

2026 ANNUAL REPORT

*SUPPORTING PRODUCT MANUFACTURING
AROUND THE WORLD*



PUNCH INDUSTRY CO., LTD.



Punch Group
Official mascot character

Punchie

Business Model

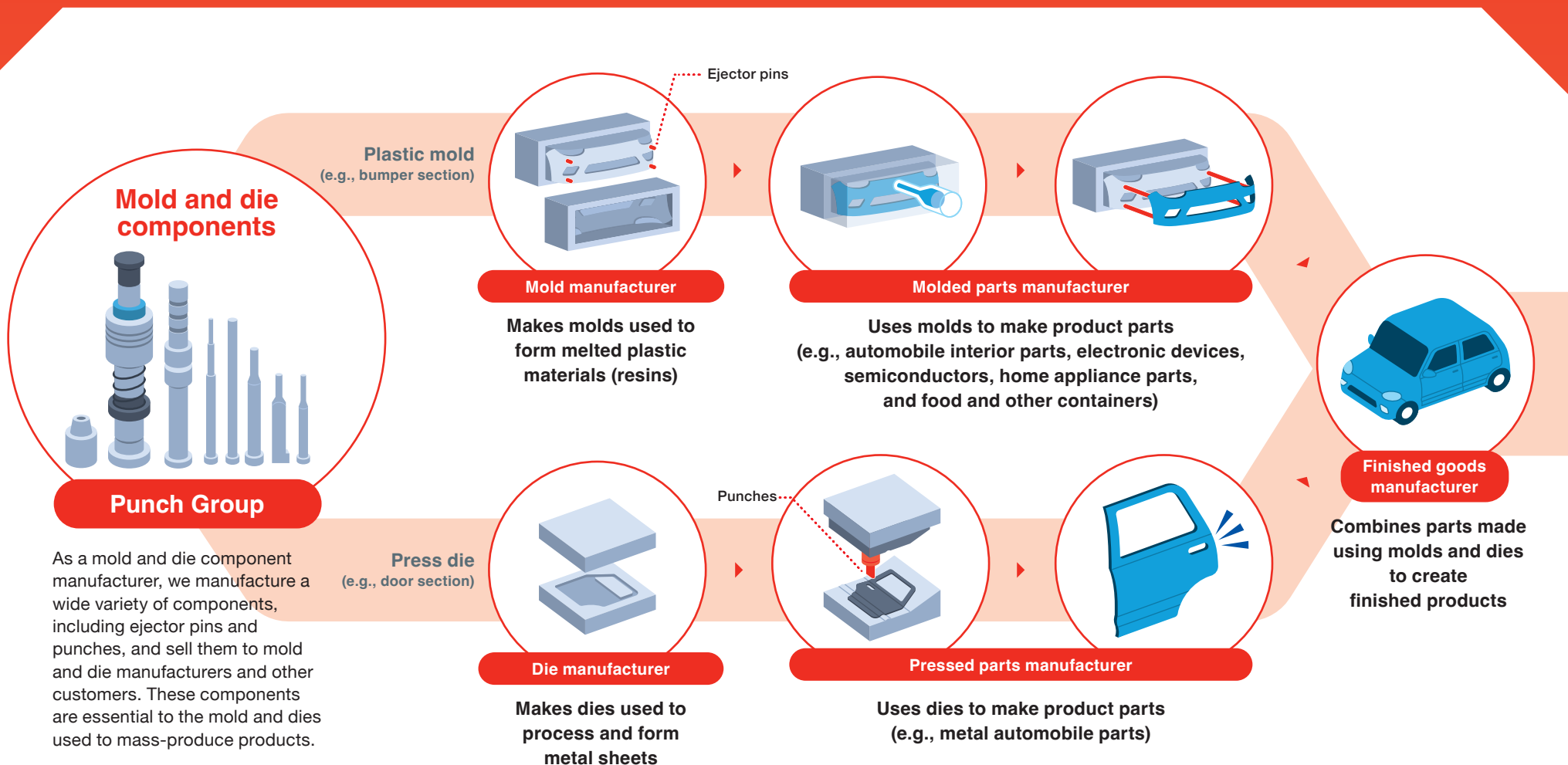
Precision mold and die component manufacturing supports the foundation of manufacturing industries worldwide.

Mass-produce high-quality products quickly while keeping costs down.

This is a fundamental and important challenge for many manufacturers.

Molds and die have helped solve this challenge, and mold and die components are the parts used to build them.

The Punch Group supports manufacturing around the world by supplying these components.



Strengths of the Punch Group



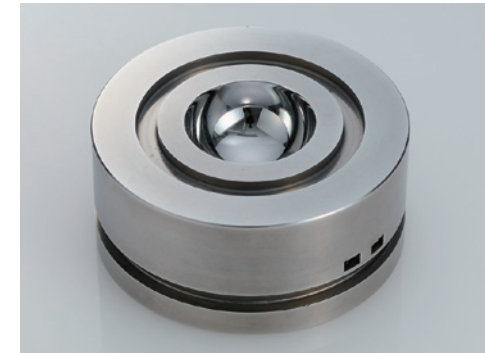
Technological capabilities for processing a wide variety of special-order products

In addition to extra-size options based on catalog products, we excel at processing irregularly shaped components required for manufacturing in a wide range of fields. We meet all kinds of needs in size, shape, material, and function, supplying more than 200,000 components annually. In the market for special-order mold and die components manufactured to customers' drawings, we hold the No.1 global market share (Company estimate).



Proactive R&D into new processing methods and new fields

We position aerospace research and the development of new materials and technologies as key initiatives, and continue R&D while leveraging our existing technologies. In 2021, we launched sales of our proprietary P-Bas® metal-bonding technology. In 2023, we entered into a technical partnership agreement with Dymon Co., Ltd., and have continued building our track record, including contributing 3D measurement technology to the launch of the YAOKI lunar rover.

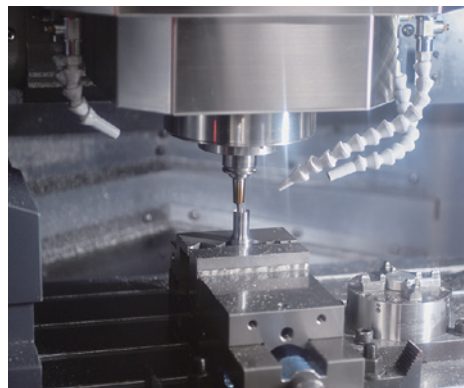


▲ Components processed using P-Bas® metal-bonding technology



World-class number of metalworking machines

The Group owns more than 2,000 processing machines in total, giving us a competitive advantage through a broad range of processing technologies. Leveraging our scale, we can also handle large-lot special-order products. In addition to machine tools, we have a full range of measuring and inspection equipment, enabling an integrated production system from processing through inspection. This enables us to deliver high quality, cost advantages, and short lead times.



Meeting the needs of diverse industries through locations around the world

We serve customers across a wide range of industries, including automobile-related, electronic devices & semiconductors-related, food and other containers and medical-related, and aerospace-related fields. By accumulating know-how required in each industry and applying it to other fields, we have met increasingly sophisticated requirements. Our global network of locations is another strength of the Punch Group. We supply products to 15,000 customers in more than 40 countries worldwide.



