping back from the front lines serve as instructors, training the next generation of workers. This enables the company to pass down the precision manufacturing skills that form the core of its skills base to subsequent generations. Also, in taking orders, the company's sales representatives have to put together complex proposals, listening to customers' technical issues and determining the most appropriate product to address the issues (type of product and material used), consider customization (i.e., of size, hardness, treatment, processing method), and estimate total cost. For this reason, sales staff receive hands-on training in processing using actual machinery and equipment at the plant before taking on their sales assignment, acquiring specialized knowledge on the structure of molds and dies, the role of the company's products, and the various kinds of customization available, among other things.

In addition to education for new hires, the company conducts ongoing production and quality education based on job position. Punch Academy offers more than 40 courses annually. The company also shares information on educational methods and curriculum with overseas subsidiaries and other group companies, seeking to raise the level of education group-wide. China has been a particular focus. When the company first entered the market there, it put in place a program to bring Chinese technicians over to Japan every year, training them for one year and sending them back. This has raised the overall technical capabilities of local staff in China.

Competitor Misumi Group does not engage in the manufacture of special-order products, and its die components business accounts for only about 20% of revenue. It also focuses its education on areas such as automation equipment and new digital technologies, and Shared Research recognizes that Misumi Group does not offer the same level of specialized mold and die component education as Punch Industry does. Shared Research also understands that many of the other competitors are smaller companies, and none of them maintains a comparable educational framework. Shared Research sees the company's educational framework—which enables highly skilled technicians to pass down its distinctive mold and die component-related manufacturing technology cultivated over many years to younger technicians while also being able to retrain other employees—as a major strength for the company.

**Having been first off the mark to enter the Chinese market and having subsequently expanded its manufacturing and sales network there, the company now boasts the number one share of the growing Chinese market, serving 8,000 customers.**

China has achieved rapid economic growth since around 2000 and established itself as the manufacturing center of the world. In terms of global production value, China is currently the world's largest mold and die producer (generating about 40% of global mold and die output in 2019). In 1990, Punch Industry was one of the first Japanese manufacturers to go into China and establish a local subsidiary (Misumi Group entered the Chinese market in 2003). Initially, the company positioned the subsidiary as a manufacturing base, and every year brought several dozen technician trainees over to Japan to acquire advanced technical skills and hone their technical capabilities. China's joining of WTO in 2001 made it possible for companies with foreign capital to sell molds and dies there. The company took advantage of this to reinforce both its manufacturing and sales network. Customers in China tend to opt for customized products, which they use to make products with the potential to tap into new markets. Honing technical capabilities and capturing demand for special-order products from Chinese customers became the source of the company's growth in China.

As of March 2025, the company has established six manufacturing bases in China, including in Dalian, Wafangdian, Wuxi, and Dongguan, and 34 sales bases, including in Shanghai, Beijing, and Guangzhou. The company now boasts the number one (about 10%) share of the Chinese mold and die components market, serving 8,000 customers. Outside of China, in Southeast Asia, the company established local subsidiaries in India in 2010 and in Malaysia, Singapore, and

Vietnam in 2013, followed by a joint venture in Indonesia in 2013 and a sales subsidiary in the US in 2016. Currently, the company generates 73.8% of revenue overseas. China accounts for 59.2% of total revenue and other regions account for 14.7%.

As companies in Japan have increasingly shifted manufacturing offshore, and under the impact of an aging population, labor shortages, the lack of successors, and economic deterioration, the number of small and medium-sized mold and die manufacturers in Japan is shrinking. Mold and die production value in Japan has been in long-term decline as a result, falling from JPY1.96tn in 1991 to JPY1.34tn in 2023. Punch Industry was out in front of other companies in shifting the focus of its growth to China. By harnessing its robust capital strength relative to other mold- and die-related manufacturers and pursuing ongoing technology transfers between Japan and China, the company has established a solid base for manufacturing, sales, and customer outreach in China, and now boasts the top share of the market there. Shared Research believes this overseas business base, centered on China, is a strength for the company.

## Weaknesses

### **Training up skilled technicians takes a significant amount of time, and the company's tardiness in rolling out state-of-the-art machine tools, robotics, and automated machinery has slowed the growth of the business.**

In the company's manufacturing, each technician is in charge of a given facet of processing for decades, and the sense of craftsmanship acquired through the continued use of specific machinery and equipment underpins the kind of processing that requires precision in fractions of millimeters. This lies behind the company's focus on passing down skills, such as through the Punch Academy. However, it takes years to train a new employee into a highly skilled technician (the company says about five years of experience). Punch Industry hires 10–20 new employees each year. However, many of its plants are located in regional areas, and the shrinking population of young people in those areas hinders increased hiring. The company also loses a certain number of employees every year as they retire, and headcount has trended downward since FY03/18, from 4,298 to 3,463 in FY03/25. Shared Research thinks the slow pace of the company's business development stems from difficulty in recruiting new employees and the time it takes to train them, which prevents it from covering the decline in technician headcount due to retirement.

Moreover, although advances in tools and tool materials have driven advances in mechanical techniques for cutting and polishing, since the company has stressed the manual work skills of technicians, it lags behind somewhat in capitalizing on the latest machinery and equipment (especially for cutting). The company says it also plans to use robotics and automated machines in its manufacturing process. (It should be noted that in 2023, the company stated using robots for automation and labor saving and IoT devices in various processes.)

Competitor Misumi Group, which specializes in standard products that allow efficient manufacturing, had a CAGR for revenue in its die components business of 3.6% over the past decade, compared to 2.7% for the company. Shared Research believes that constraints on technician headcount and delays in the use of automation and state-of-the-art machinery are hindering the pace of the company's business development.

### **The company was slow to expand into online sales of standard products, thus ceding market share to early-bird competitors.**

Misumi Group, which competes with Punch Industry in the area of mold and die components, is aggressively promoting a shift to digitalization (making IT-related outlays of JPY10.1bn in FY03/24). Its online sites allow users to search 80 sextillion (80bn x 1tn) product variations and generate more than 90% of its orders. It has built online platforms rooted in each region worldwide, with sites in 12 languages serving 16 countries. It also launched a service called meviy that offers immediate quotations and as fast as one-day shipment by simply uploading product design data (3D-CAD data). As of March 2025, the meviy platform had a cumulative total of 190,000 users.

Punch Industry generates about 60% of revenue from special-order products, which entail an in-person sales process. The remaining 40% comes from standard products. Since about 70% of orders for standard products come in through the online platform, this suggests that online orders generate about 30% of total revenue. In China, which accounts for more than half of total revenue, the company's migration to an online platform has been slow, and online orders still only represent around 20% of the total there. The company only added standard essential functions like a product search and a shopping cart to its online sites in January 2023 (it should be noted that, more recently, the company has been adding features to the site). Furthermore, the upgrade of the Chinese platform is still down the road.

Revenue from the die components business of Misumi Group, which has the top share of this market, had grown to JPY86.5bn in FY03/25, nearly double that of Punch Industry. There is no difference between the two companies in terms of the quality of standard products, and Punch Industry's prices tend to be slightly lower. Shared Research thus believes that Misumi Group's success in gaining market share lies in part in its development of an online platform, supported by extensive IT outlays, which has given it a significant leg up in terms of functionality, product variation, and global access. Furthermore, down the road, the use of AI and augmented reality and automated machines may enable the selection of molds and dies and precision processing without human intervention. In such a future, Shared Research believes the expansion of online sales of standard products could have a constraining effect on the company's growth.

### **The company lags behind competitors in the factory automation business, which it has positioned as a growth area.**

The company entered the factory automation component business after building its Chiba plant in 1996 to make standard components for factory automation applications. It later withdrew from the standard product aspect of this business in 2011 after struggling with fierce price competition in Japan, choosing instead to focus on special-order components for factory automation, an area in which it could better leverage its strengths. However, the current long-term vision projects continued growth going forward in the factory automation sector, and the company has again made this business a strategic focus. It aims to expand revenue from the factory automation business from approximately JPY3.0bn in FY03/25 to JPY20.0bn in FY03/35.

Competitor Misumi Group started out in the same plastic mold and press die components field as the company and later expanded into the factory automation business (mainly standard products), which generated revenue of JPY135.8bn in FY03/25. Misumi Group offers a wealth of standardized mechanical components for factory automation as well as locator devices and measurement equipment. It also provides 3D-CAD data library software for factory automation designers.

At present, the factory automation business represents only a fraction of Punch Industry's total revenue, but the factory automation market itself is growing, fueled by the need to address labor shortages, achieve labor saving, boost productivity, and deal with rising personnel costs. The factory automation market is poised for continued worldwide growth. Having withdrawn early on from manufacturing standard products, the company's revenue in the factory automation business has been sluggish, while its closest competitor has achieved significant growth in this area. Shared Research sees the company's lagging behind in the growing factory automation market, even as a competitor that started out in the same business has been expanding revenue here, as a weakness. (Punch Industry is seeking to build market share in special-order factory automation products, an area that Misumi Group is not focused on.)