CEO MESSAGE



Promote “Breaking away from dependence on mold and die components” and diversify earnings into new fields such as FA and aerospace

Tetsuji Morikubo

Representative Director, President, Chief Executive Officer

China drove higher sales and profit in fiscal 2025 —the Japan business began recovering in the fourth quarter

Looking back on fiscal 2025, net sales increased to ¥42.1 billion and operating profit rose to ¥2.0 billion, resulting in higher sales and profit. Meanwhile, profit attributable to owners of parent remained at roughly the previous year's level of ¥850 million, due to the recording of a ¥300 million impairment loss on goodwill related to ASCe Co., Ltd., which became a subsidiary in 2022.

In the overseas business, sales in China were strong at ¥24.9 billion, up 6% year on year, with automobile-related sales accounting for approximately 60% of the increase. Although automobile sales volume in China is currently flat or trending slightly downward, we recognize exports remain solid. Sales in Southeast Asia increased 5% year

on year to ¥2.0 billion, while sales in Europe, the United States, etc. rose 7% to ¥4.1 billion, with no significant impact from the introduction of reciprocal tariffs.

Since the management rationalization in October 2023, the Japan business has designated “restructuring the domestic business” as a key issue. To resolve operational issues more smoothly, the customer center concept, which was intended to consolidate inside-sales operations, was reorganized into three regional sales management divisions—East Japan, Central Japan, and West Japan—with inside-sales functions consolidated by division. We increased the number of field sales personnel, resulting in more customer visits. As a result, performance, which had been sluggish, has been on a recovery trend since the fourth quarter of FY26.3.

In aerospace-related initiatives, we participated in a lunar exploration project by providing 3D measurement services. We entered into a technical partnership agreement with Dymon Co., Ltd., a startup engaged in robotics and space technology development, and in 2025

contributed to the safe transport of YAOKI (see page 17), the first lunar rover operated on the Moon by a Japanese private-sector company. The next project is scheduled within the next few years, when two upgraded YAOKI rovers will be transported to the Moon to take on the challenge of discovering lunar resources.

In addition, as an outcome of the 2024 capital and business alliance with MISUMI Group Inc., in October 2025 we relocated the Tokyo Logistics Center to MISUMI's East Japan Distribution Center in Kawasaki, Kanagawa Prefecture, thereby integrating our logistics bases. This has reduced costs by shortening truck waiting and cargo-handling times and by utilizing automated equipment within the warehouse. Going forward, our Company alone expects to generate cumulative profit of ¥600 million to ¥800 million over the three-year period of the Mid-term Business Plan “Value Creation 28” (VC28) (see page 7), by realizing synergies of the two companies through joint purchasing of inventory items, mutual supply of products, and investment in growth areas including overseas markets.

CEO MESSAGE

Mid-term Business Plan “VC28” is the phase for improving profitability —focus on special-order mold and die components and develop FA into the second pillar of revenue

Two years have passed since the Punch Group formulated its Purpose. We are working to embed the Purpose throughout the organization, including by having all employees consider their own “MY Purpose” as a guide for decisions about how they work. In 2025, we formulated the Long-term Vision “Vision60” (see page 5) based on the Purpose. Vision60’s “Breaking away from dependence on mold and die components” does not mean rejecting our existing businesses. Rather, while recognizing mold and die components as a strong foundation, we aim to expand into the FA (Factory Automation) and new business and diversify our sources of earnings. For example, customers that use molds and dies also have divisions that operate mass-production equipment lines. To these divisions, we can propose FA equipment itself as well as related components. This is an initiative to supply products other than mold and die components by leveraging the precision metalworking technologies and customer network we have cultivated.

Under Vision60, the first three-year Mid-term Business Plan, VC28, is positioned as the “phase for improving profitability” and sets out four major themes.

Existing business (mold and die components)

Currently, 90% of sales come from existing businesses, and special-order products, which account for approximately 60% of that amount, have a gross profit margin about 10 percentage points higher than catalog products. We will invest resources in this area and generate stable cash flow by improving productivity. However, improving the performance of existing businesses requires a turnaround in Japan, which accounts for approximately 30% of sales. We must first address this issue and rebuild the business.

FA business

Against the backdrop of growing automation demand, we

aim to develop this into our “second pillar of revenue.” To grow the FA business, we need to sell not only individual components but also complete equipment. Group company ASCe provides an integrated range of services from equipment development and design through assembly, sales, and after-sales service. We will focus on the FA business by leveraging our technological capabilities, diverse lineup of machine tools, and customer base.

DX/back-office operations reform

We will boost profitability through enhancing operational efficiency and restructuring fixed costs. With chronic labor shortages, DX promotion and the use of AI are indispensable for business reform and efficiency improvements. Accordingly, we established an ICT Committee in fiscal 2026. By pursuing initiatives at the frontline and operational levels, we aim to reduce indirect operations by 20% over the three years of VC28.

M&A and partnerships

We will enhance our business portfolio through complementary investments in growth areas and the creation of synergies. For M&A, we are considering opportunities related to the FA business and new business with the aim of reinforcing areas where the Company has weaknesses. Since making ASCe a subsidiary in 2022, we have accumulated a track record in the development and design of various automation equipment and labor-saving machinery. Furthermore, to expand the FA business nationwide by building expertise in sales and installation adjustment, we will develop the business while considering M&A as well as technology alliances and capital and business alliances.

Turn sustainability issues into business opportunities —build solid momentum toward achieving Vision60

The Punch Group’s businesses are expected to reduce operating costs through more efficient use of resources,



differentiate themselves by addressing environmental issues and climate change, and supply new products that contribute to a circular economy. We view these sustainability challenges as new business opportunities. The Company is also receiving more requests from customers to respond to sustainability procurement questionnaires. Although the level of emphasis differs among companies, we feel that the standards expected overall are rising. While we have undertaken a variety of initiatives that benefit the environment and society, we need to raise these efforts to an even higher level.

For fiscal 2026, we forecast net sales of ¥45.0 billion, up 7% year on year, and operating profit of ¥2.3 billion, up 13%. With mold and die components currently on a recovery trend, we aim to achieve Vision60 by continuing to grow mold and die component sales overseas while expanding the FA business and new business in Japan.

Under Vision60, the Punch Group has presented its aspiration for 10 years from now. Under our Purpose, we will continue supporting manufacturing around the world. Guided by our sustainability policy of protecting people’s lives and the global environment, we will comply with laws, sincerely fulfill our social responsibilities, enhance the soundness and transparency of management, protect the interests of stakeholders, and continuously increase corporate value.

Long-term Vision toward the 60th anniversary

Our aspiration for the 60th anniversary, derived from our Purpose and outlook for the future. Toward value creation that meets diverse needs.

In May 2025, the Punch Group formulated its Long-term Vision, "Vision60," looking ahead to its 60th anniversary in 10 years.

Our outlook for 2035 centers on "major changes in social conditions," "aging populations and slowing markets," and "technological innovation."

We have resolved to respond to the social needs arising from these changes through our "existing businesses," "FA business," and "value creation through R&D."

Building on mold and die components in our existing businesses, we will explore businesses that meet the needs of the times.

New Mid-term Business Plan

VC28

(FY2026 to FY2028)

Phase of improved profitability

VC31

(FY2029 to FY2031)

Development phase for FA, new business, and new regions

VC34

(FY2032 to FY2034)

Growth phase for FA, new business, and new regions

Financial targets under VC28

Net sales	Operating profit	Operating profit ratio
¥50.0 billion	¥3.4 billion	6.8 %

Our aspiration for FY2034

Long-term Vision: "Vision60"

Breaking away from dependence on mold and die components

By pushing the boundaries of its business territories, we aim to be a corporate group that meets the diverse needs of an ever-changing society

Financial targets to be achieved through three Mid-term Business Plans

Net sales	Operating profit	Operating profit ratio
¥80.0 billion	¥8.0 billion	10 %

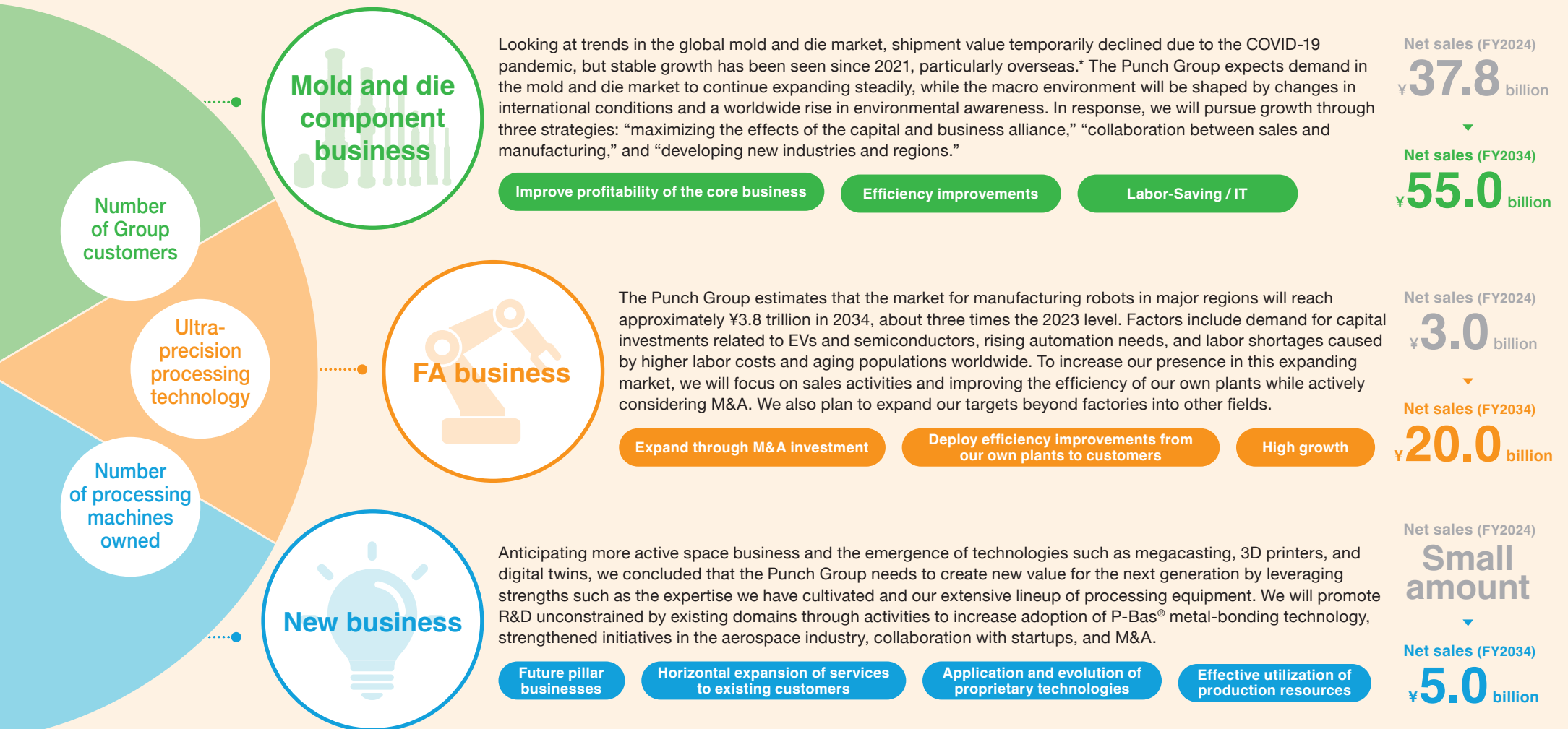
Initiatives to achieve our financial targets



Long-term Vision toward the 60th anniversary

Growth strategy for achieving “Vision60”

Amid changes in the external environment, what can the Punch Group do to contribute to society in fiscal 2034? After careful consideration, we established a strategy to expand our business domains into the FA business and new business while maintaining mold and die components as our foundation. Under the Punch Spirit of “Challenge, Imaginative & Innovative and Open & Honest,” we will flexibly identify increasingly complex needs and maximize the value we provide.



* Source: ISTMA Statistical Year Book 2024, “Trends in Mold and Die Shipment Value in Major Regions”

New Mid-term Business Plan

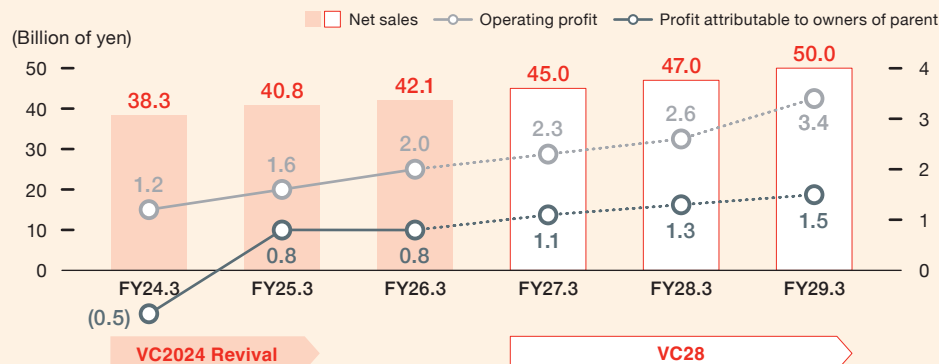
Mid-term Business Plan “Value Creation 28”

Focus on “improving profitability” and “laying the groundwork for future growth”

As the first stage toward achieving Vision60, we formulated the Mid-term Business Plan “Value Creation 28” (VC28) that covers fiscal 2026 through fiscal 2028. Positioning these three years as the “phase for improving profitability,” we will work to improve profitability through DX, establish the FA business as a pillar of earnings, and create high added value through R&D.

Numerical targets

For FY26.3, net sales were ¥42.1 billion, operating profit was ¥2.0 billion, and net profit was ¥800 million, roughly unchanged from the previous year. Over the three years of VC28, we will continue to grow net sales and operating profit, aiming to achieve net sales of ¥50.0 billion, operating profit of ¥3.4 billion, and net profit of ¥1.5 billion in the final year, FY29.3.



Vision for the final year of “VC28”

01

ROIC is expected to consistently exceed WACC throughout the plan period, and we are aiming for an ROE of 8.0% in the final year

02

We are aiming to balance the stable cash generation with disciplined growth investments

03

We are aiming to consistently achieve a PBR of over 1.0 through the sustained enhancement of corporate value

Key initiatives

- ✓ **Strengthening a stable cash-generating foundation by specializing in special-order products and improving productivity in existing businesses**

In the globally stable mold and die component business, we will build manufacturing and sales structures specialized in special-order products.

- ✓ **With automation demand on the rise, actively developing the FA business as a second pillar of revenue**

We position the FA business, where demand is rising, as a growth area and will allocate management resources to it as our highest priority, while also considering M&A. We will establish it as a pillar of earnings second only to mold and die components.