# Financial statements

## Income statement

| Income statement                                       | FY03/17       | FY03/18       | FY03/19       | FY03/20       | FY03/21       | FY03/22       | FY03/23       | FY03/24       | FY03/25       | FY03/26       |
|--------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (JPYmn)                                                | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         |
| <b>Revenue</b>                                         | <b>36,649</b> | <b>41,025</b> | <b>40,936</b> | <b>35,349</b> | <b>32,462</b> | <b>39,359</b> | <b>42,800</b> | <b>38,344</b> | <b>40,822</b> | <b>42,100</b> |
| YoY                                                    | -0.3%         | 11.9%         | -0.2%         | -13.6%        | -8.2%         | 21.2%         | 8.7%          | -10.4%        | 6.5%          | 3.1%          |
| Cost of revenue                                        | 26,457        | 29,367        | 29,464        | 26,161        | 23,375        | 27,914        | 31,169        | 28,261        | 30,011        | 30,785        |
| YoY                                                    | -0.5%         | 11.0%         | 0.3%          | -11.2%        | -10.6%        | 19.4%         | 11.7%         | -9.3%         | 6.2%          | 2.6%          |
| Cost ratio                                             | 72.2%         | 71.6%         | 72.0%         | 74.0%         | 72.0%         | 70.9%         | 72.8%         | 73.7%         | 73.5%         | 73.1%         |
| <b>Gross profit</b>                                    | <b>10,192</b> | <b>11,658</b> | <b>11,472</b> | <b>9,187</b>  | <b>9,087</b>  | <b>11,445</b> | <b>11,631</b> | <b>10,082</b> | <b>10,810</b> | <b>11,315</b> |
| YoY                                                    | 0.1%          | 14.4%         | -1.6%         | -19.9%        | -1.1%         | 26.0%         | 1.6%          | -13.3%        | 7.2%          | 4.7%          |
| Gross profit margin                                    | 27.8%         | 28.4%         | 28.0%         | 26.0%         | 28.0%         | 29.1%         | 27.2%         | 26.3%         | 26.5%         | 26.9%         |
| SG&A expenses                                          | 8,201         | 8,815         | 8,893         | 8,352         | 7,474         | 8,403         | 9,194         | 8,842         | 9,124         | 9,283         |
| YoY                                                    | 0.1%          | 7.5%          | 0.9%          | -6.1%         | -10.5%        | 12.4%         | 9.4%          | -3.8%         | 3.2%          | 1.7%          |
| SG&A ratio                                             | 22.4%         | 21.5%         | 21.7%         | 23.6%         | 23.0%         | 21.4%         | 21.5%         | 23.1%         | 22.4%         | 22.0%         |
| <b>Operating profit</b>                                | <b>1,991</b>  | <b>2,844</b>  | <b>2,579</b>  | <b>836</b>    | <b>1,613</b>  | <b>3,042</b>  | <b>2,437</b>  | <b>1,240</b>  | <b>1,685</b>  | <b>2,031</b>  |
| YoY                                                    | 0.2%          | 42.8%         | -9.3%         | -67.6%        | 93.0%         | 88.5%         | -19.9%        | -49.1%        | 35.9%         | 20.5%         |
| Operating profit margin                                | 5.4%          | 6.9%          | 6.3%          | 2.4%          | 5.0%          | 7.7%          | 5.7%          | 3.2%          | 4.1%          | 4.8%          |
| Non-operating income                                   | 150           | 136           | 140           | 121           | 294           | 130           | 169           | 297           | 155           | 262           |
| Non-operating expenses                                 | 267           | 248           | 172           | 243           | 231           | 164           | 211           | 116           | 227           | 93            |
| <b>Recurring profit</b>                                | <b>1,874</b>  | <b>2,732</b>  | <b>2,547</b>  | <b>713</b>    | <b>1,677</b>  | <b>3,008</b>  | <b>2,394</b>  | <b>1,421</b>  | <b>1,613</b>  | <b>2,201</b>  |
| YoY                                                    | 12.5%         | 45.7%         | -6.8%         | -72.0%        | 135.1%        | 79.4%         | -20.4%        | -40.6%        | 13.5%         | 36.5%         |
| Recurring profit margin                                | 5.1%          | 6.7%          | 6.2%          | 2.0%          | 5.2%          | 7.6%          | 5.6%          | 3.7%          | 4.0%          | 5.2%          |
| Extraordinary gains                                    | 3             | 6             | 4             | 5             | 83            | 6             | 16            | 97            | 3             | 18            |
| Extraordinary losses                                   | 47            | 221           | 901           | 3,337         | 745           | 166           | 335           | 1,619         | 125           | 531           |
| Income taxes                                           | 460           | 726           | 687           | 866           | 536           | 802           | 678           | 470           | 617           | 832           |
| Implied tax rate                                       | 25.1%         | 28.8%         | 41.6%         | -33.1%        | 52.8%         | 28.2%         | 32.7%         | -465.3%       | 41.4%         | 49.3%         |
| <b>Net income attributable to owners of the parent</b> | <b>1,376</b>  | <b>1,789</b>  | <b>960</b>    | <b>-3,486</b> | <b>478</b>    | <b>2,041</b>  | <b>1,390</b>  | <b>-577</b>   | <b>868</b>    | <b>851</b>    |
| YoY                                                    | 10.1%         | 30.0%         | -46.3%        | -             | -             | 327.2%        | -31.9%        | -             | -             | -2.0%         |
| Net margin                                             | 3.8%          | 4.4%          | 2.3%          | -             | 1.5%          | 5.2%          | 3.2%          | -             | 2.1%          | 2.0%          |

Source: Shared Research based on company data

In terms of forex impact, the company generates significant revenue from its Chinese business, and if the yuan appreciates, profits from Chinese subsidiaries increase on a yen basis. However, the company says the forex impact on operating profit is not significant, as margins on products exported from China deteriorate to the same degree.



# Balance sheet

| Balance sheet<br>(JPYmn)               | FY03/17<br>Cons. | FY03/18<br>Cons. | FY03/19<br>Cons. | FY03/20<br>Cons. | FY03/21<br>Cons. | FY03/22<br>Cons. | FY03/23<br>Cons. | FY03/24<br>Cons. | FY03/25<br>Cons. | FY03/26<br>Cons. |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and deposits                      | 3,280            | 3,771            | 3,580            | 3,390            | 4,092            | 4,816            | 5,213            | 6,031            | 6,495            | 6,641            |
| Notes and accounts receivable          | 11,468           | 12,096           | 10,989           | 9,943            | 9,630            | 11,235           | 11,379           | 10,968           | 11,878           | 12,831           |
| Inventories                            | 3,787            | 4,426            | 4,664            | 4,229            | 3,965            | 4,791            | 5,041            | 4,320            | 4,764            | 4,766            |
| Deferred tax assets                    | 297              | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Other                                  | 409              | 606              | 407              | 298              | 429              | 485              | 485              | 614              | 447              | 552              |
| Allowance for doubtful accounts        | -92              | -57              | -79              | -68              | -55              | -48              | -40              | -33              | -68              | -47              |
| <b>Total current assets</b>            | <b>19,150</b>    | <b>20,842</b>    | <b>19,559</b>    | <b>17,792</b>    | <b>18,061</b>    | <b>21,280</b>    | <b>22,078</b>    | <b>21,903</b>    | <b>23,518</b>    | <b>24,745</b>    |
| Buildings and structures               | 2,075            | 1,979            | 2,302            | 1,729            | 1,521            | 1,765            | 1,771            | 1,598            | 1,566            | 1,521            |
| Machinery, equipment, and vehicles     | 5,320            | 5,624            | 5,891            | 3,835            | 3,254            | 3,607            | 3,893            | 3,869            | 4,228            | 4,329            |
| Tools, furniture, and fixtures         | 393              | 531              | 562              | 509              | 410              | 433              | 459              | 440              | 478              | 548              |
| Land                                   | 821              | 825              | 822              | 777              | 775              | 779              | 830              | 741              | 749              | 755              |
| Construction in progress               | 54               | 976              | 385              | 231              | 61               | 168              | 161              | 42               | 35               | 105              |
| Other                                  | 6                | 4                | 10               | 54               | 173              | 261              | 200              | 155              | 200              | 350              |
| <b>Total tangible fixed assets</b>     | <b>8,669</b>     | <b>9,939</b>     | <b>9,972</b>     | <b>7,135</b>     | <b>6,195</b>     | <b>7,013</b>     | <b>7,315</b>     | <b>6,848</b>     | <b>7,259</b>     | <b>7,610</b>     |
| Goodwill                               | 482              | 437              | 342              | -                | -                | -                | 467              | 417              | 368              | 92               |
| Other                                  | 761              | 721              | 659              | 345              | 175              | 178              | 229              | 200              | 244              | 204              |
| <b>Total intangible assets</b>         | <b>1,243</b>     | <b>1,158</b>     | <b>1,002</b>     | <b>345</b>       | <b>175</b>       | <b>178</b>       | <b>695</b>       | <b>618</b>       | <b>612</b>       | <b>296</b>       |
| Investment securities                  | -                | -                | -                | -                | -                | -                | -                | -                | 1,248            | 1,328            |
| <b>Investments and other assets</b>    | <b>390</b>       | <b>621</b>       | <b>622</b>       | <b>305</b>       | <b>272</b>       | <b>304</b>       | <b>368</b>       | <b>278</b>       | <b>1,579</b>     | <b>1,647</b>     |
| <b>Total fixed assets</b>              | <b>10,302</b>    | <b>11,718</b>    | <b>11,596</b>    | <b>7,784</b>     | <b>6,642</b>     | <b>7,494</b>     | <b>8,378</b>     | <b>7,745</b>     | <b>9,451</b>     | <b>9,554</b>     |
| <b>Total assets</b>                    | <b>29,452</b>    | <b>32,561</b>    | <b>31,155</b>    | <b>25,577</b>    | <b>24,703</b>    | <b>28,774</b>    | <b>30,456</b>    | <b>29,649</b>    | <b>32,970</b>    | <b>34,300</b>    |
| <b>Liabilities</b>                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Notes and accounts payable             | 4,288            | 3,625            | 2,914            | 2,640            | 2,343            | 2,739            | 2,667            | 2,628            | 2,990            | 3,250            |
| Electronically recorded obligations    |                  | 972              | 1,235            | 1,020            | 955              | 1,078            | 999              | 919              | 600              | 126              |
| Short-term debt                        | 4,346            | 3,730            | 4,326            | 3,149            | 3,325            | 2,486            | 2,039            | 1,351            | 1,823            | 2,651            |
| Income taxes payable                   | 232              | 220              | 204              | 249              | 271              | 384              | 397              | 213              | 318              | 355              |
| Other                                  | 2,381            | 3,593            | 2,382            | 1,954            | 2,291            | 2,897            | 2,698            | 2,192            | 2,618            | 2,821            |
| <b>Total current liabilities</b>       | <b>11,725</b>    | <b>12,650</b>    | <b>11,531</b>    | <b>9,280</b>     | <b>9,455</b>     | <b>10,001</b>    | <b>9,181</b>     | <b>7,605</b>     | <b>8,668</b>     | <b>9,533</b>     |
| Long-term debt                         | 2,461            | 2,152            | 2,342            | 2,927            | 1,252            | 908              | 676              | 2,202            | 1,278            | 432              |
| Long-term borrowings                   | 2,461            | 2,152            | 2,342            | 2,927            | 1,252            | 908              | 676              | 2,202            | 1,278            | 432              |
| Retirement benefit liability           | 909              | 966              | 979              | 1,080            | 1,084            | 1,145            | 1,244            | 825              | 619              | 656              |
| Other                                  | 181              | 522              | 476              | 449              | 476              | 413              | 303              | 266              | 365              | 598              |
| <b>Total fixed liabilities</b>         | <b>3,551</b>     | <b>3,736</b>     | <b>3,890</b>     | <b>4,549</b>     | <b>2,811</b>     | <b>2,466</b>     | <b>2,223</b>     | <b>3,293</b>     | <b>2,262</b>     | <b>1,686</b>     |
| <b>Total liabilities</b>               | <b>15,276</b>    | <b>16,386</b>    | <b>15,421</b>    | <b>13,829</b>    | <b>12,266</b>    | <b>12,467</b>    | <b>11,403</b>    | <b>10,899</b>    | <b>10,931</b>    | <b>11,220</b>    |
| <b>Net assets</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital stock                          | 2,898            | 2,898            | 2,898            | 2,898            | 2,898            | 2,945            | 3,406            | 3,406            | 4,040            | 4,040            |
| Capital surplus                        | 2,627            | 2,627            | 2,627            | 2,631            | 2,591            | 2,512            | 2,968            | 2,968            | 3,601            | 3,604            |
| Retained earnings                      | 8,156            | 9,655            | 10,167           | 6,539            | 7,017            | 9,058            | 10,102           | 8,961            | 9,360            | 9,692            |
| Treasury stock                         | -83              | -83              | -192             | -155             | -150             | -136             | -95              | -76              | -53              | -40              |
| Accumulated other comprehensive income | 569              | 1,052            | 186              | -210             | 44               | 1,886            | 2,627            | 3,451            | 5,054            | 5,777            |
| Share subscription rights              | 4                | 18               | 38               | 33               | 27               | 26               | 21               | 14               | 5                | 5                |
| Non-controlling interests              | 6                | 8                | 9                | 10               | 10               | 17               | 24               | 24               | 27               | -                |
| <b>Total net assets</b>                | <b>14,176</b>    | <b>16,175</b>    | <b>15,734</b>    | <b>11,747</b>    | <b>12,436</b>    | <b>16,307</b>    | <b>19,053</b>    | <b>18,750</b>    | <b>22,038</b>    | <b>23,079</b>    |
| Working capital                        | 10,968           | 11,924           | 11,503           | 10,512           | 10,297           | 12,209           | 12,753           | 11,741           | 13,052           | 14,221           |
| Total interest-bearing debt            | 6,807            | 5,882            | 6,668            | 6,076            | 4,576            | 3,394            | 2,715            | 3,553            | 3,101            | 3,083            |
| Net cash                               | -3,527           | -2,111           | -3,089           | -2,686           | -484             | 1,423            | 2,498            | 2,478            | 3,394            | 3,558            |