- ✓ **Boosting profitability by enhancing operational efficiency and promoting fixed-cost structure reform through DX**

We will advance digital utilization to improve production efficiency and reform work styles, aiming to reduce indirect operations by 20% by FY29.3.

- ✓ **Enhancing our business portfolio through complementary investments in growth areas and the creation of synergies**

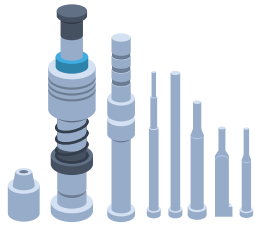
We aim for the final-year business portfolio to comprise 9% FA business and 1% new business, thereby exploring businesses demanded by the times and expanding our business domains.

New Mid-term Business Plan

Key initiatives to generate funds for growth investment

Although we achieved results such as successfully establishing the new P-Bas® processing method through strengthened R&D, challenges remained in strengthening our sales and production structures. Under VC28, the phase for improving profitability, we will promote external collaboration, M&A, DX, and other initiatives to maximize the effects of our key measures. We will also ensure the soundness of our financial foundation, and focus on shareholder returns while prioritizing growth investments.

Sustainable growth of existing businesses



We position the mold and die component business as a business that generates stable cash flow globally. We will also raise the sales composition ratio of special-order products within the mold and die component business from 64% as of FY26.3 to 68% over three years.

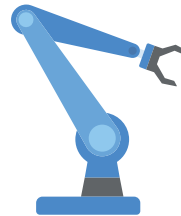
Sales expansion

- Expanding sales of special-order products.
- Securing orders for precision micro-processed products.
- Sales structure focused on target regions and industries.

Improved profits

- Manufacturing structure specialized in special-order products.
- Strengthening overseas supply chains
- Improving the efficiency of indirect operations through DX.
- Improving production and logistics efficiency through collaboration with the MISUMI Group.

Growth through expansion of FA business



We will pursue full-scale growth of the FA business as we work toward “Breaking away from dependence on mold and die components.” Taking advantage of rising automation demand, we will leverage our strengths in technology and our customer base to promote bundled proposals combining equipment sales with process-improvement solutions.

M&A

- Planned investment totaling ¥3.0 billion.
- Funds to be allocated first from free cash flow, then from borrowings.
- Strengthening management of synergy creation.

Business expansion

- Strengthening sales of FA equipment.
- Wider coverage of sales operations.
- Expanding network of outsourcing partners.
- Effective use of Web.

Value creation through R&D



Starting from our existing technologies in mold and die components, FA equipment, and analysis and measurement, we will progressively expand into adjacent businesses. Under VC28, we will advance R&D to create growth drivers while placing greater emphasis on “selection and verification” than on “expansion.”

P-Bas® / Aerospace

- Collaboration with The Japan Aerospace Exploration Agency (JAXA) in aerospace-related sector.
- Exploring M&A opportunities.
- Innovations in machining of hard and brittle materials, and non-metals.

New business

- Feasibility study for mold and die derivative business.
- Considering introduction of intrapreneurship program.

Maintaining an optimal capital structure and financial soundness

A sound and optimal management foundation is essential to execute the key initiatives above and achieve the VC28 targets. We will strengthen financial and non-financial capital and improve capital efficiency based on three policies: “embedding ROIC-based management,” “establishing investment decision criteria,” and “strengthening human capital management.” Under VC28, we will continue our dividend policy of a payout ratio of at least 30% and DOE of at least 3%, while flexibly repurchasing our own shares.

COO MESSAGE



Akira Takanashi

Director,
Senior Executive Officer,
Chief Operating Officer

Leverage Group synergies to drive the next stage of growth in fields such as FA

Turning around the Japan business is the top priority for improving profitability

In fiscal 2025, China drove business performance, while weakness persisted in Japan. Under VC28, which is positioned as a phase for improving profitability, we recognize the turnaround of the Japan business as our greatest challenge.

In our existing mold and die component business, we established a sales strategy focused on promoting sales in areas with strong demand and for priority products. Specifically, we will focus on expanding sales of special-order products in fields such as food and medical-related products and stationery and toys, where high quality and mass production are required, thereby efficiently improving profit margins.

We also intend to continue leveraging Group synergies by adopting successful examples of highly efficient production methods and sales structures across the

Group. For example, in China, members from development, manufacturing, and sales form teams and carry out project activities aimed at increasing orders for target products and in target markets, and these efforts are producing results. Going forward, we intend to establish similar structures at plants in Japan and Vietnam to further invigorate sales activities.

To improve production efficiency, we have begun automating certain processes at Kitakami Plant in Iwate pref and Hyogo Plant in Japan. In addition, our plants and logistics warehouses in China have introduced automation and labor-saving systems, achieving substantial cost improvements. At production sites, we will further promote “manufacturing with an awareness of time” and build mechanisms that continuously enhance effectiveness through iterative improvements. Improving the efficiency of indirect operations through DX is also a priority under VC28, and by fiscal 2028 we aim to renew core systems, including the use of AI, and reform business processes.

At the same time, as geopolitical risks rise, we are also being called upon to rebuild our supply chain and diversify production locations. Our policy is to redistribute resources currently concentrated in China to areas such as India and Southeast Asia. We will steadily advance these initiatives over the medium to long term while managing risks in accordance with the environment and circumstances in each country.

Initiatives to expand FA and new business

In the FA business, one of our focus areas, sales promotion efforts produced results in China but performance was challenging in Japan, leaving consolidated results roughly flat. To increase orders, we launched a sales expansion project in Japan in fiscal 2026

and are accelerating both the volume of sales activities and proposal-based selling. In the FA field, we also intend to consider M&A and business alliances with startups as means of realizing business growth. By combining M&A or collaboration with companies that possess development capabilities and expertise with the Punch Group’s manufacturing and sales platform, we believe we can not only expand our business domains but also improve the efficiency of our own production.

In new business, we are currently focusing on the aerospace industry, particularly the space field. The purpose is not to pursue short-term profits, but to advance R&D and technical verification in anticipation of the industry entering a growth phase in the future. In May 2026, we renewed our technical partnership agreement with Dymon Co., Ltd., which develops the YAOKI lunar rover. The new agreement covers not only 3D measurement but also cooperation in parts manufacturing and testing. We also supplied a metal component that connects a fuel injection hose to JAXA’s reusable rocket RV-X (small experimental vehicle), which successfully completed a flight test in July 2026. We have been actively collaborating with JAXA, including the conclusion of a joint research agreement in 2023 on a metal component processing method using P-Bas®. The impact of these aerospace initiatives on business performance will be limited under VC28, but under the next Mid-term Business Plan, VC31, we intend to expand orders for precision components and move into the mass-production stage from VC34 onward.

Amid major changes in the external environment, we aim to enhance corporate value through the two driving forces of “frontline capabilities” and “transformative capabilities.” As COO, I will firmly execute policies not only to strengthen existing businesses, but also to enhance our business portfolio and create synergies within and outside the Group.

CFO MESSAGE



**Yasushi
Matsuzawa**

Director,
Senior Executive Officer,
Chief Financial Officer

Enhancing earning power through accelerated growth investment to increase corporate value

growth and improvement trends in Japan and overseas, we will continue investing to strengthen our sales and manufacturing structures.