Source: Shared Research based on company data

## Assets

Notes and accounts receivable make up half of current assets. This reflects the fact that the company's average collection sights (payment deadlines) are somewhat long, two months in Japan and four months in China. (Many mold and die manufacturers are small and medium-sized businesses, and sights tend to be somewhat long.) Since lead times are short, the company does not keep a great deal of product inventory and manages its own credit. Therefore, it has almost no bad debt. Tangible fixed assets consist mainly of plant structures, equipment, and tools. The company holds few investment securities. When starting up operations in a new region or a new business, Punch Industry has a corporate culture of creating a company on the ground with its own capital rather than investing in a joint venture or making use of venture capital.

## Liabilities

Interest-bearing debt has decreased from JPY9.0bn in FY03/13, reflecting improvement in the financial position. This is what prompted the company to set new payout ratio and dividend on equity ratio targets in January 2023.



## Shareholders' equity

The company targets an equity ratio of 60%. It issued JPY1.7bn in new shares in March 2014 and JPY2.7bn in March 2015. The company also issues stock acquisition rights other than its stock option system, with the latest issue being in January 2022. (This was the fourth such issue, which raised JPY1.3bn. The rights exercise was completed in January 2023.) The company bought back JPY36mn of its own shares in November 2016 and JPY117mn in November 2018 (to ensure a flexible capital policy and for use in covering stock option compensation).

# Cash flow statement

| Cash flow statement (JPYmn)                              | FY03/17       | FY03/18       | FY03/19       | FY03/20       | FY03/21       | FY03/22       | FY03/23       | FY03/24      | FY03/25       | FY03/26       |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
|                                                          | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.         | Cons.        | Cons.         | Cons.         |
| <b>Cash flows from operating activities (1)</b>          | <b>1,785</b>  | <b>3,394</b>  | <b>3,185</b>  | <b>2,490</b>  | <b>2,943</b>  | <b>2,941</b>  | <b>2,560</b>  | <b>1,276</b> | <b>2,271</b>  | <b>1,865</b>  |
| Pre-tax profit                                           | 1,830         | 2,516         | 1,650         | -2,619        | 1,014         | 2,848         | 2,075         | -100         | 1,491         | 1,688         |
| Depreciation                                             | 1,407         | 1,597         | 1,730         | 1,675         | 969           | 972           | 1,130         | 1,166        | 1,177         | 1,177         |
| Amortization of goodwill                                 | 76            | 75            | 78            | 75            | -             | -             | 25            | 49           | 49            | 36            |
| Impairment losses                                        | -             | -             | 849           | 3,314         | 730           | 160           | 298           | 393          | 107           | 517           |
| Change in retirement benefit liability                   | 103           | 87            | 76            | 77            | 56            | 61            | 47            | -317         | 46            | 38            |
| Change in provision for bonuses                          | 32            | 18            | -25           | -201          | 3             | 128           | -22           | -77          | 11            | 13            |
| Change in provision for doubtful accounts                | 25            | -101          | 15            | -16           | -35           | -17           | 12            | -12          | 18            | -17           |
| Interest and dividend income                             | -35           | -46           | -33           | -44           | -43           | -53           | -61           | -77          | -74           | -83           |
| Interest expenses                                        | 89            | 105           | 133           | 163           | 107           | 54            | 62            | 42           | 38            | 33            |
| Foreign exchange losses (gains)                          | 230           | -195          | 113           | 47            | -43           | 1             | 74            | -227         | 32            | -170          |
| Change in trade receivables                              | -1,671        | -212          | 440           | 777           | 434           | -287          | 464           | 948          | 77            | -462          |
| Change in inventories                                    | -279          | -538          | -444          | 343           | 277           | -417          | 83            | 900          | -153          | 157           |
| Change in trade payables                                 | 616           | 205           | -299          | -296          | -251          | 26            | -566          | -315         | -247          | -420          |
| Change in accounts payable - other, and accrued expenses | 251           | 365           | -393          | -236          | 281           | 168           | -276          | -293         | 150           | 25            |
| Subsidies for employment adjustment                      | -             | -             | -             | -5            | -180          | -21           | -             | -            | -             | -             |
| Other                                                    | -932          | -713          | -734          | -583          | -297          | -682          | -784          | -804         | -451          | -667          |
| <b>Cash flows from investing activities (2)</b>          | <b>-2,770</b> | <b>-2,336</b> | <b>-3,253</b> | <b>-1,789</b> | <b>-670</b>   | <b>-1,100</b> | <b>-1,547</b> | <b>-680</b>  | <b>-2,415</b> | <b>-1,276</b> |
| Net change in time deposits                              | -10           | -71           | 18            | 39            | -106          | -17           | 147           | -27          | -17           | -162          |
| Purchase of tangible fixed assets                        | -2,519        | -2,165        | -3,071        | -1,770        | -503          | -999          | -1,139        | -866         | -1,019        | -1,064        |
| Proceeds from sale of property, plant and equipment      | 11            | 10            | 32            | 7             | 10            | 11            | 12            | 253          | 10            | 28            |
| Purchase of intangible assets                            | -306          | -113          | -218          | -83           | -81           | -73           | -148          | -47          | -117          | -56           |
| Other                                                    | 55            | 4             | -14           | 18            | 10            | -21           | -419          | 7            | -1,272        | -22           |
| <b>Free cash flow (1+2)</b>                              | <b>-985</b>   | <b>1,058</b>  | <b>-68</b>    | <b>702</b>    | <b>2,273</b>  | <b>1,842</b>  | <b>1,014</b>  | <b>596</b>   | <b>-144</b>   | <b>589</b>    |
| <b>Cash flows from financing activities</b>              | <b>1,200</b>  | <b>-739</b>   | <b>74</b>     | <b>-772</b>   | <b>-1,685</b> | <b>-1,601</b> | <b>-756</b>   | <b>-2</b>    | <b>181</b>    | <b>-696</b>   |
| Net change in short-term borrowings                      | 556           | -308          | 586           | -1,405        | -338          | -412          | -668          | -1,302       | 900           | 900           |
| Depreciation and amortization of goodwill (A)            | 1,483         | 1,672         | 1,808         | 1,750         | 969           | 972           | 1,155         | 1,215        | 1,226         | 1,213         |
| Capital expenditures (B)                                 | -2,826        | -2,279        | -3,289        | -1,853        | -584          | -1,073        | -1,287        | -913         | -1,136        | -1,120        |
| Change in working capital (C)                            | 492           | 1,928         | -158          | -1,206        | -279          | 2,035         | 465           | -1,092       | 992           | 695           |
| <b>Simple FCF (NI+A+B-C)</b>                             | <b>-459</b>   | <b>-746</b>   | <b>-363</b>   | <b>-2,383</b> | <b>1,142</b>  | <b>-95</b>    | <b>793</b>    | <b>817</b>   | <b>-34</b>    | <b>249</b>    |

Source: Shared Research based on company data

## Cash flows from operating activities

With the exception of FY03/20, the company generally records stable cash flows from operating activities due to its generally stable pre-tax profit and depreciation. The company incurred sizeable asset impairment losses in FY03/20, resulting in a pre-tax loss. However, the impairment losses did not involve cash outlays, and were added back into operating cash flow.

## Cash flows from investing activities

The company continues to use cash for investing activities at a level of JPY1.0bn–JPY3.0bn, for ongoing investments in plant facilities and machinery. It has not spent cash to acquire investment securities.

## Cash flows from financing activities

The company continues to use cash for financing activities in line with its decrease in borrowings, as it has continued to draw down interest-bearing debt.

# Historical earnings

# Full-year FY03/26 results

## Summary

- Revenue: JPY42.1bn (+3.1% YoY)
  - Operating profit: JPY2.0bn (+20.5% YoY)
  - Recurring profit: JPY2.2bn (+36.5% YoY)
  - Net income attributable to owners of the parent: JPY851mn (-2.0% YoY)
- Revenue totaled JPY42.1bn (+3.1% YoY). In Japan, revenue declined YoY, reflecting the ongoing rebuilding of its sales organization following a corporate restructuring initiative in October 2023 and stagnant personal consumption caused by inflation. Meanwhile, in China, orders remained strong, particularly in the automotive industry. In Southeast Asia, Europe, the US, and other regions, revenue rose YoY, driven by active participation in trade shows and stronger relationships with sales distributors.
- Gross profit rose 4.7% YoY to JPY11.3bn, with GPM up 0.4pp YoY to 26.9%.
- SG&A expenses totaled JPY9.3bn (+1.7% YoY), with the SG&A ratio at 22.0%, down 0.3pp YoY. As a result, OPM rose 0.7pp YoY to 4.8%. Although the company has continued to face soaring raw material and resource prices, rising procurement costs from partner plants, and persistently high energy costs in Japan, revenue growth in China helped offset these factors, resulting in higher operating profit.
- Punch Industry reported that higher revenue boosted operating profit by JPY338mn (positive factor: higher orders in overseas operations, chiefly in China; negative factor: lower orders from the automotive industry in Japan). The company also stated that an improved cost ratio lifted operating profit by JPY166mn (positive factor: improved cost ratio owing to higher utilization in China; negative factors: lower utilization in Japan and higher plant repair expenses). In addition, it said that variable costs lifted operating profit by JPY3mn, while higher fixed costs weighed on it by JPY161mn (positive factor: restrained indirect expenses in Japan and China; negative factors: higher sales activity expenses in Japan owing to strengthened field sales activities and higher bonuses in China).
- Net income attributable to owners of the parent fell slightly YoY, as the company recorded an impairment loss on goodwill at ASCe—whose shares it acquired in October 2022.

## Progress versus full-year company forecast

The company achieved 100.0% of its revised full-year forecast for revenue, 100.0% for operating profit, 100.0% for recurring profit, and 100.0% for net income attributable to owners of the parent.

In Q4, a recovery in orders for the Japan business exceeding previous expectations led to a lower cost ratio. Coupled with continued steady performance in overseas operations, earnings are now expected to surpass the previous forecast. Accordingly, on May 11, 2026, ahead of the earnings announcement, the company raised its earnings forecast (relative to the previous forecast: revenue +JPY250mn, operating profit +JPY331mn, recurring profit +JPY341mn, and net income attributable to owners of the parent +JPY281mn).

## Business environment

The global economy remained resilient overall, supported by a recovery in personal consumption and capital investment, although concerns over a slowdown intensified at times amid rising geopolitical risks and trade policy uncertainty in the US. However, the outlook remained uncertain due to factors such as persistently high raw material and energy costs, stagnant personal consumption caused by inflation, and the delayed recovery of the Chinese economy.

- In terms of raw materials, the company noted that it is implementing and considering measures such as securing inventory early and passing on cost increases to customers in response to concerns over the impact of rising tungsten and steel prices.

Amid this environment, the company formulated its new long-term vision, Vision60, in May 2025, setting out its desired future state for FY03/35, its 60th anniversary. Under the key theme of reducing reliance on mold and die components, the company worked to achieve sustainable growth in its mold and die components business while expanding its factory automation (FA) business, which it positions as a growth driver. Furthermore, to realize synergies from the capital and business alliance agreement signed with Misumi Group Inc. in October 2024, the company moved to strengthen

cooperation in mutual product supply and logistics, while also working to increase added value, primarily in the special-order product business.

## Revenue by region, industry

Revenue was JPY11.0bn in Japan (-5.1% YoY), JPY24.9bn in China (+6.5% YoY), JPY2.0bn in Southeast Asia (+4.6% YoY), and JPY4.1bn in Europe, the US, and other regions (+6.9% YoY). In Japan, sales of consumer electronics and precision equipment were solid, but weakness in the automotive sector weighed heavily on results. In China, revenue grew on higher orders from the automotive industry. In Southeast Asia, sales were favorable in Malaysia, Indonesia, and Vietnam, but sluggish in India and Singapore. Among Europe, the US, and other regions, sales in Europe were strong.

- ▶ The company noted that strong growth in Malaysia reflects the contribution of a local sales distributor acquired through M&A in December 2025.

By industry, revenue totaled JPY17.8bn (+3.4% YoY) in the automotive sector, JPY7.2bn (+3.0% YoY) in electronic devices and semiconductors, JPY3.9bn (+1.6% YoY) in consumer electronics and precision equipment, and JPY13.2bn (+3.3% YoY) in other sectors. Revenue in the factory automation business totaled JPY3.1bn (+0.9% YoY). In the automotive sector, orders were strong in China. In electronic devices and semiconductors, revenue increased, benefiting from the recovery in China's smartphone market. In consumer electronics and precision equipment, the market remained broadly flat, resulting in modest growth. In other sectors, orders via trading companies increased.

## Others

The company recorded interest income of JPY63mn and a foreign exchange gain of JPY50mn under non-operating income. Under extraordinary losses, it recorded an impairment loss on fixed assets of JPY185mn and a goodwill impairment loss of JPY331mn related to ASCe.

Capex was JPY1.2bn (+JPY164mn YoY) and depreciation JPY1.2bn (unchanged YoY). ROIC was 7.0% (+1.0pp YoY).

In March 2026, the company was certified for the second consecutive year as a "Health and Productivity Management Outstanding Organization 2026 (Large Enterprise Category)," a designation jointly awarded by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

In March 2026, the company renewed its technology partnership agreement with Dyson Co., Ltd., the developer of lunar rover YAOKI.

In May 2026, the company resolved to continue its countermeasures against large acquisitions of its shares (takeover defense policy), with certain revisions while maintaining the framework and intent of the existing plan.

## Cumulative Q3 FY03/26 results

### Summary

- Revenue: JPY31.5bn (+3.9% YoY)
  - Operating profit: JPY1.6bn (+38.1% YoY)
  - Recurring profit: JPY1.8bn (+49.9% YoY)
  - Net income attributable to owners of the parent: JPY635mn (+1.8% YoY)
- ▶ Revenue totaled JPY31.5bn (+3.9% YoY). Revenue in Japan declined YoY. Following a corporate restructuring initiative in October 2023, the number of resignations among employees not subject to the early retirement program was higher than expected. This impact has continued to weigh on performance, and it will take more time to rebuild the organization, including recruitment and training. In addition, stagnant personal consumption caused by inflation has persisted, contributing to the YoY decline in Japan. Meanwhile, in China, orders remained strong, particularly in the automotive industry, where export volumes have been trending upward despite a slowdown in personal consumption and capex. In Southeast Asia, Europe, the US, and other regions, revenue rose YoY, driven by active participation in trade shows and stronger relationships with sales distributors.
  - ▶ Gross profit rose 6.1% YoY to JPY8.5bn, with GPM up 0.6pp YoY to 27.0%.

- ▶ SG&A expenses totaled JPY6.9bn (+0.6% YoY), with the SG&A ratio at 21.8%, down 0.7pp YoY. As a result, OPM rose 1.3pp YoY to 5.1%. Although the company has continued to face soaring raw material and resource prices, rising procurement costs from partner plants, and persistently high energy costs in Japan, revenue growth in China helped offset these factors, resulting in higher operating profit.
- ▶ Punch Industry reported that higher revenue boosted operating profit by JPY311mn (positive factor: higher orders in overseas operations, chiefly in China; negative factor: lower orders from the automotive industry in Japan). Meanwhile, it stated that an improved cost ratio lifted operating profit by JPY173mn (positive factor: improved cost ratio owing to higher utilization in China; negative factors: lower utilization in Japan and higher plant repair expenses). In addition, it said that lower SG&A expenses reduced operating profit by JPY38mn (positive factor: restrained indirect department expenses in Japan and China; negative factor: higher travel expenses in Japan owing to higher activity levels).
- ▶ Net income attributable to owners of the parent rose slightly YoY, as the company recorded an impairment loss on goodwill at ASCe—whose shares it acquired in October 2022.

## Progress versus full-year company forecast

The progress rates against the revised full-year company forecast were 75.2% for revenue, 95.2% for operating profit, 96.2% for recurring profit, and 111.4% for net income attributable to owners of the parent.

## Business environment

Amid growing concerns over a global slowdown driven by rising geopolitical risks and expanding trade policy uncertainty, the global economy showed signs of losing momentum in its recovery, although overall remained resilient. However, the outlook stayed uncertain due to factors such as the impact of additional US tariffs, economic slowdowns in Europe and China, and ongoing geopolitical tensions centered on the Middle East and Europe. In Japan, the economy continued a moderate recovery supported by expanding inbound demand and a pickup in capital investment. At the same time, rising living costs caused by inflation and yen depreciation weighed on consumer sentiment, and the outlook remained uncertain.

## Revenue by region, industry

Revenue was JPY8.2bn in Japan (-4.9% YoY), JPY18.6bn in China (+7.9% YoY), JPY1.6bn in Southeast Asia (+9.7% YoY), and JPY3.1bn in Europe, the US, and other regions (+3.4% YoY). In Japan, revenue declined as all sectors were weak, particularly reflecting a sharp drop in the automotive sector. In China, revenue increased on higher orders from the automotive industry. In Southeast Asia, the company performed well in Indonesia, Malaysia, and Vietnam, despite sluggish performance in India. In Europe, the US, and other regions, results remained strong in Europe.