On the other hand, the recovery in PBR remains insufficient. We need to continue working to improve both ROE and PER.

Growth investment plan and measures to improve PBR

As before, growth investments such as capital investments and shareholder returns will be funded from operating cash flow. Capital investments have remained at just over ¥1 billion annually in recent years, while VC28 calls for ¥4.5 billion over three years. Specifically, we will promote machinery investments for automation, Labor-Saving, and specialization in special-order products; DX investments to improve profitability; and R&D investments to strengthen initiatives involving P-Bas® and the aerospace field.

For shareholder returns, we introduced indicators of a dividend payout ratio of at least 30% and DOE of at least 3% in 2023, and we aim to provide stable dividends that are not affected by fluctuations in business performance.

We also established an approximately ¥1.0 billion BCP investment framework to address changes in the market environment, including rising raw material prices.

In addition, VC28 includes a capital allocation plan designed to further accelerate growth. To expand the FA business and new business, we established an approximately ¥3.0 billion M&A investment framework to support growth under the next Mid-term Business Plan, VC31. This is a new initiative for the Company. We expect to finance this framework through interest-bearing debt.

Although human capital investment is not included in capital allocation, we regard it as essential to achieving

our financial targets and have secured an appropriate budget. Because recruiting and developing human resources takes time, costs will temporarily precede returns, but we intend to translate these investments into higher net sales by the final year of VC28.

To advance management with greater awareness of the cost of capital, we will work to improve PBR from both the ROE and PER perspectives. To improve ROE, we will first strengthen our earning power by reducing costs and reforming our earnings structure. With a view to increasing financial leverage, we will also consider an appropriate capital structure to support future growth. To improve PER, we will actively communicate the Punch Group's growth story and foster market expectations for growth by ensuring that investments generate returns and enhancing the feasibility of VC28.

Under VC28, enhancing both the quality and quantity of dialogue with investors is one of our key themes. Through initiatives such as one-on-one meetings with institutional investors and briefings for individual investors, we will strive to become a company that earns investors' recognition.

The share price remained undervalued in fiscal 2025

—strengthen the earnings structure to achieve continuous improvement in business performance

In fiscal 2025, we made investments within the operating cash flow generated during the year and generated free cash flow as expected. With an equity ratio of 67%, we believe that our financial position remains sound. In terms of management indicators, the overseas business remained solid. Although net sales in Japan declined for the full year, fourth-quarter results exceeded the same period of the previous year due to an improved market environment and more active sales activities. It is imperative that we make this recovery sustainable and rebuild the Japan business alone into a structure capable of reliably generating operating profit. To sustain the

Cash inflow

Use of interest-bearing debt Approximately	¥3.0 billion
[Primarily bank loans]	
Operating cash flow Approximately	¥7.2 billion

Cash outflow

M&A investment Approximately	¥3.0 billion
BCP investment (sustainable growth) Approximately	¥1.0 billion
Capital investments Approximately	¥4.5 billion
[Total depreciation and amortization expense for "VC28"] Approximately ¥3.5 billion	
Shareholder returns Approximately	¥1.7 billion

Capital allocation during VC28

Sustainability

The Punch Group recognizes the importance of coexisting not only with the business environment, but also with society and the global environment. We actively engage in solving diverse challenges facing society and the global environment, contributing to environmental preservation and improvement, while aiming to enhance corporate value through these initiatives. We aim to enhance our corporate value, demonstrating our commitment to responsible business practices that will help build a sustainable society.

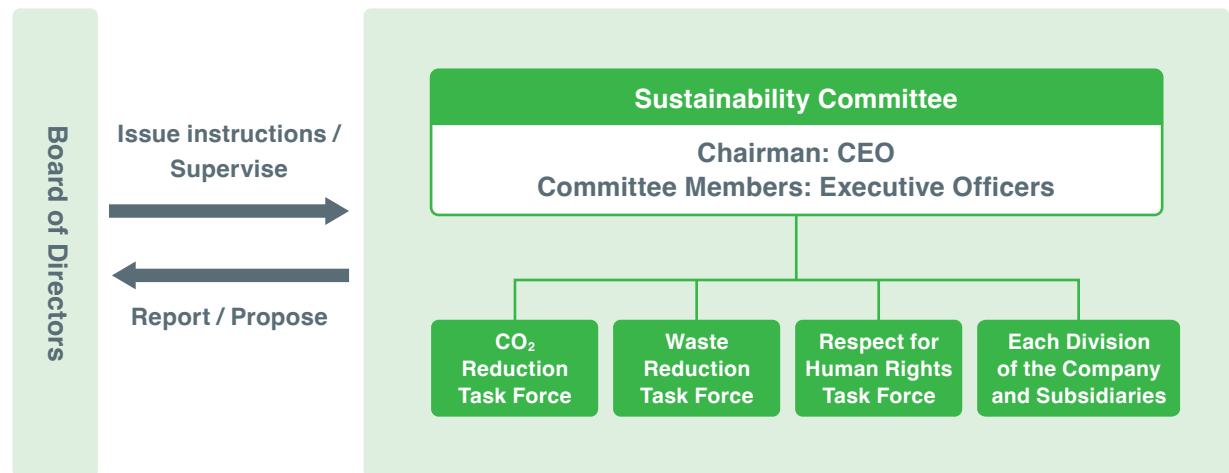
Punch Group Sustainability Policy

We aim to be a company that supports manufacturing around the world, achieves continuous growth and increases corporate value, and protects the global environment and the lives of all involved in our workforce and supply chains.

Sustainability Promotion System

In July 2022, the Punch Group established a Sustainability Committee chaired by the CEO to promote initiatives that address sustainability issues. The Sustainability Committee has several tasks. It deliberates on and directs the formulation of basic sustainability policies, sets activity plans and targets for each issue, manages their progress, and discloses related information. The committee presents regular reports and proposals to the Board of Directors.

Under the committee, three cross-functional task forces have been established, focusing on CO₂ reduction, waste reduction, and respect for human rights, respectively. These internal teams oversee the progress of their missions and handle the practical implementation of initiatives for the Group's materialities.