By industry, revenue totaled JPY13.4bn (+5.1% YoY) in the automotive sector, JPY5.4bn (+3.2% YoY) in electronic devices and semiconductors, JPY2.9bn (-0.8% YoY) in consumer electronics and precision equipment, and JPY9.8bn (+4.1% YoY) in other sectors. Revenue in the factory automation business totaled JPY2.3bn (JPY2.2bn in Q3 FY03/25). In the automotive sector, orders were strong in China. In electronic devices and semiconductors, revenue increased as China's smartphone market recovered. In consumer electronics and precision equipment, the market remained sluggish, leading to lower revenue. In other sectors, orders via trading companies increased, leading to higher revenue. In the factory automation business, although revenue declined in Japan, revenue growth in China more than offset this decline, resulting in higher revenue overall.

## Others

Capex increased by JPY132mn YoY to JPY876mn, while depreciation expenses declined by JPY18mn YoY to JPY865mn.

The company recorded a foreign exchange gain of JPY57mn under non-operating income.

In Q3 (October–December 2025), as ASCe—acquired in October 2022—continued to perform below the initial business plan, Punch Industry revised the plan and reviewed the recoverable amount of goodwill, resulting in the recognition of an impairment loss on goodwill of JPY331mn.

- ▶ Regarding ASCe, the company recognized an impairment loss on goodwill because performance had fallen short of the business outlook, reflecting factors such as a delay in the ramp-up of orders for new products. Meanwhile, ASCe remained profitable at the operating profit level. The company stated that it will continue to develop ASCe as a growth business. Specifically, it plans to promote initiatives such as exhibiting at trade shows, strengthening collaboration with

trading companies, deepening relationships with existing customers, enhancing its sales framework, and coordinating with the factory automation business.

Alongside the announcement of its earnings results, the company revised its full-year consolidated earnings forecast upward (see the Full-year company forecast section below for details).

In December 2025, the company acquired all shares in Bright Machine Tools Sdn. Bhd. (BMT) and made it a subsidiary.

In December 2025, the company announced its full-scale entry into the laboratory automation field to promote automation at research and analysis sites facing labor shortages.

In December 2025, the company launched an official YouTube channel. Through the channel, it introduces the group's precision metal processing technologies, equipment, and processing processes through videos in an easy-to-understand manner, while also providing information such as service introduction webinars and earnings briefings. On the channel, the company released a video in January 2026 introducing the processing technologies and equipment at the Kitakami plant (Kitakami, Iwate Prefecture).

In December 2025, the company published on its corporate website a manga illustrating the process behind the creation of the group's purpose, "Shaping a prosperous future for the next generation as a manufacturer through trust, diligent technological advancements, and unrestrained creativity." The manga explains in an easy-to-understand manner why many companies today formulate a corporate purpose, introduces the process through which the group's purpose was developed, and outlines how the group intends to act based on the intentions embodied in the purpose.

In December 2025, the company formulated a general employer action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life. In the same month, it fully renewed its corporate website to improve usability.

In December 2025, the company announced its official mascot character, Punchie (a registered trademark). Punchie was selected through an internal call for proposals and employee voting (see the company's website for details).

In October 2025, the company began outsourcing logistics operations to Misumi Group's East Japan Distribution Center (Kawasaki, Kanagawa Prefecture) as part of collaboration under the capital and business alliance agreement concluded with Misumi Group in October 2024. This logistics collaboration was also selected by the Ministry of Economy, Trade and Industry under its Demonstration Project for Logistics Efficiency to Support Sustainable Logistics (1) Collaborative Demonstration Projects Contributing to Logistics Efficiency, as part of the Manufacturing B2B Business Joint Inventory Management / Transportation and Delivery Project promoted jointly by the two companies and SBS Sokuhai Support Co., Ltd. The demonstration project was completed at end-January 2026 and the logistics collaboration improved operational efficiency through the promotion of automation in warehouse operations.

The company stated that it has changed the timing for the release of the next three-year medium-term management plan, VC28—which will begin in April 2026—from March 2026 to May 2026 in order to ensure the certainty of the measures and the credibility of the numerical targets.

## 1H FY03/26 results

### Summary

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- Revenue: JPY20.6bn (+2.9% YoY)  
Operating profit: JPY989mn (+42.9% YoY)  
Recurring profit: JPY1.0bn (+70.8% YoY)  
Net income attributable to owners of the parent: JPY559mn (+163.7% YoY)

- Revenue totaled JPY20.6bn (+2.9% YoY). Revenue in Japan declined YoY. Following a corporate restructuring initiative in October 2023, the number of resignations among employees not subject to the early retirement program was higher than expected. This impact has continued to weigh on performance, and it will take more time to rebuild the organization, including recruitment and training. In addition, stagnant personal consumption caused by inflation has persisted, contributing to the YoY decline in Japan. Meanwhile, in China, orders remained strong, particularly in the automotive industry. In Southeast Asia, Europe, the US, and other regions, revenue rose YoY, driven by active participation in trade shows and stronger relationships with sales distributors.



- ▶ Gross profit rose 4.3% YoY to JPY5.5bn, with GPM up 0.4pp YoY to 26.7%.
- ▶ SG&A expenses totaled JPY4.5bn (-1.5% YoY), with the SG&A ratio at 21.9%, down 1.0pp YoY. As a result, OPM rose 1.3pp YoY to 4.8%. Although the company has continued to face soaring raw material and resource prices, rising procurement costs from partner plants, and persistently high energy costs in Japan, revenue growth in China helped lift operating profit substantially.
- ▶ The company reported that higher revenue boosted operating profit by JPY151mn (positive factor: higher orders mainly in China and Southeast Asia; negative factor: lower orders from the automotive industry in Japan). Meanwhile, it stated that an improved cost ratio lifted operating profit by JPY74mn (positive factor: improved cost ratio owing to higher utilization in China; negative factor: lower utilization in Japan and higher plant repair expenses). In addition, it said that lower SG&A expenses increased operating profit by JPY70mn (positive factor: restrained indirect department expenses in Japan and China; negative factor: higher packing and transportation costs in China owing to revenue growth).

### Progress versus full-year company forecast

The progress rates against the revised full-year company forecast were 49.3% for revenue, 62.2% for operating profit, 63.5% for recurring profit, and 98.1% for net income attributable to owners of the parent.

### Business environment

Amid growing concerns over a global slowdown driven by rising geopolitical risks and trade policy uncertainty, the global economy showed signs of losing momentum in its recovery, although overall remained resilient. However, the outlook stayed uncertain due to factors such as a potential global downturn triggered by US tariff policies, concerns over slower growth in the Chinese economy, and ongoing geopolitical tensions centered on the Middle East and Europe. In Japan, personal consumption slowed as inflation and yen depreciation pushed up prices, while real wages remained sluggish, keeping downside risks to the economy in place.

- ▶ Punch Industry noted that, while its US subsidiary now has more opportunities to propose selling price hikes to reflect cost increases to customers in response to US tariff policies, the overall impact on the group remains negligible.

### Revenue by region, industry

Revenue was JPY5.3bn in Japan (-7.2% YoY), JPY12.2bn in China (+7.6% YoY), JPY1.0bn in Southeast Asia (+6.3% YoY), and JPY2.0bn in Europe, the US, and other regions (+3.2% YoY). In China, the company continued to benefit from strong demand from the automotive industry. In Southeast Asia, it performed well in Vietnam and Malaysia. In Europe, the US, and other regions, revenue was strong in Europe.

- ▶ The company said that, as it works to reorganize and rebuild its sales framework in Japan, the impact of labor shortages is easing and sales activity is gaining momentum.
- ▶ Punch Industry stated that the integration of logistics bases for the Japan business was completed in October as initially planned. As the next stage of collaboration, it is now pursuing projects such as integrating product planning to optimize procurement.

By industry, revenue totaled JPY8.9bn (+5.0% YoY) in the automotive sector, JPY3.5bn (+4.0% YoY) in electronic devices and semiconductors, JPY1.9bn (-2.7% YoY) in consumer electronics and precision equipment, and JPY6.2bn (+1.1% YoY) in other sectors. In the automotive sector, while business remained sluggish in Japan, orders were strong in China. In electronic devices and semiconductors, the smartphone market picked up in China. In consumer electronics and precision equipment, the market remained sluggish. In other sectors, orders via trading companies increased. Revenue from the factory automation business came to JPY1.4bn, roughly flat YoY (JPY1.4bn in 1H FY03/25).

### Others

Alongside the announcement of its earnings results, the company revised its full-year consolidated earnings and dividend forecasts upward for the second time in FY03/26 (see the Full-year company forecast section below for details).

In 1H, capex totaled JPY514mn (+JPY40mn YoY), while depreciation expenses amounted to JPY574mn (-JPY19mn YoY). The company invested in labor-saving and automation initiatives. Both capex and depreciation expenses progressed largely in line with the initial forecast.



## Direction of the next medium-term management plan

The company said it plans to announce Value Creation 2028, its next medium-term management plan—the release of which has been delayed—around March 2026. The direction of the plan is as follows.

| Strategic pillars                                           | Key initiatives                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sustained growth of existing businesses                     | <ul style="list-style-type: none"> <li>• Profit structure reform through lower material costs, automation, and labor-saving measures</li> <li>• Improve ROIC and maintain financial soundness</li> <li>• Strengthen human resource development, quality, safety, and environmental response</li> </ul>                                                   |
| Growth through expansion of the factory automation business | <ul style="list-style-type: none"> <li>• Strengthen sales of FA components and FA equipment; broaden sales coverage</li> <li>• Expand outsourced work and reinforce the business foundation through M&amp;A</li> <li>• Leverage the website, exhibitions, and sales support to increase equipment orders</li> </ul>                                      |
| Creating value through R&D                                  | <ul style="list-style-type: none"> <li>• Develop new products such as precision blocks, gears, spindles, and aerospace-related items</li> <li>• Advance processing technologies for hard-and-brittle and non-metal materials</li> <li>• Strengthen mass-production capabilities at development bases in China and address global market needs</li> </ul> |

Source: Shared Research based on company data

Initiatives to improve the profit structure and enhance operational efficiency are as follows:

- Improve workforce efficiency and reduce labor-related expenses: Simplify and integrate business processes to rationalize the organization
- Automate operations and save labor: Coordinate across departments and continue to analyze and optimize existing operations
- Strengthen cost control: Sustainably reduce the cost ratio of in-house products (raise equipment utilization rates and improve product costs)

## Q1 FY03/26 results

### Summary

- Revenue: JPY10.2bn (+5.3% YoY)
  - Operating profit: JPY384mn (+26.7% YoY)
  - Recurring profit: JPY338mn (-5.6% YoY)
  - Net income attributable to owners of the parent: JPY145mn (+1.4% YoY)
- Revenue totaled JPY10.2bn (+5.3% YoY). Revenue in Japan declined YoY. Following a corporate restructuring initiative in October 2023, the number of resignations among employees not subject to the early retirement program was unexpectedly high. This impact has continued to weigh on performance and structural adjustments remain underway. In addition, stagnant personal consumption caused by inflation has persisted, contributing to the YoY decline in Japan. Meanwhile, in China, there were signs of recovery from the economic downturn, particularly in the automotive industry. In Southeast Asia, Europe, the US, and other regions, revenue rose YoY, driven by active participation in trade shows and stronger relationships with distributors.
- Gross profit rose 4.6% YoY to JPY2.6bn, with GPM down 0.2pp YoY to 26.0%.
- SG&A expenses totaled JPY2.3bn (+1.6% YoY), with the SG&A ratio at 22.2%, down 0.8pp YoY due to higher logistics and travel expenses associated with revenue growth. As a result, OPM rose 0.6pp YoY to 3.8%. Although the company has continued to face soaring raw material and resource prices, rising procurement costs from partner plants, and persistently high energy costs in Japan, revenue growth in China helped lift operating profit.
- The company reported that higher revenue boosted operating profit by JPY133mn (positive factor: higher orders mainly in China and Southeast Asia; negative factor: lower orders from the automotive industry in Japan). Meanwhile, it stated that higher cost of revenue weighed on operating profit by JPY16mn (positive factor: improved cost ratio owing to higher utilization in China; negative factor: lower utilization in Japan and higher plant repair expenses). In addition, it said that higher SG&A expenses pushed down operating profit by JPY36mn (positive factor: restrained indirect department expenses; negative factor: higher logistics and travel expenses owing to revenue growth).

## Progress versus full-year company forecast

The progress rates against the revised full-year company forecast were 24.7% for revenue, 27.4% for operating profit, 25.0% for recurring profit, and 48.3% for net income attributable to owners of the parent.

## Business environment

Amid growing concerns over a global slowdown driven by rising geopolitical risks and trade policy uncertainty, the global economy showed signs of losing momentum in its recovery, although overall remained resilient. However, the outlook stayed uncertain due to factors such as a potential global downturn triggered by US tariff policies, concerns over slower growth in the Chinese economy, and ongoing geopolitical tensions. In Japan, domestic demand—particularly personal consumption—stalled, as inflation and yen depreciation pushed up prices, leading to a decline in real wages.

- ▶ The company said that the direct impact of US tariff policies on its business remains limited.

## Revenue by region, industry

Revenue was JPY2.7bn in Japan (-8.9% YoY), JPY6.1bn in China (+11.9% YoY), JPY489mn in Southeast Asia (+9.9% YoY), and JPY970mn in Europe, the US, and other regions (+9.0% YoY). In Japan, revenue fell as strong performance in beverages was more than offset by weakness in the automotive sector. In China, revenue grew on higher orders from the automotive industry. In Southeast Asia, favorable results in Vietnam and Malaysia were offset by sluggish performance in India. In Europe and the Americas, results were strong.

By industry, revenue totaled JPY4.5bn (+7.3% YoY) in the automotive sector, JPY1.7bn (+9.2% YoY) in electronic devices and semiconductors, JPY905mn (-0.7% YoY) in consumer electronics and precision equipment, and JPY3.0bn (+2.3% YoY) in other sectors, where revenue in the factory automation business totaled JPY719mn (+3.3% YoY). In the automotive sector, while business remained sluggish in Japan, orders were strong in China. In electronic devices and semiconductors, the smartphone market picked up in China. In consumer electronics and precision equipment, the market remained sluggish. In other sectors, orders via trading companies increased.

## Others

Alongside the announcement of its Q1 earnings results, the company released revisions to its earnings and dividend forecasts for 1H and full-year FY03/26 (see below for details).

The company recorded a foreign exchange loss of JPY105mn under non-operating expenses.

In Q1 FY03/26, capex totaled JPY179mn (-JPY30mn YoY), while depreciation expenses amounted to JPY292mn (-JPY1mn YoY). Capex declined YoY as the company focused investment on labor-saving and automation initiatives. Depreciation expenses progressed in line with the full-year company forecast.

# Other information

## History

| Date           | Event                                                                                                      |
|----------------|------------------------------------------------------------------------------------------------------------|
| March 1975     | Company established as Kamba Shokai in Shinagawa-ku, Tokyo                                                 |
| August 1977    | Company name changed to Punch Industry                                                                     |
| August 1982    | Succeeded in mass production of high-speed steel ejector pins for plastic molds                            |
| November 1983  | Established Kitakami plant in Kitakami, Iwate Prefecture                                                   |
| December 1983  | Launched nationwide sales of mold and die components                                                       |
| May 1989       | Established group company Miyako Punch Industry in Miyako, Iwate Prefecture (now Miyako plant)             |
| October 1990   | Established Punch Industry (Dalian) in Dalian, China                                                       |
| October 1996   | Established the Chiba plant in Iioka, Chiba Prefecture (moved to Asahi, Chiba Prefecture in December 2001) |
| March 2006     | Acquired 100% stake in Pintec, made a wholly owned subsidiary                                              |
| September 2010 | Established Punch Industry India in Chennai, India                                                         |
| January 2011   | Established Hyogo plant in Kasai, Hyogo Prefecture                                                         |
| August 2012    | Entered into capital and business alliance with Panther Precision Tools in Malaysia                        |
| December 2012  | Listed on the Second Section of the Tokyo Stock Exchange (TSE)                                             |
| August 2013    | Made Panther Precision Tools a wholly owned subsidiary                                                     |
| November 2013  | Established Punch Industry Indonesia in Jakarta                                                            |
| March 2014     | Relisted stocks on the TSE First Section                                                                   |
| December 2015  | Established Punch Industry Manufacturing Vietnam in Binh Duong                                             |
| November 2016  | Established Punch Industry USA in Illinois                                                                 |
| April 2022     | Relisted shares on the TSE Prime Market                                                                    |
| October 2022   | Acquired all shares in ASCE and made it a group company                                                    |
| October 2023   | Moved shares to the TSE Standard Market                                                                    |
| March 2024     | Dissolved Pintec                                                                                           |
| August 2024    | Established a new corporate vision                                                                         |
| October 2024   | Entered into a capital and business alliance with Misumi Group Inc.                                        |

Source: Shared Research based on company data

## Company history

Yuji Morikubo founded the company in 1975 under the name Kamba Shokai. At the outset, the company sold high-speed steel print pins, which are mold components used in printed circuit boards, for which it outsourced manufacturing. In 1977, the company changed its name to Punch Industry and began in-house manufacturing, as it was unable to fully meet customer needs through contract manufacturing alone. Initially, the company's production facilities were located in a part of the house of Morikubo's parents, with seven or eight technicians carrying out production. At that time, the company had a strong presence among customers in the consumer electronics industry, and production volume continued to grow as this sector flourished.

A major turning point in the company's business expansion was its development of high-speed steel ejector pins for plastic molds in 1982. At the time, makers of electronic and electrical products were using SCM3 ejector pins made of chromium molybdenum steel, but these had problems with accuracy and durability, and there was demand for better quality. Morikubo poured his efforts into the development of an ejector pin using high-speed steel, which was not yet technically feasible, going through a period of trial and error, as development hit several snags. Deciding what kind of heat treatment to apply to make the high-speed steel tough enough to bend was particularly difficult. For this reason, the company enlisted the aid of a university research institute with expertise in metals and incorporated its knowledge of metals and heat treatment technology into its production. As a result, the company succeeded in standardizing and mass-producing the world's first high-speed steel ejector pin by combining outside metal knowledge and technology with its own technology and expertise gained by making high-speed steel print pins.

Compared to the 0.02mm accuracy of conventional SCM3 ejector pins, the company's high-speed steel ejector pins achieved a dimensional accuracy of 0.01mm. In addition, compared with chromium molybdenum steel, its pins had high toughness and were hard to break. Offering improved accuracy and durability, the company's high-speed steel ejector pins replaced chromium-molybdenum steel pins in markets for plastic mold components requiring high accuracy, such as plastic TV casings and mechanical computer components.

The company subsequently opened sales offices in various locations nationwide, building the Kitakami plant in 1983 and the Miyako plant in 1989. (At the time, Miyako Punch Industry started making press die components for the first time). In 1991, the company published a comprehensive catalog for its plastic mold and press die components and worked to expand its production scale and framework. In 1990, seeking lower production costs, Punch Industry was one of the first Japanese manufacturers to enter China and establish a local subsidiary. (At that time, the company mainly manufactured

semi-finished products in China). The company then began expanding its production network in China, while simultaneously working to raise the level of technological capabilities in China by training local employees. The outcome was the ability to manufacture finished products in China. Around 2000, during a period of rapid growth in the Chinese economy and China's entry into the WTO, sales within China were deregulated, which fed into growth in the company's sales there. The company further expanded into India in 2010, Malaysia, Singapore, Vietnam, and Indonesia in 2013, and the US in 2016.

#### Applied to be listed on the TSE Standard market

In May 2023, the company resolved at a board of directors' meeting to apply for listing on the TSE Standard Market and subsequently filed the application, as it had a chance to re-select a market segment following a change in TSE regulations effective April 1, 2023. As for reasons for selecting the Standard Market, the company stated that it did not meet the Prime Market's listing maintenance criteria for market capitalization of tradable shares; that its progress in the medium-term management plan VC2024 was significantly behind, requiring it to make up for the delay and update the plan, including by adding new growth strategies; and that it needed to concentrate management resources on executing the updated medium-term management plan.