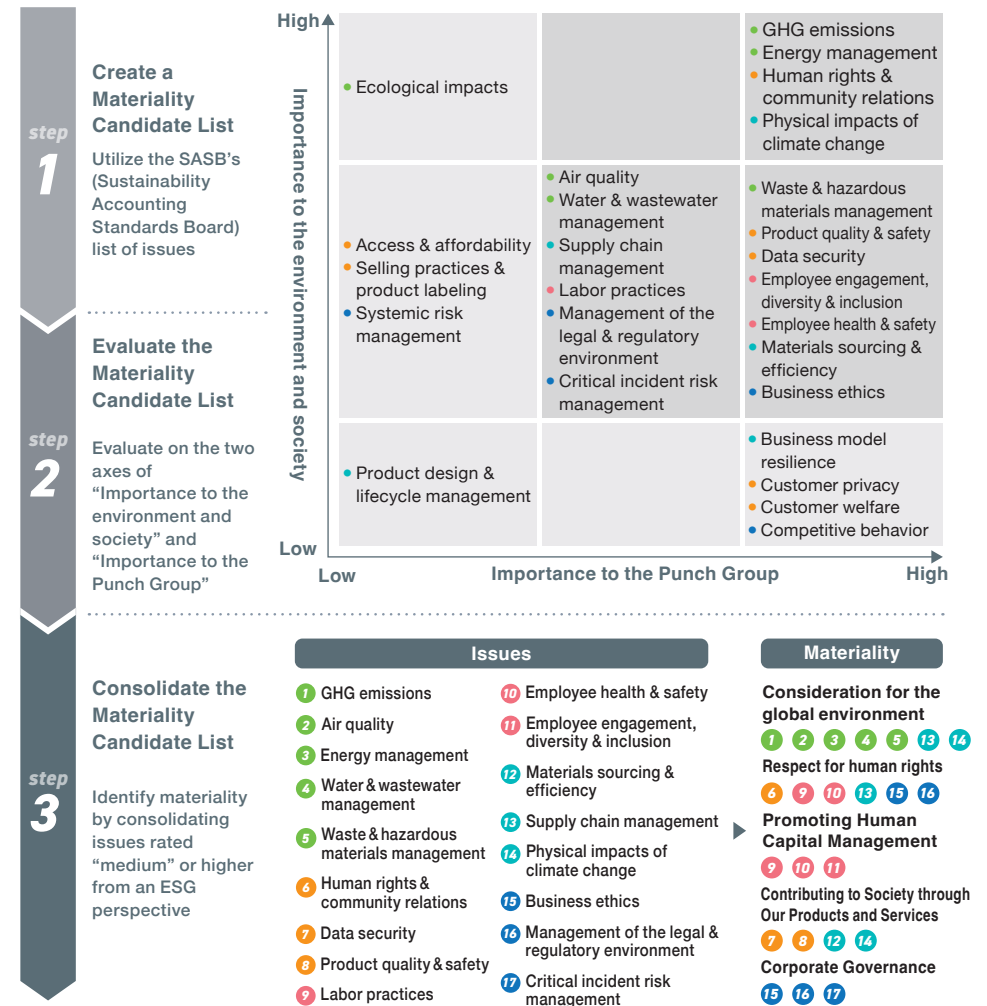
Materiality / Material Issues (Materiality)

As a company that supports global manufacturing, the Punch Group has identified five material issues (materialities) that we prioritize, based on challenges in business, social, and environmental realms.

• Punch Group Materiality and Key Initiatives

	Materiality	Main initiatives	Details
Environment	Consideration for the global environment	CO ₂ emissions reduction	To address climate change risks, we are working to reduce greenhouse gas emissions.
		Waste reduction	To make effective use of resources, we are reducing the generation of industrial waste and promoting recycling.
		Management of environmental chemical substances	We appropriately manage chemical substances to provide products that comply with environmental laws and regulations.
Social	Respect for human rights	Respect for human rights	We are conducting human rights due diligence to protect the human rights of everyone involved in our supply chain.
	Promoting Human Capital Management	Promoting Human Capital Management	We are creating a healthy and comfortable workplace where each employee can demonstrate their abilities.
	Contributing to Society through Our Products and Services	FA	To help address social issues such as labor shortages, we are promoting the development of FA equipment, including collaborative robots, and our proprietary P-Bas® metal-bonding technology.
		P-Bas®	Leveraging the technological capabilities we have cultivated, we are also expanding into the aerospace field, where further growth is expected.
Governance	Corporate Governance	Aerospace	
		Strengthening Corporate Governance	We are working to strengthen our governance structure to enhance management transparency and reliability.

• Materiality Identification Process



Environment

Materiality

Consideration for the global environment

Respect for human rights

Promoting Human Capital Management

Contributing to Society through Our Products and Services

Corporate Governance

CO₂ emissions reduction

We aim to reduce GHG emissions (Scopes 1 and 2) in Japan by 30.0% from the 2018 level by 2030 and achieve carbon neutrality Group-wide by 2050. In 2025, emissions in Japan were reduced by 41.1%, achieving the 2030 target ahead of schedule. We also achieved a 12.3% reduction Group-wide. We will continue working to reduce emissions in 2026.

2030 target	
30.0% reduction (vs. 2018)	
2025 results	
Japan	Group
41.1% reduction (vs. 2018)	12.3% reduction (vs. 2018)



▲ Vietnam Plant / Solar panels



▲ Malaysia Plant / Solar panels

Waste reduction

We aim to reduce waste intensity* in Japan by 30.0% from the fiscal 2018 level by fiscal 2030. In fiscal 2025, we focused on reducing waste alkali, waste oil, sludge, and other items that account for 80% of industrial waste, reducing waste intensity by 30.4% and achieving the fiscal 2030 target of 30.0% ahead of schedule. We will continue our waste reduction initiatives in fiscal 2026. * Waste intensity = waste emissions (kg) / net sales (thousand yen)

FY2030 target
30.0% reduction in waste intensity (vs. FY2018)
FY2025 results
30.4% reduction (vs. FY2018)



▲ Volume reduction equipment



Topics

Contribute to the realization of a decarbonized society through energy-saving activities and disclosure of GHG emissions

Toward the realization of a sustainable decarbonized society, we are reducing GHG emissions at Group locations in Japan and overseas. In addition to using electricity derived from renewable energy at plants in Japan, overseas Group companies have installed solar power generation facilities. Our energy-saving activities include thorough initiatives such as converting lighting to LEDs, upgrading air-conditioning systems, and improving compressor efficiency. We also calculate and disclose Scope 1, Scope 2, and Scope 3 GHG emissions, which are regarded as important aspects of corporate social responsibility.

Topics

Promote recycling, reducing, and reusing to make effective use of resources and reduce waste

The Punch Group is working to reduce waste in order to lessen environmental impact and make effective use of resources. At our worksites, we thoroughly sort metal and other waste and reduce disposal volumes by increasing recovery as valuable recyclable materials. From the perspective of “reduce and reuse,” we also use processing-fluid purification equipment and volume reduction equipment to curb the amount of waste liquid generated by plants. In addition, we reuse returnable containers and cardboard boxes for transportation between locations and promote paperless operations through digitalization.

Social

Materiality

Consideration for the global environment

Respect for human rights

Promoting Human Capital Management

Contributing to Society through Our Products and Services

Corporate Governance

Respect for human rights

By respecting the human rights of all individuals involved in the Punch Group and its supply chain, we will help to realize a fair and just society.

Main initiatives	Results
Establishment of a human rights policy	Established Human Rights Policy for Punch Group (2022)
	Established Sustainable Procurement Policy for Punch Group (2023)
	Established Sustainable Procurement Guideline for Punch Group (2023)
	Launched activities to inform suppliers of the Punch Group's Human Rights Policy, Sustainable Procurement Policy, and Sustainable Procurement Guideline, and ensure compliance with them (2024)
Implementation of human rights due diligence	Implemented human rights due diligence (non-consolidated basis)
Education and training	Conducted training on business and human rights for employees (non-consolidated basis) (2024)
	Conducted training on human rights due diligence for management (non-consolidated basis) (2024)

Promoting human capital management

We promote happiness for all our employees by creating a corporate culture and workplace environment that recognizes diversity and enables everyone to work energetically and fulfill their potential with a safe and healthy state of mind and body.