Shared Research believes that the company may consider listing on the Prime Market again, if it can expand its business and raise the market cap of its tradable shares, to meet the criteria for listing on the Prime Market.

#### Updates to medium-term business plan, voluntary retirement program, and dissolution of consolidated subsidiary

Amid an increasingly harsh operating environment, the company's progress in executing its medium-term plan, Value Creation 2024, was significantly behind, and in addition to making up for the delays, the company decided it needed to update the plan, including adding new growth strategies for the future. As such, in July 2023, the company announced updates to its medium-term business plan (Value Creation 2024 Revival) and its plan to solicit voluntary retirement and dissolve a consolidated subsidiary. Among the key initiatives outlined in the Value Creation 2024 Revival plan is the realignment of domestic businesses. The company decided to consolidate production and sales bases, and solicit voluntary retirement and dissolve a consolidated subsidiary, Pintec, to streamline operations.

#### Capital and business alliance with Misumi Group and long-term vision

In October 2024, the company and Misumi Group entered into a capital and business alliance agreement. They aim to realize synergies by collaborating on mutual product supply and other initiatives. In May 2025, to mark its 50th anniversary, Punch Industry formulated Vision60, a long-term vision for the Punch Group looking ahead to the next ten years. As part of this vision, the company set reducing reliance on mold and die components as its goal for the next ten years. It aims to become a corporate group that meets the diverse needs of an ever-changing society by expanding its business domains.

## Major shareholders (as of end-March 2026)

| Major shareholders                               | Shares held | Shareholding ratio (%) |
|--------------------------------------------------|-------------|------------------------|
| MT Kosan Co., Ltd.                               | 3,804,900   | 13.81                  |
| Misumi Group                                     | 3,000,000   | 10.89                  |
| CLEARSTREAM BANKING S.A.                         | 2,412,400   | 8.76                   |
| Tachibana Securities Co., Ltd.                   | 1,262,600   | 4.58                   |
| Masatoshi Ohata                                  | 909,700     | 3.30                   |
| Tetsuji Morikubo                                 | 673,600     | 2.44                   |
| Punch Industry Employees' Stock Ownership Scheme | 666,490     | 2.42                   |
| Yuji Morikubo                                    | 663,000     | 2.40                   |
| JP JPMSE LUX RE JEFFERIES INTL LTD EQ CO         | 650,000     | 2.36                   |
| Michiko Kamba                                    | 431,000     | 1.56                   |
| Total                                            | 14,473,690  | 52.52                  |

Source: Shared Research based on company data

The largest shareholder, MT Kosan, is an asset management company, all of whose shares are owned by founder Yuji Morikubo and his relatives.

## Corporate governance (as of November 2025)

|                                                                        |                                            |
|------------------------------------------------------------------------|--------------------------------------------|
| <b>Form of organization and capital structure</b>                      |                                            |
| Form of organization                                                   | Company with Audit & Supervisory Committee |
| Controlling shareholders                                               | None                                       |
| <b>Directors</b>                                                       |                                            |
| Number of directors per Articles of Incorporation                      | 15                                         |
| Number of directors                                                    | 7                                          |
| Directors' terms per Articles of Incorporation                         | 1 year                                     |
| Chairperson of the Board of Directors                                  | Outside directors                          |
| Number of outside directors                                            | 4                                          |
| Number of independent outside directors                                | 4                                          |
| Number of members of Audit & Supervisory Committee                     | 3                                          |
| Number of outside members of Audit & Supervisory Committee             | 2                                          |
| Number of independent outside members of Audit & Supervisory Committee | 2                                          |
| <b>Other</b>                                                           |                                            |
| Implementation of measures regarding director incentives               | Performance-linked remuneration, Other     |
| Eligible for stock options                                             | -                                          |
| Participation in electronic voting platform                            | Yes                                        |
| Providing convocation notice in English                                | Yes                                        |
| Disclosure of directors' compensation                                  | No individual disclosure                   |
| Policy to determine amount and calculation method of remuneration      | Yes                                        |
| Corporate takeover defenses                                            | Yes                                        |

Source: Shared Research based on company data

## SDGs

The company has established a sustainability policy.

The policy states that the company will seek to achieve continuous growth and enhance corporate value through its support of manufacturing worldwide. In this way, Punch Industry aims to be a company that helps protect the natural environment and both the lifestyles of its employees and all individuals involved in its supply chain.

In July 2022, the company established a Sustainability Committee to step up initiatives to help bring about a sustainable society. Chaired by the president and CEO, the committee sets basic policy on sustainability. It also identifies material issues, forms action plans and targets for each issue, oversees their progress, deliberates on matters related to disclosure, and gives business directives, regularly reporting and making proposals to the board of directors. Under the aegis of the Sustainability Committee, the company has formed cross-divisional teams in three areas—carbon reduction, waste reduction, and human rights—to manage progress in each task and speed up initiatives for each material issue.

## Materiality

|                                                       |                                                                                                                                                                                                                                                         |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consideration for the global environment              | The company is committed to reducing CO <sub>2</sub> emissions and waste across all business activities, offering environmentally conscious products and services, and contributing to the creation of a society that values the global environment.    |
| Respect for human rights                              | Punch Group respects the human rights of all individuals involved in its operations and supply chain and strives to help build a fair and just society.                                                                                                 |
| Commitment to human capital                           | The company aims to foster a corporate culture and workplace environment where all employees embrace diversity, feel physically and mentally safe and healthy, and can thrive and fully demonstrate their abilities, in pursuit of employee well-being. |
| Contributing to society through products and services | By continuing to deliver safe and reliable products and services backed by advanced technology and quality, the company seeks to enhance its brand value and support global manufacturing as a trusted partner to its customers.                        |
| Corporate governance                                  | The company is working to strengthen its governance framework, secure management fairness and transparency, and achieve high capital efficiency to enhance corporate value.                                                                             |

Source: Shared Research based on company data

Punch Industry's social initiatives include accepting members of community for workplace training, cleanup activities, tree planting, a campaign in Japan to collect and recycle plastic bottle caps, collecting special product stamps to subsidize

school budgets under the Bellmark Campaign, and collecting and donating used stamps to charity.

## Top management

President and CEO Tetsuji Morikubo is the eldest son of founder and honorary chairman Yuji Morikubo.

### Profile

|               |                                                                      |
|---------------|----------------------------------------------------------------------|
| May 2003      | Joined the company                                                   |
| February 2005 | Worked at Punch Industry (Dalian)                                    |
| November 2012 | General manager of Value Creation Office                             |
| April 2013    | General manager of Corporate Planning Office                         |
| December 2015 | Assigned to Punch Industry Malaysia                                  |
| December 2016 | Executive officer                                                    |
| June 2018     | Director, senior executive officer, head of Corporate Strategy       |
| April 2019    | Chief strategy officer, head of Group Business Management            |
| June 2019     | Representative director (current position), executive vice president |
| November 2019 | President and CEO, head of Group Management (current position)       |

Source: Shared Research based on company data

## Employees

|                            | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cons. Number of employees  | 3,959   | 4,298   | 4,282   | 4,020   | 4,006   | 3,979   | 3,923   | 3,575   | 3,463   | 3,480   |
| Japan                      | 1,024   | 1,047   | 1,062   | 1,062   | 1,029   | 1,002   | 981     | 668     | 670     |         |
| Overseas                   | 2,935   | 3,251   | 3,220   | 2,958   | 2,977   | 2,977   | 2,942   | 2,907   | 2,793   |         |
| Parent Number of employees | 945     | 968     | 982     | 985     | 954     | 927     | 897     | 655     | 656     |         |

Source: Shared Research based on company data

About 70% of employees (around 2,800 in FY03/22) work in the manufacturing division, with the remainder working in the sales and management divisions. The company employs roughly 3,000 people overseas, around 80% of total headcount. Every year, the company hires about 20 new graduates in Japan at most, turning to mid-career hires to fill positions made vacant when employees retire. The company says labor shortages are making it harder to recruit new graduates, a problem compounded by the shrinking population of technical high school students in rural areas.

In March 2026, the company was certified for the second consecutive year as a "Health and Productivity Management Outstanding Organization 2026 (Large Enterprise Category)," a designation jointly awarded by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

As part of its human capital management initiatives, the company promotes diversity, equity, and inclusion (DE&I) with the aim of creating an organization where diverse employees can thrive and find meaning in their work. It also works to ensure employee well-being by providing a safe, secure, and healthy work environment, and fosters talent development to cultivate individuals who think independently, act proactively, and deliver results.

## Shareholder returns

### Dividends

|              | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Dividends    | 13.0    | 16.8    | 16.8    | 2.0     | 2.0     | 13.0    | 19.5    | 19.4    | 19.6    | 19.6    |
| Payout ratio | 20.8%   | 20.5%   | 38.1%   | -1.2%   | 9.1%    | 13.9%   | 32.2%   | -       | 58.1%   | 63.2%   |

Source: Shared Research based on company data

The company's policy is to pay stable, ongoing dividends while securing the internal reserves needed for future business development and to shore up the management structure. It pays dividends after comprehensively assessing consolidated business performance, its financial position, profit levels, the payout ratio, and other factors.

In January 2023, the company revised its capital and shareholder return policies, setting a new consolidated payout ratio of at least 30% and a dividend on equity (DOE) ratio of at least 3%. The change reflected the fact that, until FY03/22, the parent company held relatively few retained earnings, but began receiving more dividends from group companies in



FY03/23. Given the surplus in retained earnings, the company decided to enhance returns. The company says its financial position has been improving in recent years, with the equity ratio trending upward. Consequently, the company says that if it exceeds its target equity ratio of 60%, it may consider enhancing returns and pursuing share buybacks to further strengthen shareholder returns and capital efficiency. In May 2024, the company revised its method of calculating the dividend on equity (DOE) ratio. Previously, it used the average shareholders' equity at the beginning and end of the fiscal year as the denominator. Effective FY03/25, the company uses shareholders' equity at the end of the fiscal year as the denominator, to swiftly reflect the effect of shareholders' equity improvements in dividends.