Contributing to Society through Our Products and Services (Lunar exploration project, Laboratory Automation) ▶ P.17

Indicators (KPIs)	Targets	Results
Ratio of female managers (to total number of managers)	6.0% by FY2028	FY2024: 5.5%, FY2025: 4.7%
Ratio of female employees in management positions (to total number of employees in management positions)	18.0% by FY2028	FY2024: 16.2%, FY2025: 16.7%
Male parental leave utilization rate	100% by FY2028	FY2024: 100%, FY2025: 100%
Paid leave utilization rate	80.0% or more by FY2028	FY2024: 80.9%, FY2025: 78.3%
Gender pay gap (all workers)	-	FY2024: 77.8% FY2025: 83.3%
		Of which, regular employees FY2024: 77.5% FY2025: 83.6%
		Of which, part-time and fixed-term employees FY2024: 49.0% FY2025: 58.7%

* Evaluation indicators, targets, and results are based on the situation on a non-consolidated basis.

External recognition

Our work style improvement initiatives have earned various external certifications. In March 2026, we were certified by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a Certified Health & Productivity Management Outstanding Organization 2026 (Large Enterprise Category). In addition, by 2025 we had received recognition including Fresh Mimosa Company certification (Hyogo Prefecture and Kobe City), "Kurumin" Certification (Ministry of Health, Labour and Welfare), and "Eruboshi" Certification (same ministry).



Topics

Considering female employees' work styles and careers at "Punch Diversity Day"



The Punch Group has established various action guidelines to create a working environment in which every employee, including those with constraints such as childcare or nursing care responsibilities, can maximize and demonstrate their abilities. At the in-house "Punch Diversity Day" event held in March 2026, we introduced our initiatives, held talks by executives and a Q&A session, and invited female employees to participate in a panel discussion on "work styles" and "careers."

Sharing initiatives and exchanging views at a case-study exchange and networking session with Morioka Seiko Instruments Inc.

In December 2025, the Kitakami Plant held a case-study exchange and networking session on diversity with Morioka Seiko Instruments Inc. In the first session, both companies shared examples of their initiatives and presented action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace, as well as comprehensive childcare support measures. In the second session, participants toured the Kitakami Plant, exchanged views on precision processing technologies and quality, and deepened their understanding by comparing the two companies' plants, making it a valuable opportunity for interaction.

Supporting employees' life plans together with the Company's sustainable growth by endorsing the Action Declaration



The Hyogo Plant endorsed the purpose of the prefecture-sponsored "An action declaration from 'me.'" The declaration reflects our belief that demonstrating the significance and value of employees' presence and having the Company move forward together with them will lead to sustainable growth for both. In line with the declaration, we will work to create a workplace where employees can share and respect one another's opinions, improve the paid leave utilization rate across all departments, and support the realization of each employee's life plan and career plan.

Enhancing the Punch Group's corporate value and contributing to industrial development through event participation

Through participation in the Iwate Prefecture community events "Miyako Techno Festa 2026" and the "19th Corporate Information Exchange Meeting in Ichinoseki," the Punch Group demonstrated metalworking equipment, introduced press die components, promoted its polishing technologies, and exhibited equipment from its focus-area FA business. The events provided an opportunity for many visitors to learn not only about our metalworking and mold and die component manufacturing technologies, but also about the Punch Group itself. We will continue actively participating in initiatives that provide educational opportunities to local communities and promote regional industry.



Governance

Materiality

Consideration for the global environment

Respect for human rights

Promoting Human Capital Management

Contributing to Society through Our Products and Services

Corporate Governance

Corporate governance

As a company with an Audit & Supervisory Committee, we are strengthening our governance structure, including the establishment of the voluntary Nomination & Remuneration Committee, to ensure legal compliance and management transparency.

Basic Policy

The Punch Group makes dedicated efforts to enhance corporate governance practices to comply with laws and sincerely fulfill the corporate social responsibility, to ensure the soundness and transparency of management, to protect the interests of all shareholders, customers and other stakeholders, and to continuously enhance the corporate value, under the following concepts:

1. Securing shareholders' rights and equality
2. Appropriately cooperating with all the stakeholders including shareholders
3. Ensuring transparency by appropriate information disclosure
4. Supervising business execution by the Board of Directors
5. Engaging in constructive dialogue with shareholders

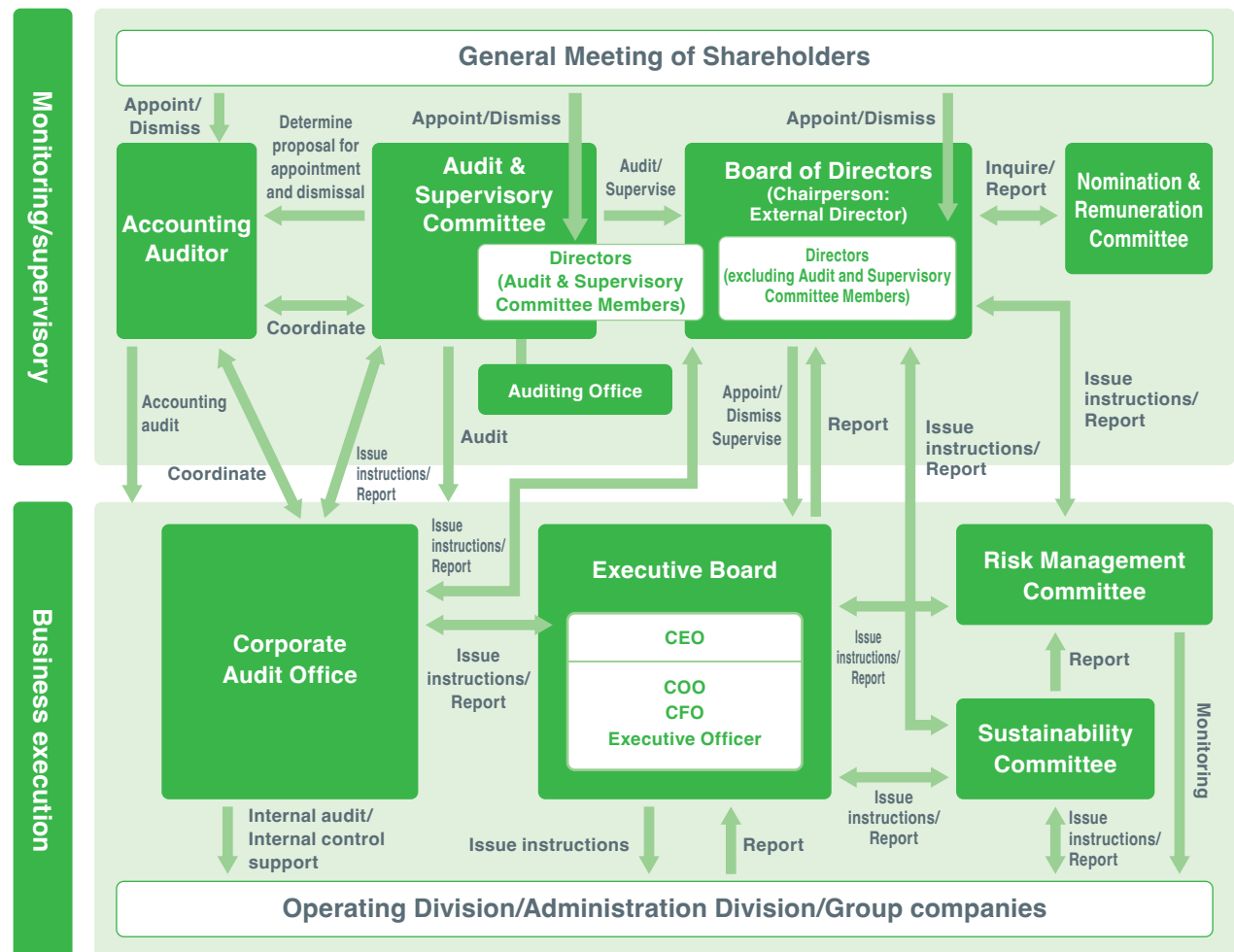
Click here for Compliance

<https://www.punch.co.jp/english/company/compliance.html>

Click here for Risk Management

https://www.punch.co.jp/english/sustainability/governance/risk_management.html

Corporate Governance Structure





Renewing the technical partnership agreement to contribute processing technologies to the lunar exploration project

The Punch Group first entered into a technical partnership agreement with Dyson Co., Ltd. in 2023 and participated in the lunar exploration project conducted in 2025. Through 3D measurement services, we contributed to the development of the YAOKI lunar rover. Under the new agreement beginning in May 2026, the scope was expanded beyond the previous agreement to include the development and processing of metal and thermoplastic resin components to be installed on YAOKI. Going forward, we will leverage the Punch Group's strength in precision metalworking to contribute to the success of the project.

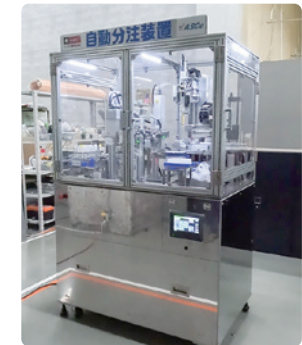


YAOKI lunar rover



Full-scale entry into the Laboratory Automation field

Through ASCe Co., LTD., which joined the Group in 2022, we have made a full-scale entry into the Laboratory Automation (LA) field. LA refers to automating laboratory tasks such as dispensing reagents, culturing cells, and collecting data. In May 2026, we exhibited at INTERPHEX Week Tokyo 2026 and displayed an automatic dispensing equipment manufactured by ASCe. The system automates dispensing, a preprocessing step in analytical procedures, helping create an environment in which researchers can focus on more advanced analysis and thinking.



Promoting DX by introducing the "MELT-Line" automatic packaging machine at the Hyogo Plant

At the Hyogo Plant, we introduced the "MELT-Line" automatic packaging machine in November 2025 to reduce labor in the shipping process. This automated the entire series of operations from assembling cardboard boxes and packing to automated transport, significantly reducing time spent traveling to and from the warehouse and registering shipping labels. We created an environment in which work can be performed without specialized skills or experience, achieving both Labor-Saving and multi-skilling. By reallocating the time saved to quality control work, we are improving productivity and streamlining operations throughout the plant.

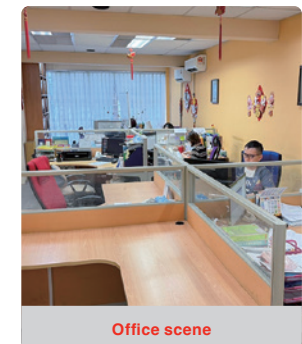


Work scene



M&A of a Malaysian sales company to strengthen domestic sales in Malaysia

In December 2025, we acquired all shares of BRIGHT MACHINE TOOLS SDN. BHD., a company engaged in the sale of mold and die-related components in Malaysia, making it a subsidiary. Through this share acquisition, we expect synergies such as a stronger presence in Malaysia, where the precision mold and die component market is growing, and higher net sales through the acquisition of new sales channels. The company changed its name to PUNCH INDUSTRY SALES MALAYSIA SDN. BHD. in January 2026.



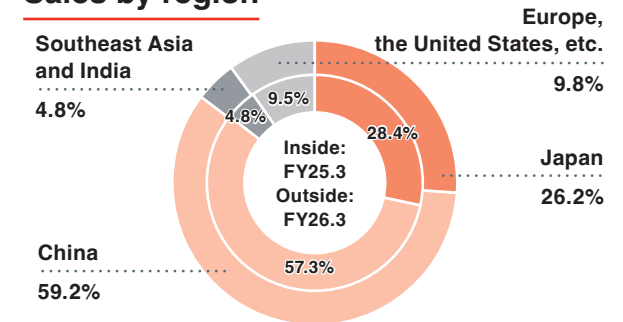
Office scene

Financial Highlights

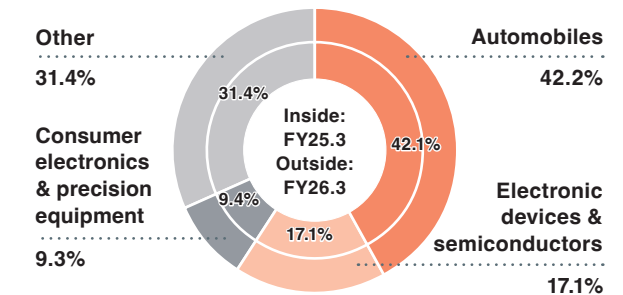
(Unit: Millions of yen)

	47th fiscal year (FY21.3)	48th fiscal year (FY22.3)	49th fiscal year (FY23.3)	50th fiscal year (FY24.3)	51st fiscal year (FY25.3)	52nd fiscal year (FY26.3)
Net sales	32,462	39,358	42,799	38,344	40,822	42,100
Operating profit	1,613	3,041	2,436	1,240	1,685	2,031
Operating profit ratio (%)	5.0	7.7	5.7	3.2	4.1	4.8
Ordinary profit	1,676	3,007	2,394	1,421	1,613	2,201
Profit (loss) attributable to owners of parent	477	2,040	1,390	(577)	868	851
Return on equity (%)	4.0	14.2	7.9	(3.1)	4.3	3.8
Capital investments	452	1,149	1,352	915	1,058	1,222
R&D expenditure	490	508	546	507	541	584

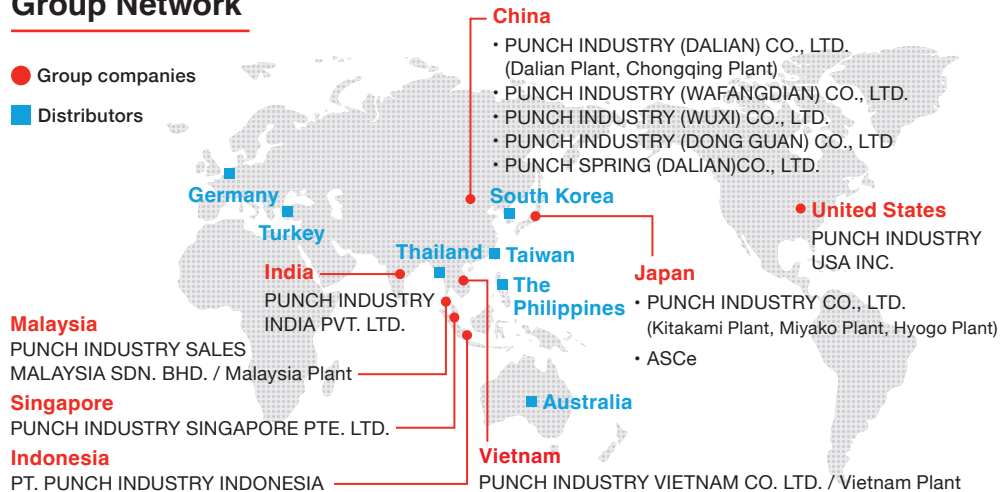
Sales by region



Sales by industry



Group Network



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We will share a wide range of information, including introductions to the Punch Group's processing technologies and equipment, exhibition reports, and financial results briefings!