## ROE, ROIC

|                                        | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 | FY03/25 | FY03/26 |
|----------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ROE                                    | 9.8%    | 11.8%   | 6.0%    | -25.5%  | 4.0%    | 14.2%   | 7.9%    | -3.1%   | 4.3%    | 3.8%    |
| Net margin                             | 3.8%    | 4.4%    | 2.3%    | -       | 1.5%    | 5.2%    | 3.2%    | -       | 2.1%    | 2.0%    |
| Financial leverage (equity multiplier) | 2.0     | 2.0     | 2.0     | 2.1     | 2.1     | 1.9     | 1.7     | 1.6     | 1.5     | 1.5     |
| Total asset turnover                   | 1.3     | 1.3     | 1.3     | 1.2     | 1.3     | 1.5     | 1.4     | 1.3     | 1.3     | 1.3     |

Source: Shared Research based on company data

ROE tends to fluctuate in line with the unstable net income margin. Financial leverage and overall asset turnover are relatively stable. The company targets ROE of 10% or above.

## Management that emphasizes ROIC and is conscious of capital costs and stock price

Punch Industry introduced ROIC-based management under its previous medium-term management plan, and under the current plan, VC28, it aims to enhance corporate value by targeting ROIC of 11% or higher, in excess of the cost of capital, by FY03/29 (FY03/26 actual: 7.0%; WACC: in the 7% range). For ROE, it targets 8.0% or higher (FY03/26 actual: 5.0%). In the ROIC tree, the company breaks down its strategy for enhancing corporate value and achieving a P/B ratio of over 1.0 into ROE improvement and P/E ratio improvement. For ROE improvement, it cites ROIC-based management and optimization of financial leverage. For P/E ratio improvement, it cites fostering growth expectations and strengthening IR/SR.

## PBR logic tree

|                                            |                     |                               |                                                                                                                                                                                                                 |
|--------------------------------------------|---------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancing corporate value<br>PBR above 1.0 | Improving ROE       | ROIC-oriented management      | Improve profitability: Enhance operational efficiency through digital transformation and expand special-order product sales. Strengthen overseas procurement and optimize domestic and overseas production.     |
|                                            |                     | Optimizing financial leverage | Balance financial soundness and shareholder returns: Maintain stable and consistent dividends based on payout ratio and DOE. Conduct flexible share buybacks.                                                   |
|                                            | Improving P/E ratio | Fostering growth expectations | Reduce reliance on mold and die components: Expand the factory automation business, including improvements to the company's own production efficiency. Expand business domains through M&A.                     |
|                                            |                     | Strengthening IR/SR           | Initiatives to improve the quality and quantity of dialogue with shareholders: Proactive information disclosure to enhance market recognition. Strengthen IR with a focus on ESG and non-financial information. |

Source: Shared Research based on company materials

## Other information

### Company name, logo



Source: Company website

The name Punch Industry signifies the company's original printed circuit board hole punch product as well as the sense of being a company overflowing with power and vitality. The company's website says that the clenched fist in the logo represents its molding punch and pin products and its growing power, while the slanted line represents a streak of lightning, expressing the company's eagerness to bring innovation to the industry. The company has also summed up its corporate identity with the phrase "Punch Spirit: Returning to the Spirit of the Founder," which encapsulates the key ideas of challenge, ingenuity, and open-mindedness.

### Corporate vision

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In August 2024, the company unveiled its corporate vision: "Shaping a prosperous future for the next generation as a manufacturer through trust, diligent technological advancements, and unrestrained creativity." Going forward, it will develop its medium-term management plan and company policies based on the vision.

In January 2024, Punch Industry initiated an internal project to establish a new vision. The project brought together around 20 young and mid-level employees from various roles and locations. These members gathered internal feedback and considered societal expectations to shape the vision. Employees were involved in every phase of the process, from decision-making to gathering insights from colleagues and articulating the vision. As a result, many employees feel a strong sense of alignment with the vision, which captures the group's distinctive identity.

# News and topics

## Start of logistics collaboration with Misumi Group and verification of its effects

2026-02-16

Punch Industry Co., Ltd. announced the start of logistics collaboration with Misumi Group Inc. and verification of its effects.

### Logistics collaboration with Misumi Group

From October 2025, Punch Industry began outsourcing its logistics operations to Misumi Group's East Japan Distribution Center. This initiative forms part of the collaboration under the capital and business alliance agreement concluded with Misumi Group in October 2024. In addition, the logistics collaboration was selected by the Ministry of Economy, Trade and Industry under its Demonstration Project for Logistics Efficiency to Support Sustainable Logistics (1) Collaborative Demonstration Projects Contributing to Logistics Efficiency, as part of the Manufacturing B2B Business Joint Inventory Management / Transportation and Delivery Project promoted jointly by the two companies and SBS Sokuhai Support Co., Ltd. The company states that the demonstration project was completed at end-January 2026 and that the logistics collaboration has improved operational efficiency through the promotion of automation in warehouse operations.

As a result of the logistics collaboration, integration of operational processes has reduced truck waiting and loading/unloading time by 110 hours per month and cut visits to the logistics warehouse by the equivalent of 216 ten-ton trucks per month. In addition, the company is promoting the use of automated equipment within the warehouse, including shelf transport robots and auto-counting picking carts. Through these initiatives, the company has improved logistics efficiency and reduced costs.

The two companies intend to promote stronger cost competitiveness by leveraging their scale, including through joint procurement of inventory items and mutual product supply. The company also states that they plan to further expand collaboration, including in growing overseas markets, by harnessing their respective strengths: Punch Industry's advanced precision processing technology and meticulous responsiveness to customer needs, and Misumi Group's cutting-edge digital technology and global supply capabilities with reliable short lead times.

## Company announces upward revision to full-year forecast

2026-02-13

Punch Industry Co., Ltd. announced a revision to its full-year forecast.

### Revision to consolidated full-year forecast

- Revenue: JPY41.9bn (previous forecast: JPY41.7bn)
- Operating profit: JPY1.7bn (JPY1.6bn)
- Recurring profit: JPY1.9bn (JPY1.6bn)
- Net income attributable to owners of the parent: JPY570mn (JPY570mn)

In cumulative Q3, despite delays in rebuilding the sales and production framework in the domestic business, overseas operations remained strong. In particular, orders from the automotive sector in the China business continued to perform well from Q1, prompting the company to revise upward its revenue, operating profit, and recurring profit forecasts.

The company left its full-year forecast for net income attributable to owners of the parent unchanged because it recorded an impairment loss on goodwill of JPY331mn at ASCe—whose shares it acquired in October 2022—in Q3 (October–December 2025).

## Punch Industry announces full-scale entry into laboratory automation using factory automation technology

2025-12-02

Punch Industry Co., Ltd. announced its full-scale entry into laboratory automation to promote automation at research and analysis sites facing labor shortages.

The Punch Industry group has worked alongside researchers and analysis technicians from the concept stage of equipment development and has proposed optimal automation solutions. Drawing on the equipment manufacturing expertise gained in the factory automation domain and the advanced metal processing capabilities built over 50 years in its mold and die components business, the company aims to help improve operational efficiency and quality at research and analysis sites.

## Punch Industry revises full-year forecast and dividend forecast

2025-11-12

Punch Industry Co., Ltd. announced revisions to its full-year forecast and dividend forecast.

### Revisions to full-year forecast and dividend forecast

- Revenue: JPY41.7bn (previous forecast: JPY41.1bn)
- Operating profit: JPY1.6bn (JPY1.4bn)
- Recurring profit: JPY1.6bn (JPY1.4bn)
- Net income attributable to owners of the parent: JPY570mn (JPY300mn)
- Year-end dividend per share: JPY9.41 (previous forecast: JPY9.13)

In 1H, despite a cautious stance toward capital investment overall due to the impact of tariffs in the Americas, the company continued to perform well, mainly in its overseas operations. In particular, orders from the automotive sector in the China business remained strong from Q1, leading to results—especially in terms of profit—that significantly exceeded the previous forecast.

The company raised its full-year revenue and profit forecasts in light of both the upward revision for 1H and the impact of a weaker yen based on revised forex assumptions (JPY20.66/CNY; JPY148.84/USD), while also factoring in delays in rebuilding the sales and production framework in its Japan business. Although the forecast for net income attributable to owners of the parent shows only a modest increase from the 1H result, this reflects expected impairment losses in the Japan business.

The company set the target consolidated payout ratio at 30% or above and dividend on equity (DOE) ratio at 3% or above. In line with the revisions to its full-year earnings forecast mentioned above, it revised the year-end dividend forecast per share to JPY9.41, bringing the annual dividend forecast per share to JPY18.54 (+JPY0.28 from the previous forecast).

## Punch Industry to acquire shares in Bright Machine Tools Sdn. Bhd. (making it a subsidiary)

2025-10-10

Punch Industry Co., Ltd. announced that its Board of Directors has resolved to acquire all shares of Bright Machine Tools Sdn. Bhd. (hereinafter “BMT”) and make it a subsidiary.

### Acquisition of Bright Machine Tools Sdn. Bhd. as a subsidiary

As part of its sales expansion strategy in Southeast Asia to achieve “sustained growth of existing businesses” set forth in its long-term vision, Vision60, the company has resolved to acquire all shares of BMT. Since beginning to handle the group’s products in 1998 and concluding a sales agency agreement in Malaysia in 2012, BMT has built up expertise in selling precision mold and die components—one of the group’s strengths—and has established a broad customer base and strong procurement capabilities.

By acquiring all shares of BMT, the company expects to generate synergies in the Malaysian market, where demand for precision mold and die components is high and steady growth is anticipated. The acquisition will enable the company to strengthen its market presence by deploying additional in-house resources and expand its customer base and revenue through new sales channels.

BMT posted revenue of JPY233mn and recurring profit of JPY2mn for FY12/24. The share transfer is scheduled to be completed on November 20, 2025. Through this acquisition, Punch Industry aims to accelerate initiatives to achieve sustained growth of existing businesses in its overseas operations and generate synergies at an early stage, but said the impact on consolidated earnings for FY03/26 will be minimal.

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We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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